

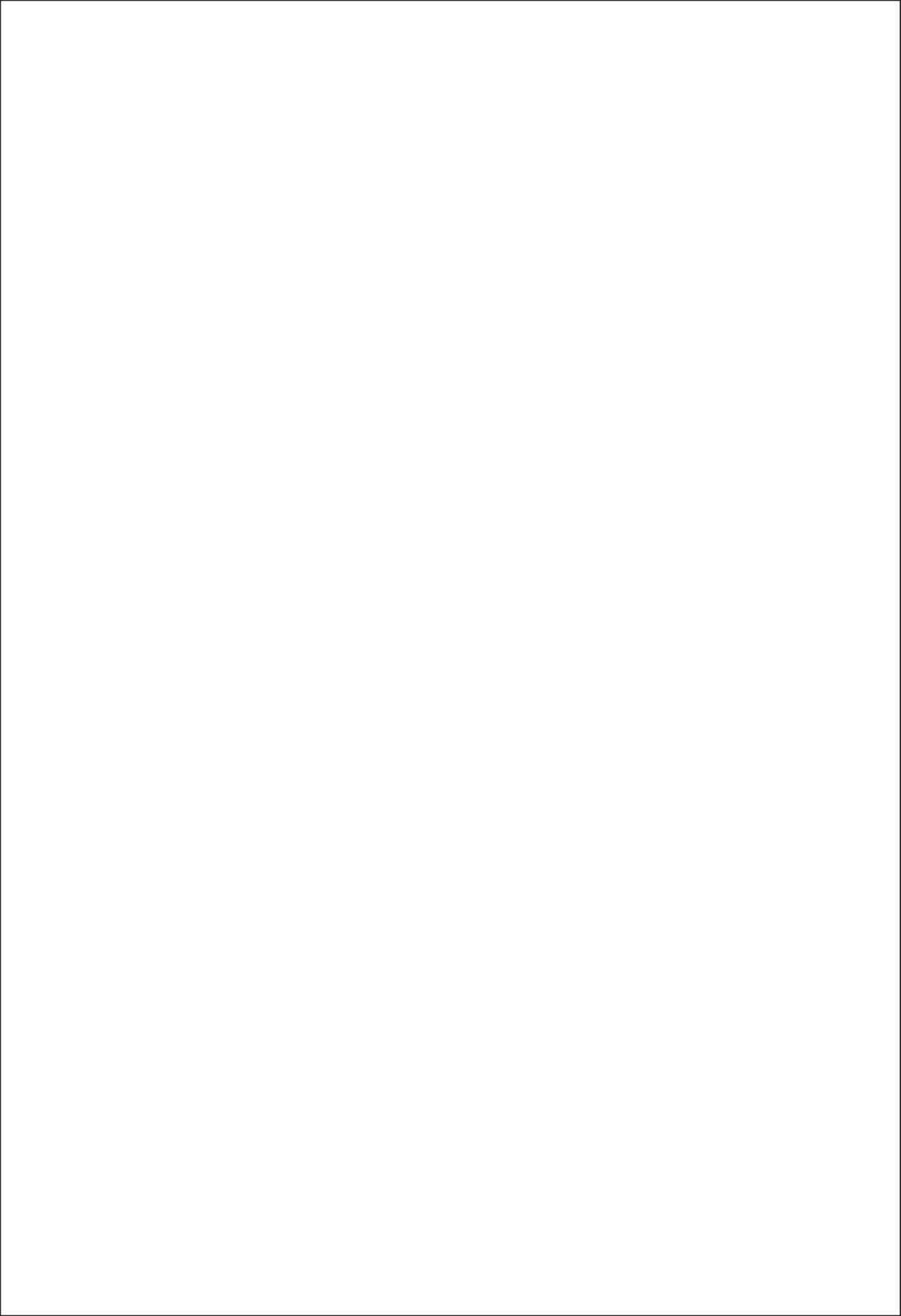


Arif Habib Corp



# PARTNERING FOR PROSPERITY

Half Yearly Report  
31<sup>st</sup> December 2014



# Contents

- 02 Company Information
- 04 Directors' Review Report
- 06 Auditors' Report to the Members on Review of Condensed Interim Unconsolidated Financial Information
- 07 Condensed Interim Unconsolidated Financial Information
  - 08 Condensed Interim Unconsolidated Balance Sheet
  - 10 Condensed Interim Unconsolidated Profit and Loss Account (Unaudited)
  - 11 Condensed Interim Unconsolidated Statement of Comprehensive Income (Unaudited)
  - 12 Condensed Interim Unconsolidated Cash Flow Statement (Unaudited)
  - 13 Condensed Interim Unconsolidated Statement of Changes in Equity (Unaudited)
  - 14 Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)
- 25 Condensed Interim Consolidated Financial Information
  - 26 Condensed Interim Consolidated Balance Sheet
  - 28 Condensed Interim Consolidated Profit and Loss Account (Unaudited)
  - 29 Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited)
  - 30 Condensed Interim Consolidated Cash Flow Statement (Unaudited)
  - 31 Condensed Interim Consolidated Statement of Changes in Equity (Unaudited)
  - 32 Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

# Company Information

## Board of Directors

Asadullah Khawaja  
Chairman

Nasim Beg  
Non-Executive Director

Muhammad Ejaz  
Non-Executive Director

Arif Habib  
Chief Executive Officer

Samad A. Habib  
Non-Executive Director

Sirajuddin Cassim  
Independent Director

Kashif A. Habib  
Non-Executive Director

## Audit Committee

Sirajuddin Cassim  
Chairman

Kashif A. Habib  
Member

Muhammad Ejaz  
Member

## Management

Arif Habib  
Chief Executive Officer

Mohsin Madni  
Chief Financial Officer

Manzoor Raza  
Company Secretary

## Bankers

Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Bank Al Habib Limited  
National Bank of Pakistan  
NIB Bank Limited  
Summit Bank Limited

Bank of Khyber  
KASB Bank Limited  
Faysal Bank Limited  
Habib Bank Limited  
United Bank Limited  
Soneri Bank Limited  
The Bank of Punjab

Habib Metropolitan Bank Limited  
MCB Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
Sindh Bank Limited

## Auditors

KPMG Taseer Hadi &  
Co., Chartered Accountants

## Legal Advisors

Bawaney & Partners  
Akhund Forbes

## Registered & Corporate Office

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

## Registrar & Share Transfer Agent

Central Depository Company of Pakistan  
Limited

## Share Registrar Department

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

# Directors' Review Report

## Dear Shareholders

The Directors of Arif Habib Corporation Limited (AHCL) are pleased to present the Directors' report of the Company together with interim condensed unconsolidated and consolidated financial statements for the half year ended 31<sup>st</sup> December 2014.

## Financial Results

During the period under review, AHCL recorded an operating revenue of Rs.3,297.01 million, which includes dividend income of Rs.232.26 million and net gain on remeasurement of investments amounting to Rs.2,887.58 million. After accounting for operating, administrative and financial expenses of Rs.227.29 million, the Company earned a profit before tax of Rs.3,009.46 million. The Company has reported an after-tax profit of Rs.2,901.86 million for the half year under review as compared to the net profit of Rs. 1,425.27 million for the corresponding period ended 31<sup>st</sup> December 2013. This translates into earnings of Rs.6.40 per share as compared with Rs.3.14 per share in the previous period.

## Performance of Subsidiaries and Associates

Almost all the investee companies, namely Arif Habib Limited, MCB - Arif Habib Savings & Investments Limited, Fatima Fertilizer Company Limited, Pakarab Fertilizers Limited, Javedan Corporation Limited and Power Cement Limited have performed well. Efforts are underway to turn around Aisha Steel Mills Limited for which various options have been listed and we expect to implement them soon. All formalities for the financial close of Sachal Energy Development (Private) Limited, have been completed and it is expected that the formal signing will take place in a couple of weeks' time.

## Economic Review

Pakistan's economy is showing signs of improvement with better macroeconomic numbers. Consumer Price Index (CPI) declined to 6.1% during to the first half of the current fiscal year, significantly lower than 8.9% in the same period last year. Falling global crude oil and commodity prices further created downward pressure on inflation, enabling the central bank to reduce policy rate, augmenting investor confidence. Decreasing crude prices, coupled with funding from the IMF, Eurobond and Sukuk issues enhanced foreign exchange reserves, which crossed 3 month import bill equivalents resulting in stability of rupee value.

## Future Outlook

Beginning of 2015 brings a number of positives on the economic front. Declining trend in inflation, trade deficit, current account deficit and interest rate are expected to bring economic stability attracting further investment. It will create space for the government for spending more on development and infrastructure. In an improved economic environment your Company's diversified portfolio is expected to do better.

## Acknowledgement

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

For and on behalf of the Board



Arif Habib  
Chief Executive

Karachi  
29<sup>th</sup> January 2015



**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2  
Beaumont Road  
Karachi, 75530 Pakistan

Telephone + 92 (21) 3568 5847  
Fax + 92 (21) 3568 5095  
Internet www.kpmg.com.pk

# Independent Auditors' Report to the Members on Review of Condensed Interim Unconsolidated Financial Information

## Introduction

We have reviewed the accompanying condensed interim unconsolidated balance sheet of Arif Habib Corporation Limited ("the Company") as at 31 December 2014, the related condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated cash flow statement, condensed interim unconsolidated statement of changes in equity and notes to the condensed interim unconsolidated financial information for the six months period then ended (here-in-after referred to as the "condensed interim unconsolidated financial information"). Management is responsible for the preparation and presentation of this condensed interim unconsolidated financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim unconsolidated financial information based on our review.

## Scope of Review

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

## Conclusion

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

## Other matters

The figures for the quarter ended 31 December 2014 and 31 December 2013 in the condensed interim unconsolidated financial information have not been reviewed by us and we do not express a conclusion on them.

**Date: 29<sup>th</sup> January 2015**

**Karachi**

**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**  
**Moneeza Usman Butt**

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



# Condensed Interim Unconsolidated Financial Information

for the half year ended 31<sup>st</sup> December 2014

# Condensed Interim Unconsolidated Balance Sheet

As at 31<sup>st</sup> December 2014

|   | Note | Unaudited<br>December<br>2014 | Audited<br>June<br>2014      |
|---|------|-------------------------------|------------------------------|
| <b>(Rupees)</b>   |      |                               |                              |
| <b>EQUITY AND LIABILITIES</b>   |      |                               |                              |
| <b>Share capital and reserves</b>   |      |                               |                              |
| Authorised share capital<br>1,000,000,000 ordinary<br>shares of Rs. 10 each |      | <u>10,000,000,000</u>         | <u>10,000,000,000</u>        |
| Issued, subscribed and<br>paid up share capital                             |      | 4,537,500,000                 | 4,537,500,000                |
| Reserves  |      | <u>22,624,727,045</u>         | <u>21,213,079,440</u>        |
|   |      | <b>27,162,227,045</b>         | <b>25,750,579,440</b>        |
| <b>Non-current liabilities</b>  |      |                               |                              |
| Deferred taxation   |      | 2,830,515,578                 | 2,747,677,107                |
| Long term loan - secured  | 6    | 371,372,168                   | 194,417,162                  |
| Long term payable   |      | <u>1,700,179,646</u>          | <u>1,700,179,646</u>         |
|   |      | <b>4,902,067,392</b>          | <b>4,642,273,915</b>         |
| <b>Current liabilities</b>  |      |                               |                              |
| Trade and other payables  |      | 1,252,604,236                 | 1,332,920,961                |
| Dividend payable  |      | 846,762,417                   | -                            |
| Interest / mark-up accrued  |      | 77,807,536                    | 58,312,389                   |
| Short term borrowings - secured   | 7    | 1,706,614,871                 | 1,394,632,677                |
| Current maturity of long term loan  | 6    | 49,035,318                    | 48,604,290                   |
| Provision for taxation  |      | <u>308,118,662</u>            | <u>283,354,607</u>           |
|   |      | <b>4,240,943,040</b>          | <b>3,117,824,924</b>         |
|   |      | <u><b>36,305,237,477</b></u>  | <u><b>33,510,678,279</b></u> |

## Contingencies and commitments

8

  
Chief Executive Officer

  
Director

# Condensed Interim Unconsolidated Balance Sheet

As at 31<sup>st</sup> December 2014

|                             | Note | Unaudited<br>December<br>2014 | Audited<br>June<br>2014 |
|-----------------------------|------|-------------------------------|-------------------------|
| (Rupees)                    |      |                               |                         |
| <b>ASSETS</b>               |      |                               |                         |
| <b>Non-current assets</b>   |      |                               |                         |
| Property and equipment      | 9    | 55,361,152                    | 57,424,607              |
| Intangible assets           |      | 672,144                       | 778,272                 |
| Long term investments       | 10   | 29,827,295,533                | 27,407,132,914          |
| Investment property         |      | 2,661,504,400                 | 2,661,504,400           |
| Long term deposits          |      | 2,551,390                     | 2,551,390               |
|                             |      | <b>32,547,384,619</b>         | <b>30,129,391,583</b>   |
| <b>Current assets</b>       |      |                               |                         |
| Loans and advances          | 11   | 2,306,668,872                 | 1,682,818,863           |
| Prepayments                 |      | 1,252,824                     | 2,063,062               |
| Advance tax                 |      | 375,799,161                   | 347,177,583             |
| Markup receivable           |      | 106,191,037                   | 50,916,916              |
| Trade and other receivables |      | 853,553,928                   | 854,225,478             |
| Short term investments      |      | 81,006,738                    | 393,089,358             |
| Cash and bank balances      |      | 33,380,298                    | 23,103,533              |
| Asset held for sale         |      | -                             | 27,891,903              |
|                             |      | <b>3,757,852,858</b>          | <b>3,381,286,696</b>    |
|                             |      | <b>36,305,237,477</b>         | <b>33,510,678,279</b>   |

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

  
Chief Executive Officer

  
Director

# Condensed Interim Unconsolidated Profit and Loss Account (Unaudited)

For the six months period and quarter ended 31<sup>st</sup> December 2014

|   | Note | Six months period ended |                      | Quarter ended        |                    |
|---|------|-------------------------|----------------------|----------------------|--------------------|
|   |      | December 2014           | December 2013        | December 2014        | December 2013      |
| <b>(Rupees)</b>                               |      |                         |                      |                      |                    |
| Operating revenue                             | 12   | 3,297,013,542           | 1,643,966,122        | 2,903,401,212        | 1,015,829,300      |
| Operating and administrative expenses         |      | (91,452,371)            | (45,652,787)         | (49,486,833)         | (23,459,094)       |
| <b>Operating profit</b>                       |      | <b>3,205,561,171</b>    | <b>1,598,313,335</b> | <b>2,853,914,379</b> | <b>992,370,206</b> |
| Impairment loss on investment                 |      | -                       | (17,000,000)         | -                    | (17,000,000)       |
| Finance cost                                  |      | (135,837,739)           | (94,042,892)         | (77,016,486)         | (56,789,282)       |
| Other charges                                 |      | (61,474,177)            | (34,159,539)         | (55,616,128)         | (21,555,536)       |
| Other income - net                            |      | 1,211,969               | 206,492              | 1,135,052            | (54,129)           |
| <b>Profit before tax</b>                      |      | <b>3,009,461,224</b>    | <b>1,453,317,396</b> | <b>2,722,416,817</b> | <b>896,971,259</b> |
| Taxation                                      | 13   | (107,602,526)           | (28,046,969)         | 21,285,296           | 7,536,790          |
| <b>Profit after tax</b>                       |      | <b>2,901,858,698</b>    | <b>1,425,270,427</b> | <b>2,743,702,113</b> | <b>904,508,049</b> |
| <b>Earnings per share - basic and diluted</b> |      | <b>6.40</b>             | <b>3.14</b>          | <b>6.05</b>          | <b>1.99</b>        |

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

  
Chief Executive Officer

  
Director

# Condensed Interim Unconsolidated Statement of Comprehensive Income (Unaudited)

For the six months period and quarter ended 31<sup>st</sup> December 2014

|  | Six months period ended |                  | Quarter ended        |                  |
|--|-------------------------|------------------|----------------------|------------------|
|  | December<br>2014        | December<br>2013 | December<br>2014     | December<br>2013 |
|  | (Rupees)                |                  |                      |                  |
| <b>Profit for the period</b>   | <b>2,901,858,698</b>    | 1,425,270,427    | <b>2,743,702,113</b> | 904,508,049      |
| <b>Other comprehensive income</b>  |                         |                  |                      |                  |
| <i>Items that are to be reclassified subsequently to profit and loss account</i>   |                         |                  |                      |                  |
| Unrealised diminution during the period on remeasurement of investments classified as 'available for sale'                         | (372,249,471)           | (119,180,534)    | (153,731,781)        | (205,696,170)    |
| Reclassification adjustments relating to loss / (gain) realised on disposal of investment classified as 'available for sale' - net | 16,413,378              | 17,500,536       | 16,413,378           | -                |
| Other comprehensive income for the period  | (355,836,093)           | (101,679,998)    | (137,318,403)        | (205,696,170)    |
| <b>Total comprehensive income for the period</b>   | <b>2,546,022,605</b>    | 1,323,590,429    | <b>2,606,383,710</b> | 698,811,879      |

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

  
Chief Executive Officer

  
Director

# Condensed Interim Unconsolidated Cash Flow Statement (Unaudited)

For the six months period ended 31<sup>st</sup> December 2014

|   | Note | December<br>2014       | December<br>2013       |
|---|------|------------------------|------------------------|
| <b>(Rupees)</b>   |      |                        |                        |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |      |                        |                        |
| Cash (used in) / generated from operations                      | 14   | (450,894,349)          | 111,281,332            |
| Income tax paid   |      | (28,621,578)           | (20,415,908)           |
| Finance cost paid   |      | (116,342,592)          | (106,549,662)          |
| Dividend received   |      | 232,259,461            | 125,177,450            |
| Interest received   |      | 57,836,720             | 42,701,097             |
| <b>Net cash (used in) / generated from operating activities</b> |      | <b>(305,762,338)</b>   | <b>152,194,309</b>     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |      |                        |                        |
| Capital expenditure incurred                                    |      | (2,891,992)            | (91,850)               |
| Proceeds from sale of property and equipment                    |      | 49,224                 | 24,001                 |
| Long term loan to subsidiary                                    |      | -                      | 500,000,000            |
| Acquisition of long term investments                            |      | (268,322,629)          | (989,797,627)          |
| Proceeds from sale of long term investments                     |      | 385,448,855            | 770,049,520            |
| Acquisition of investment property                              |      | -                      | (1,044,048,000)        |
| Long term deposits  |      | -                      | 281,500                |
| <b>Net cash generated from / (used in) investing activities</b> |      | <b>114,283,458</b>     | <b>(763,582,456)</b>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                     |      |                        |                        |
| Repayment of long term loan                                     |      | (24,302,147)           | (656,550,000)          |
| Proceeds from long term loan                                    |      | 201,688,181            | -                      |
| Dividend paid   |      | (287,612,583)          | (246,412,810)          |
| <b>Net cash out flow from financing activities</b>              |      | <b>(110,226,549)</b>   | <b>(902,962,810)</b>   |
| <b>Net decrease in cash and cash equivalents</b>                |      | <b>(301,705,429)</b>   | <b>(1,514,350,957)</b> |
| <b>Cash and cash equivalents at beginning of the period</b>     |      | <b>(1,371,529,144)</b> | <b>(551,862,045)</b>   |
| <b>Cash and cash equivalents at end of the period</b>           | 15   | <b>(1,673,234,573)</b> | <b>(2,066,213,002)</b> |

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

  
Chief Executive Officer

  
Director

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

For the six months period ended 31<sup>st</sup> December 2014

|   | Issued, subscribed and paid up share capital | Unrealized (diminution) / appreciation on remeasurement of investments classified as 'available for sale' | Reserves             |                       |                       | Total                 |
|---|--|---|----------------------|-----------------------|-----------------------|-----------------------|
|   |  |   | General reserve      | Unappropriated profit | Sub total             |                       |
| (Rupees)  |  |   |                      |                       |                       |                       |
| Balance as at 1 July 2013   | 4,537,500,000                                | (495,713,334)   | 4,000,000,000        | 16,642,744,949        | 20,147,031,615        | 24,684,531,615        |
| <b>Total comprehensive income for the six months period ended 31 December 2013</b>  |  |   |                      |                       |                       |                       |
| Profit for the period   | -  | -   | -                    | 1,425,270,427         | 1,425,270,427         | 1,425,270,427         |
| Other Comprehensive Income  |  |   |                      |                       |                       |                       |
| Unrealised appreciation diminution during the period on remeasurement of investments classified as 'available for sale'   | -  | (119,180,534)   | -                    | -                     | (119,180,534)         | (119,180,534)         |
| Reclassification adjustments relating to loss realised on disposal of investments classified as 'available for sale' -net | -  | 17,500,536  | -                    | -                     | 17,500,536            | 17,500,536            |
| Other comprehensive income for the period   | -  | (101,679,998)   | -                    | -                     | (101,679,998)         | (101,679,998)         |
| <b>Transactions with owners</b>   |  |   |                      |                       |                       |                       |
| Distribution: Final cash dividend for the year ended 30 June 2013 at the rate of Rs. 2.5 per share                        | -  | -   | -                    | (1,134,375,000)       | (1,134,375,000)       | (1,134,375,000)       |
| <b>Balance as at 31 December 2013</b>   | <b>4,537,500,000</b>                         | <b>(597,393,332)</b>  | <b>4,000,000,000</b> | <b>16,933,640,376</b> | <b>20,336,247,044</b> | <b>24,873,747,044</b> |
| <b>Balance as at 1 July 2014</b>  | <b>4,537,500,000</b>                         | <b>(601,609,981)</b>  | <b>4,000,000,000</b> | <b>17,814,689,421</b> | <b>21,213,079,440</b> | <b>25,750,579,440</b> |
| <b>Total comprehensive income for the six months period ended 31 December 2014</b>  |  |   |                      |                       |                       |                       |
| Profit for the period   | -  | -   | -                    | 2,901,858,698         | 2,901,858,698         | 2,901,858,698         |
| Other Comprehensive Income  |  |   |                      |                       |                       |                       |
| Unrealised diminution during the period on remeasurement of investments classified as 'available for sale'                | -  | (372,249,471)   | -                    | -                     | (372,249,471)         | (372,249,471)         |
| Reclassification adjustments relating to loss realised on disposal of investments classified as 'available for sale' -net | -  | 16,413,378  | -                    | -                     | 16,413,378            | 16,413,378            |
| Other comprehensive income for the period   | -  | (355,836,093)   | -                    | -                     | (355,836,093)         | (355,836,093)         |
| <b>Transactions with owners</b>   |  |   |                      |                       |                       |                       |
| Distribution: Final cash dividend for the year ended 30 June 2014 at the rate of Rs. 2.5 per share                        | -  | -   | -                    | (1,134,375,000)       | (1,134,375,000)       | (1,134,375,000)       |
| <b>Balance as at 31 December 2014</b>   | <b>4,537,500,000</b>                         | <b>(957,446,074)</b>  | <b>4,000,000,000</b> | <b>19,582,173,119</b> | <b>22,624,727,045</b> | <b>27,162,227,045</b> |

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

  
Chief Executive Officer

  
Director

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

For the six months period and quarter ended 31<sup>st</sup> December 2014

## 1. LEGAL STATUS AND NATURE OF BUSINESS

Arif Habib Corporation Limited ("the Company") was incorporated in Pakistan on 14 November 1994 as a public limited company under the Companies Ordinance, 1984. The Company is listed on the Karachi, Lahore and Islamabad Stock Exchanges of Pakistan. The principal activity of the Company is to make strategic investments in subsidiary companies and associates engaged in Chemical / Fertilizer, Financial services, Real estate, Construction materials, Industrial metal, Steel and other sectors including investments in securities. The registered office of the Company is situated at Arif Habib Centre, 2nd Floor, 23 M. T. Khan Road, Karachi, Pakistan. The Company is domiciled in the province of Sindh.

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

The Company has following long term investments:

| <i><b>Name of Company</b></i>  | <i>Shareholding</i> |
|--|---------------------|
| <i>Subsidiaries</i>  |                     |
| - Arif Habib Limited, a brokerage house  | <u>69.00%</u>       |
| - Power Cement Limited, a Cement manufacturing Company   | <u>61.61%</u>       |
| - Arif Habib DMCC, a UAE incorporated member company of Dubai Gold and Commodities Exchange                      | <u>100.00%</u>      |
| - Pakistan Opportunites Limited, a venture capital company (formerly Pakistan Private Equity Management Limited) | <u>85.00%</u>       |
| - Sachal Energy Development (Pvt) Limited, a wind power generation company                                       | <u>99.99%</u>       |
| <i>Associates</i>  |                     |
| - MCB-Arif Habib Savings and Investments Limited   | <u>30.09%</u>       |
| - Pakarab Fertilizers Limited  | <u>30.00%</u>       |
| - Fatima Fertilizer Company Limited  | <u>16.19%</u>       |
| - Aisha Steel Mills Limited *  | <u>14.24%</u>       |
| - Javedan Corporation Limited *  | <u>22.14%</u>       |
| <i>Others</i>  |                     |
| - Takaful Pakistan Limited   | <u>10.00%</u>       |
| - Khabeer Financial Services (Private) Limited   | <u>5.00%</u>        |
| - Sunbiz (Private) Limited   | <u>4.65%</u>        |

\* This represents investment in preference and ordinary shares of respective investees.

### 1.1 Change in the composition of the Group

Changes in composition of the Group during the six months period ended 31 December 2014 are summarised as under:

- the Company has sold 10,000,000 shares of Power Cement Limited , a subsidiary of the Company, resulting in a decrease in the Company's holding from 64.34% to 61.61%.
- the Company has sold 10,000,000 shares of Fatima Fertilizer Company Limited, an associate of the Company, resulting in a decrease in the Company's holding from 16.67% to 16.19%.



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

For the six months period and quarter ended 31<sup>st</sup> December 2014

---

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

This condensed interim unconsolidated financial information for the six months period ended 31 December 2014 has been prepared in accordance with the requirements of International Accounting Standards 34 “Interim Financial Reporting” and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, have been followed.

This condensed interim unconsolidated financial information does not include all the information required for full annual financial statements and should be read in conjunction with the annual audited unconsolidated financial statements of the Company as at and for the year ended 30 June 2014.

The comparative Balance Sheet presented in this condensed interim unconsolidated financial information has been extracted from the audited annual unconsolidated financial statements of the Company for the year ended 30 June 2014, whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are extracted from the unaudited condensed interim unconsolidated financial information for the period ended 31 December 2013.

This condensed interim unconsolidated financial information is unaudited and is being submitted to the shareholders as required by listing regulations of Karachi Stock Exchange vide section 245 of the Companies Ordinance, 1984. The figures for the six months period ended 31 December 2014 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance.

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

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

### 2.2 Basis of measurement

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

## 3. ACCOUNTING POLICIES

**3.1** The accounting policies and the methods of computation adopted in the preparation of this condensed interim unconsolidated financial information are the same as those applied in the preparation of audited annual unconsolidated financial statements of the Company as at and for the year ended 30 June 2014.

### 3.2 Amendments and interpretation to approved accounting standards effective during the period

Certain amendments and interpretation to approved accounting standards became effective during the period were not relevant to the Company’s operation and do not have any significant impact on the accounting policies of the Company.

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

For the six months period and quarter ended 31<sup>st</sup> December 2014

## 4. ACCOUNTING ESTIMATES AND JUDGEMENTS

- 4.1** The preparation of this condensed interim unconsolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience. Actual results may differ from these estimates.
- 4.2** The significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited unconsolidated financial statements as at and for the year ended 30 June 2014.

## 5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual audited separate financial statements of the Company as at and for the year ended 30 June 2014.

## 6. LONG TERM LOAN - secured

|   |           | <b>Unaudited<br/>31 December<br/>2014</b> | Audited<br>30 June<br>2014 |
|---|-----------|---|----------------------------|
|   |           | <b>(Rupees)</b>                           |                            |
| Term finance loan   | 6.1 & 6.2 | <b>418,719,305</b>                        | 243,021,452                |
| less: current maturity of term finance loan               |           | <b>(48,604,290)</b>                       | (48,604,290)               |
| Diminishing Musharakah Financing                          | 6.3       | <b>1,688,181</b>                          | -                          |
| less: current maturity of Diminishing Musharika Financing |           | <b>(431,028)</b>                          | -                          |
|   |           | <b>371,372,168</b>                        | <u>194,417,162</u>         |

- 6.1** The Company obtained term finance facility of Rs. 243.021 million from a commercial bank under mark-up arrangement at the rate of 6 month KIBOR+2.50% to be charged on semi-annual basis. The loan is repayable in ten equal semi-annual instalments ending on 19 March 2019. The loan is secured against first pari passu charge of Rs. 333.333 million over present and future assets (excluding shares pledged against short term borrowings) of the Company inclusive of 25% margin and pledge of shares of associated undertaking with 30% margin. During the period, the Company has paid an installment due of Rs. 24.30 million.

The market value of pledged shares as collateral amounts to Rs. 258.975 million (2014: Rs. 251.821 million) at balance sheet date.

- 6.2** The Company obtained term finance facility of Rs. 200 million from a commercial bank under mark-up arrangement at the rate of 3 month KIBOR+2.00% to be charged on quarterly basis. The loan is repayable in eight equal quarterly instalments after completion of one year grace period ending on 18 November 2017. The loan is secured against ranking charge on an associate's property situated at Naya Nazimabad, Survey # 248, 249, 250 with 30% margin.
- 6.3** During the period, the Company acquired a vehicle under diminishing musharakah financing arrangement entered into with First Habib Modaraba, for a period of 4 years. The financing is secured against the respective vehicle and promissory note issued in favour of the lender. The effective rate of interest on the borrowing is 12.15% per annum.

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

For the six months period and quarter ended 31<sup>st</sup> December 2014

## 7. SHORT TERM BORROWINGS - secured

|                 |           | Unaudited<br>December<br>2014 | Audited<br>June<br>2014 |
|-----------------|-----------|-------------------------------|-------------------------|
|                 |           |                               | (Rupees)                |
| Term Loan       | 7.1       | 360,000,000                   | -                       |
| Running Finance | 7.2 & 7.3 | 1,346,614,871                 | 1,394,632,677           |
|                 |           | <u>1,706,614,871</u>          | <u>1,394,632,677</u>    |

**7.1** During the period, the Company availed Term Finance Loan of Rs. 360 million from Summit Bank Limited 'related party' for a period of six months. The facility carries mark-up at the rate of 3 month KIBOR +2% and is payable on quarterly basis. The facility is secured against charge over receivables of the Company with 25% margin and personal guarantee of Chief Executive Officer of the Company.

**7.2** Short term running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 2,800 million (30 June 2014: Rs. 3,550 million) which represents the aggregate of sale prices of all mark-up agreements between the Company and the banks. These facilities have various maturity dates upto 30 September 2015. These arrangements are secured against pledge of marketable securities with minimum 30% margin (30 June 2014: 30% margin).

These running finance facilities carry mark-up ranging from 1 month KIBOR + 1% to 3 month KIBOR + 2.25% per annum (30 June 2014: 1 month KIBOR + 1% to 3 month KIBOR + 2.5% per annum) calculated on a daily product basis, that is payable quarterly. The aggregate amount of these facilities which have not been availed as at the balance sheet date amounts to Rs. 1,453.346 million (30 June 2014: Rs. 2,155.289 million).

**7.3** The fair value of shares of associated companies, shares held for trading and other securities pledged as collateral against short term borrowings amount to Rs. 3,059.084 million (30 June 2014: Rs. 3,150.495 million).

## 8. CONTINGENCIES AND COMMITMENTS

**8.1** During the period, the Company has issued Corporate Guarantees on behalf of associates namely Aisha Steel Mills Limited and Javedan Corporation Limited amounting to Rs. 2.5 billion and Rs. 200 million respectively, in the normal course of business. The Company has also obtained letter of indemnity from the respective associates.

There are no other changes in the status of contingencies and commitments as disclosed in the preceding annual audited financial statements as at and in the year ended 30 June 2014.

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

For the six months period and quarter ended 31<sup>st</sup> December 2014

## 9. PROPERTY AND EQUIPMENT

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

|   | Six months period ended<br>31 December 2014 |               | Six months period ended<br>31 December 2013 |               |
|---|---|---------------|---|---------------|
|   | Additions                                   | Disposals     | Additions                                   | Disposals     |
|   | (Rupees)                                    |               |   |               |
| Vehicle held under musharakah agreement | 2,463,000                                   | -             | -   | -             |
| Office equipment                        | 60,000                                      | 44,752        | -   | -             |
| Computer and allied equipments          | 368,992                                     | 29,224        | 91,850                                      | 24,001        |
|   | <u>2,891,992</u>                            | <u>73,976</u> | <u>91,850</u>                               | <u>24,001</u> |

## 10. LONG TERM INVESTMENTS

|                                      |      | Unaudited<br>31 December<br>2014 | Audited<br>30 June<br>2014 |
|--------------------------------------|------|----------------------------------|----------------------------|
|                                      |      | (Rupees)                         |                            |
| Subsidiaries - at cost               | 10.1 | 3,622,960,475                    | 3,637,122,178              |
| At fair value through profit or loss | 10.2 | 24,270,083,209                   | 21,706,832,045             |
| Available for sale                   | 10.3 | 1,934,251,849                    | 2,063,178,691              |
|                                      |      | <u>29,827,295,533</u>            | <u>27,407,132,914</u>      |

### 10.1 Subsidiaries - at cost

|   | Cost                 | Provision for<br>impairment | Carrying amount                  |                            |
|---|----------------------|-----------------------------|----------------------------------|----------------------------|
|   |                      |                             | Unaudited<br>31 December<br>2014 | Audited<br>30 June<br>2014 |
|   |                      |                             | (Rupees)                         |                            |
| Arif Habib Limited (AHL)  | 2,375,720,796        | -                           | 2,375,720,796                    | 2,375,720,796              |
| Power Cement Limited (PCL)  | 882,293,721          | -                           | 882,293,721                      | 921,455,424                |
| Arif Habib DMCC (AHD)   | 29,945,898           | -                           | 29,945,898                       | 29,945,898                 |
| Pakistan Opportunites Limited<br>(formerly Pakistan Private Equity<br>Management Limited) (POL) | 42,500,000           | (42,500,000)                | -                                | -                          |
| Sachal Energy Development<br>(Private) Limited (SEDPL)  | 335,000,060          | -                           | 335,000,060                      | 310,000,060                |
|   | <u>3,665,460,475</u> | <u>(42,500,000)</u>         | <u>3,622,960,475</u>             | <u>3,637,122,178</u>       |

**10.1.1** Before acquisition of control, PCL was classified as 'Available for sale' category in accordance with IAS 39. On control acquisition date, previously held equity interest was remeasured and the resulting fair value was made the deemed cost. Historical cost of investment is Rs 1,252.08 million. (30 June 2014: Rs. 1,307.65 million)

### 10.2 At fair value through profit or loss

|   | Cost                 | Unrealised<br>appreciation on<br>remeasurement<br>of investments | Carrying amount                  |                            |
|---|----------------------|--|----------------------------------|----------------------------|
|   |                      |  | Unaudited<br>31 December<br>2014 | Audited<br>30 June<br>2014 |
|   |                      |  | (Rupees)                         |                            |
| <b>Associates:</b>                                  |                      |  |                                  |                            |
| MCB - Arif Habib Savings and<br>investments Limited | 81,947,527           | 416,328,314  | 498,275,841                      | 351,826,072                |
| Pakarab Fertilizers Limited (PFL)                   | 1,324,332,073        | 10,285,667,927   | 11,610,000,000                   | 11,205,000,000             |
| Fatima Fertilizer Company Limited (FFCL)            | 3,744,031,064        | 8,417,776,304  | 12,161,807,368                   | 10,150,005,973             |
|   | <u>5,150,310,664</u> | <u>19,119,772,545</u>  | <u>24,270,083,209</u>            | <u>21,706,832,045</u>      |

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

For the six months period and quarter ended 31<sup>st</sup> December 2014

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

## 10.3 Available for sale

|   | Cost                 | Unrealised appreciation/<br>(diminution) on<br>remeasurement<br>of investments | Provision for<br>Impairment | Carrying amount<br>Unaudited<br>31 December<br>2014 | Audited<br>30 June<br>2014 |
|---|----------------------|--|-----------------------------|---|----------------------------|
| <b>(Rupees)</b>   |                      |  |                             |   |                            |
| <b>Associates:</b>  |                      |  |                             |   |                            |
| Aisha Steel Mills Limited (ASML)                                    | 142,213,500          | (24,318,508)   | -                           | 117,894,992   | 122,303,610                |
| Aisha Steel Mills Limited - convertible preference shares (ASML-PS) | 340,408,966          | (88,813,594)   | -                           | 251,595,372   | 244,645,224                |
| Javedan Corporation Limited (JCL) 10.3.1                            | 1,946,569,942        | (576,663,535)  | -                           | 1,369,906,407                                       | 1,523,929,632              |
| Javedan Corporation Limited- convertible preference shares (JCL-PS) | 92,620,761           | 102,134,317  | -                           | 194,755,078   | 172,200,225                |
|   | <u>2,521,813,169</u> | <u>(587,661,320)</u>   | -                           | <u>1,934,151,849</u>                                | <u>2,063,078,691</u>       |
| <b>Other investments:</b>   |                      |  |                             |   |                            |
| Takaful Pakistan Limited  | 30,000,000           | -  | (30,000,000)                | -   | -                          |
| Al-Khabeer Financial Services (Private) Limited                     | 1,000,000            | -  | (900,000)                   | 100,000   | 100,000                    |
| Sun Biz (Private) Limited   | 1,000,000            | -  | (1,000,000)                 | -   | -                          |
|   | <u>32,000,000</u>    | -  | <u>(31,900,000)</u>         | <u>100,000</u>                                      | <u>100,000</u>             |
|   | <u>2,553,813,169</u> | <u>(587,661,320)</u>   | <u>(31,900,000)</u>         | <u>1,934,251,849</u>                                | <u>2,063,178,691</u>       |

**10.3.1** This includes 24,332,263 ordinary right shares of JCL offered to the Company in the ratio of one share for every single ordinary share held. The Company has accepted the offer by paying subscription amount in full to JCL and the right shares will be allotted in due course.

**10.4** Fair value of long term investments pledged with banking companies against various financing facilities amounts to Rs. 2,766.45 million (30 June 2014: Rs.2,586.35 million).

## 10.5 Movement in provision for impairment

|  | Unaudited<br>31 December<br>2014 | Audited<br>30 June<br>2014 |
|--|----------------------------------|----------------------------|
| <b>(Rupees)</b>                                  |                                  |                            |
| Opening balance                                  | (74,400,000)                     | (883,949,153)              |
| Reversal on sale of investment                   | -                                | 104,223,256                |
| Provision during the period                      | -                                | (83,807,982)               |
| Reversal during the period                       | -                                | 716,627,289                |
| Transferred to asset classified as held for sale | -                                | 72,506,590                 |
| Closing balance                                  | <u>(74,400,000)</u>              | <u>(74,400,000)</u>        |

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

For the six months period and quarter ended 31<sup>st</sup> December 2014

## 11. LOANS AND ADVANCES

|  |      | Unaudited<br>31 December<br>2014 | Audited<br>30 June<br>2014 |
|--|------|----------------------------------|----------------------------|
|  |      | (Rupees)                         |                            |
| <b>Unsecured</b>   |      |                                  |                            |
| <i>Considered good</i>   |      |                                  |                            |
| Advances for new investment                                    | 11.1 | 425,494,937                      | 392,994,937                |
| Advances against salaries                                      |      | 1,580,888                        | 1,241,398                  |
| Bid price for secondary public offer                           |      | -                                | 250,000,000                |
| To related party:  |      |                                  |                            |
| Advances against equity to Aisha Steel Mills Limited           | 11.2 | 244,860,460                      | 236,924,414                |
| Loan to Power Cement Limited                                   | 11.3 | 140,000,000                      | 10,000,000                 |
| Loan to Aisha Steel Mills Limited                              | 11.4 | 1,169,521,452                    | 426,521,452                |
|  |      | <u>1,981,457,737</u>             | <u>1,317,682,201</u>       |
| <b>Secured</b>   |      |                                  |                            |
| <i>Considered good</i>   |      |                                  |                            |
| Receivable against reverse repurchase agreement (Reverse repo) | 11.5 | 216,626,135                      | 350,151,662                |
| To related party:  |      |                                  |                            |
| Loan to Aisha Steel Mills Limited                              | 11.6 | 14,985,000                       | 14,985,000                 |
| Loan to Javedan Corporation Limited                            | 11.7 | 93,600,000                       | -                          |
|  |      | <u>2,306,668,872</u>             | <u>1,682,818,863</u>       |

- 11.1** This represents amount paid as deposit money for acquisition of shares of a company in dairy farming industry.
- 11.2** This represents advance given to Aisha Steel Mills Limited against prospective right issue. Following the requirement of 'Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012' markup at the effective rate of 13.17% to 13.18% has been charged from the date of transfer of funds.
- 11.3** The Company has entered into a loan agreement with the said subsidiary on 24 November 2011. The loan is repayable within 30 business days of notice of demand. The mark-up rate on the said loan is 3 month KIBOR prevailing on the base rate setting date plus 2.5% per annum. Mark-up is payable on quarterly basis. The effective mark-up charged during the period was 12.67% to 12.68% (30 June 2014: 11.53% to 12.69%) per annum.
- 11.4** The Company has entered into a loan agreement with the said associated concern on 1 July 2013. The loan is repayable within 30 business days notice of demand. The mark-up rate on the said loan is 3 month KIBOR prevailing on the base rate setting date plus 3% per annum. Mark-up is payable on quarterly basis. The effective mark-up charged during the period was 13.17% to 13.42% (30 June 2014: 12.02% to 13.17%) per annum.
- 11.5** The Company has entered into an agreement for Purchase and Sale of Securities (Reverse repo) with financees. During the period, tranche of the agreement was partly settled. The effective rate between purchase and resale price is 3 months KIBOR + 5% respectively (30 June 2014: 3 months KIBOR + 5% and 15.01% per annum). The fair value of the unsettled agreement as at the balance sheet date is Rs. 476.371 million (30 June 2014: Rs. 595.925 million). The Company has pledged underlying shares with financial institutions as security against its borrowing. The fair value of underlying shares pledged at balance sheet date is Rs. 476.371 million (30 June 2014: Rs. 595.925 million).

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

For the six months period and quarter ended 31<sup>st</sup> December 2014

**11.6** The Company has entered into an agreement with the said associated concern on 19 January 2011. Under the arrangement, the Company shall disburse loan to the associated company in one or more tranches. The loan is secured against first charge on all present and future fixed assets, accounts receivables and interest in any insurance claim and equitable mortgage of land and building. The mark-up rate in the said loan is 6 month KIBOR + 3.25% per annum (30 June 2014: 6 months KIBOR + 3.25% per annum). The effective rate of markup on the loan charged during the period was 13.42% (30 June 2014: 12.37% to 13.42% ) per annum. Mark-up is payable on semi-annually basis.

**11.7** The Company had entered into an arrangement with the said associated concern on 20 November 2010 extended via latest addendum. Under the arrangement, the Company shall disburse loan to JCL in one or more tranches on a short term basis and is secured against ranking charge on property situated at Naya Nazimabad, Survey# 248, 249, 250 (Total 35 acres & 22 ghuntas) Deh Mangopir, Gadap Town, New Nazimabad, Karachi in favor of Company's banker.

The mark-up rate on the said loan is three months KIBOR + 3% per annum (30 June 2014: 3 months KIBOR + 3% per annum) Mark-up is payable on a quarterly basis. The effective mark-up charged during the period was 13.16% to 13.21% per annum (30 June 2014: 12.92% to 13.17% per annum).

**11.8** Maximum balance due from related parties is Rs. 1,561.506 million (30 June 2014: 2,138.623 million).

## 12. OPERATING REVENUE

|   | Six months period ended |                      | Quarter ended        |                      |
|---|-------------------------|----------------------|----------------------|----------------------|
|   | December 2014           | December 2013        | December 2014        | December 2013        |
|   | (Rupees)                |                      |                      |                      |
| Dividend income                             | 232,259,461             | 125,177,450          | 32,510,776           | 21,672,167           |
| Markup on loans and advances                | 84,535,524              | 92,142,431           | 54,010,751           | 42,833,783           |
| Profit on bank accounts                     | 168,114                 | 264,439              | 110,238              | 190,411              |
| Income from reverse repurchase transactions | 28,575,317              | 32,693,064           | 12,507,698           | 21,570,579           |
| Put option fee                              | 40,700,000              | 41,142,391           | 20,350,000           | 20,571,196           |
| Gain/Loss on sale of securities - net       | 23,198,313              | 120,838,328          | 32,695,057           | (10,406,404)         |
| Gain on remeasurement of investments-net    | 2,887,576,813           | 1,231,708,019        | 2,751,216,692        | 919,397,568          |
|   | <u>3,297,013,542</u>    | <u>1,643,966,122</u> | <u>2,903,401,212</u> | <u>1,015,829,300</u> |

## 13. TAXATION

|                | Six months period ended |                     | Quarter ended     |                  |
|----------------|-------------------------|---------------------|-------------------|------------------|
|                | December 2014           | December 2013       | December 2014     | December 2013    |
|                | (Rupees)                |                     |                   |                  |
| For the period |                         |                     |                   |                  |
| -Current       | (24,764,055)            | (32,258,028)        | (22,739,653)      | (13,772,576)     |
| -Prior year    | -                       | (18,061,359)        | -                 | 1,847            |
| -Deferred      | (82,838,471)            | 22,272,418          | 44,024,949        | 21,307,519       |
|                | <u>(107,602,526)</u>    | <u>(28,046,969)</u> | <u>21,285,296</u> | <u>7,536,790</u> |

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

For the six months period and quarter ended 31<sup>st</sup> December 2014

## 14. CASH (USED IN) / GENERATED FROM OPERATIONS

|   | Note | 31 December<br>2014    | 31 December<br>2013    |
|---|------|------------------------|------------------------|
| (Rupees)  |      |                        |                        |
| Profit before tax   |      | 3,009,461,224          | 1,453,317,396          |
| <b>Adjustments for non cash and other items</b>           |      |                        |                        |
| Depreciation and amortization                             |      | 4,987,599              | 2,995,348              |
| Dividend income   |      | (232,259,461)          | (125,177,450)          |
| Mark-up on loans and advances                             |      | (84,535,524)           | (92,142,431)           |
| Gain on disposal of Long term investment                  |      | (219,755,280)          | (139,340,359)          |
| Loss on disposal of asset                                 |      | 24,752                 | -                      |
| Unrealised gain on remeasurement of investment            |      | (2,887,576,813)        | (1,231,708,019)        |
| Income from reverse repurchase transactions               |      | (28,575,317)           | (32,693,064)           |
| Workers' Welfare fund                                     |      | 61,449,425             | 29,659,539             |
| Finance cost  |      | 135,837,739            | 94,042,892             |
| Impairment loss on investment                             |      | -                      | 17,000,000             |
|   |      | <b>(3,250,402,880)</b> | <b>(1,477,363,544)</b> |
|   |      | <b>(240,941,656)</b>   | <b>(24,046,148)</b>    |
| <b>Changes in working capital</b>                         |      |                        |                        |
| (Increase) / decrease in current assets                   |      |                        |                        |
| Loans and advances - net of repayment                     |      | (623,850,009)          | (792,529,905)          |
| Prepayments   |      | 810,238                | 6,362,484              |
| Trade and other receivables                               |      | 671,550                | (123,977,983)          |
| Short term investments                                    |      | 526,289,775            | 11,138,364             |
| Asset held for sale                                       |      | 27,891,903             | 111,812,869            |
| (Decrease) / increase in current liabilities              |      |                        |                        |
| Trade and other payables                                  |      | (141,766,150)          | 922,521,651            |
|   |      | <b>(209,952,693)</b>   | <b>135,327,480</b>     |
| <b>Cash (used in) / generated from operations</b>         |      | <b>(450,894,349)</b>   | <b>111,281,332</b>     |
| <b>15. CASH AND CASH EQUIVALENTS</b>                      |      |                        |                        |
| Cash and bank balances                                    |      | 33,380,298             | 22,537,115             |
| Short term borrowings                                     | 7    | (1,706,614,871)        | (2,088,750,117)        |
|   |      | <b>(1,673,234,573)</b> | <b>(2,066,213,002)</b> |
| <b>16. TRANSACTIONS AND BALANCES WITH RELATED PARTIES</b> |      |                        |                        |

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



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

For the six months period and quarter ended 31<sup>st</sup> December 2014

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

|  | <b>Six months period ended</b> |                  |
|--|--------------------------------|------------------|
|  | <b>December<br/>2014</b>       | December<br>2013 |
|  | <b>(Rupees)</b>                |                  |
| <b>Relationship with the Company and the nature of transaction</b> |                                |                  |
| <i>Transactions with Subsidiaries</i>                              |                                |                  |
| -Services availed  | 4,661,910                      | 2,722,715        |
| -Loan extended   | 260,000,000                    | 288,000,000      |
| -Loan repayment  | 130,000,000                    | 550,000,000      |
| -Mark-up income accrued on loan and advance                        | 5,730,874                      | 23,888,643       |
| -Dividend income / received  | 189,748,665                    | 103,499,283      |
| -Number of bonus shares received                                   | -                              | 3,449,976        |
| -Subscription of right shares/ fresh equity investment             | 25,000,000                     | 43,505,136       |
| <i>Transactions with Associates</i>                                |                                |                  |
| - Dividend income  | 32,496,250                     | 21,664,167       |
| - Dividend received  | 32,496,250                     | 21,664,167       |
| - Markup on loan and advance                                       | 78,804,650                     | 68,253,786       |
| - Markup income received   | 10,645,973                     | 8,035,452        |
| - Loan extended  | 1,380,000,000                  | 669,000,000      |
| - Loan repayment   | 543,400,000                    | 300,000,000      |
| - Commission on guarantee from Aisha Steel Mills Limited           | 250,000                        | -                |
| - Commission on guarantee from Javedan Corporation Limited         | 50,000                         | -                |
| - Purchase of investment property                                  | -                              | 1,044,048,000    |
| <i>Transactions with Other related parties</i>                     |                                |                  |
| - Provident fund contribution                                      | 870,520                        | 1,752,418        |
| - Payment of rent and maintenance charges                          | 10,179,961                     | 2,829,354        |
| - Markup on loan from Summit Bank                                  | 13,637,622                     | -                |
| <i>Remuneration to Key management personnel</i>                    |                                |                  |
| - Remuneration   | 9,507,048                      | 12,602,496       |

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

For the six months period and quarter ended 31 December 2014

## Balances as at :

|  | Unaudited<br>31 December<br>2014 | Audited<br>30 June<br>2014 |
|--|----------------------------------|----------------------------|
|  | (Rupees)                         |                            |
| - Commission on guarantee receivable<br>from Javedan Corporation Limited   | 50,000                           | -                          |
| - Markup receivable from Aisha Steel Mills Limited   | 70,966,939                       | 10,745,974                 |
| - Commission on guarantee receivable<br>from Aisha Steel Mills Limited   | 250,000                          | -                          |
| - Markup receivable from Power Cement Limited  | 1,180                            | 250,324                    |
| - Markup payable to Summit Bank Limited  | 13,637,622                       | -                          |
| - Payable to Arif Habib Limited against purchase of listed<br>securities from stock exchange under T+2 settlement method | -                                | 169,893,267                |
| - Payable to Arif Habib Limited  | 34,004                           | -                          |

## 17. DATE OF AUTHORISATION FOR ISSUE

This condensed interim unconsolidated financial information has been authorized for issue on 29<sup>th</sup> January, 2015 by the Board of Directors of the Company.

  
Chief Executive Officer

  
Director



# Condensed Interim Consolidated Financial Information

for the half year ended 31<sup>st</sup> December 2014

# Condensed Interim Consolidated Balance Sheet

As at 31<sup>st</sup> December 2014

|   | Note | Unaudited<br>December<br>2014 | Audited<br>June<br>2014 |
|---|------|-------------------------------|-------------------------|
| <b>(Rupees)</b>   |      |                               |                         |
| <b>EQUITY AND LIABILITIES</b>   |      |                               |                         |
| <b>Share capital and reserves</b>   |      |                               |                         |
| Authorised share capital<br>1,000,000,000 ordinary<br>shares of Rs. 10 each |      | <b>10,000,000,000</b>         | 10,000,000,000          |
| Issued, subscribed and paid-up share capital                                |      | <b>4,537,500,000</b>          | 4,537,500,000           |
| Reserves  |      | <b>11,667,077,422</b>         | 11,352,656,202          |
| Equity attributable to owners of the Parent                                 |      | <b>16,204,577,422</b>         | 15,890,156,202          |
| Non-Controlling interest  |      | <b>1,231,135,590</b>          | 1,055,597,355           |
|   |      | <b>17,435,713,012</b>         | 16,945,753,557          |
| <b>Non-current liabilities</b>  |      |                               |                         |
| Long term loans   |      | <b>2,535,052,118</b>          | 2,343,193,668           |
| Long term payable   |      | <b>1,700,179,646</b>          | 1,700,179,646           |
| Liabilities against assets<br>subject to finance lease                      |      | <b>3,180,806</b>              | 2,235,913               |
| Deferred liability - Staff gratuity   |      | <b>45,725,999</b>             | 41,748,723              |
| Deferred taxation - net   |      | <b>589,899,151</b>            | 328,165,511             |
|   |      | <b>4,874,037,720</b>          | 4,415,523,461           |
| <b>Current liabilities</b>  |      |                               |                         |
| Trade and other payables  |      | <b>2,575,979,329</b>          | 2,596,403,973           |
| Dividend Payable  |      | <b>846,762,417</b>            | -                       |
| Interest / mark-up accrued on borrowings                                    |      | <b>148,610,226</b>            | 123,013,911             |
| Short term borrowings - secured   |      | <b>5,287,151,262</b>          | 4,309,905,907           |
| Current portion of long term loans  |      | <b>519,942,290</b>            | 755,291,290             |
| Current portion of liabilities against<br>assets subject to finance lease   |      | <b>909,398</b>                | 468,892                 |
| Provision for taxation  |      | <b>437,071,804</b>            | 320,793,666             |
| Liabilities held for sale   |      | <b>-</b>                      | 23,815,692              |
|   |      | <b>9,816,426,726</b>          | 8,129,693,331           |
|   |      | <b>32,126,177,458</b>         | 29,490,970,349          |

## Contingencies and commitments

4

  
Chief Executive Officer

  
Director

# Condensed Interim Consolidated Balance Sheet


As at 31<sup>st</sup> December 2014

|  | Note | Unaudited<br>December<br>2014 | Audited<br>June<br>2014 |
|--|------|-------------------------------|-------------------------|
| <b>(Rupees)</b>  |      |                               |                         |
| <b>ASSETS</b>  |      |                               |                         |
| <b>Non-current assets</b>  |      |                               |                         |
| Property, plant and equipment  | 5    | 4,722,827,077                 | 4,732,957,516           |
| Intangible assets - others   |      | 13,946,430                    | 14,226,625              |
| Goodwill   |      | 1,163,961,863                 | 1,163,961,863           |
| Trading right entitlement certificate,<br>membership cards and offices |      | 68,552,500                    | 59,052,500              |
| Equity accounted investees   |      | 13,651,286,650                | 12,374,772,753          |
| Other long term investments  |      | 121,442,551                   | 121,442,551             |
| Investment property  |      | 2,998,191,000                 | 2,989,651,000           |
| Long term loans and<br>advances - considered good                      |      | 975,000                       | 975,000                 |
| Long term deposits and<br>prepayments                                  |      | 48,657,170                    | 40,530,986              |
|  |      | <b>22,789,840,241</b>         | <b>21,497,570,794</b>   |
| <b>Current assets</b>  |      |                               |                         |
| Stock-in-trade   |      | 389,897,000                   | 177,302,000             |
| Stores, spares and loose tools   |      | 691,089,000                   | 642,543,000             |
| Trade debts  |      | 1,089,814,455                 | 452,594,045             |
| Loans and advances -<br>considered good                                |      | 2,267,214,568                 | 2,038,064,020           |
| Deposits and prepayments   |      | 121,969,551                   | 56,800,357              |
| Advance tax  |      | 453,058,651                   | 421,611,367             |
| Tax refund due from government   |      | 292,158,000                   | 245,730,000             |
| Markup receivable  |      | 127,841,288                   | 50,667,183              |
| Other receivables - considered good                                    |      | 1,240,963,057                 | 919,152,977             |
| Short term investments   |      | 1,944,511,886                 | 1,898,848,996           |
| Receivable against sale of investment                                  |      | 409,018,998                   | 797,382,506             |
| Cash and bank balances   |      | 308,800,763                   | 226,986,603             |
| Assets held for sale   |      | -                             | 65,716,501              |
|  |      | <b>9,336,337,217</b>          | <b>7,993,399,555</b>    |
|  |      | <b>32,126,177,458</b>         | <b>29,490,970,349</b>   |

The annexed notes 1 to 9 form an integral part of this condensed interim consolidated financial information.



Chief Executive Officer



Director

# Condensed Interim Consolidated Profit and Loss Account (Unaudited)

For the six months period and quarter ended 31<sup>st</sup> December 2014

|   | Six months period ended |                    | Quarter ended        |                    |
|---|-------------------------|--------------------|----------------------|--------------------|
|   | December 2014           | December 2013      | December 2014        | December 2013      |
|   | (Rupees)                |                    |                      |                    |
| Operating revenue   | 1,407,504,037           | 614,023,945        | 1,031,039,829        | 349,569,356        |
| Operating, administrative and other expenses                | (359,713,092)           | (378,154,250)      | (181,497,202)        | (164,056,295)      |
| Operating profit  | 1,047,790,945           | 235,869,695        | 849,542,627          | 185,513,061        |
| Other income  | 295,923,246             | 86,844,849         | 82,513,457           | 50,015,918         |
| Finance cost  | (388,592,169)           | (382,584,842)      | (165,306,162)        | (219,276,539)      |
| Other charges   | (162,171,712)           | (40,638,270)       | (139,803,670)        | (28,020,902)       |
|   | 792,950,310             | (100,508,568)      | 626,946,252          | (11,768,462)       |
| Share of profit of equity-accounted associates - net of tax | 1,239,591,695           | 603,613,460        | 777,973,593          | 503,719,039        |
| <b>Profit before tax</b>                                    | <b>2,032,542,005</b>    | <b>503,104,892</b> | <b>1,404,919,845</b> | <b>491,950,577</b> |
| Taxation  |                         |                    |                      |                    |
| For the period  |                         |                    |                      |                    |
| - Current   | (133,619,138)           | (59,633,365)       | (71,209,049)         | (30,938,432)       |
| - Prior   | -                       | (23,914,359)       | -                    | (5,851,153)        |
| - Deferred  | (261,733,640)           | 10,226,583         | (169,556,065)        | (39,549,505)       |
|   | (395,352,778)           | (73,321,141)       | (240,765,114)        | (76,339,090)       |
| <b>Profit after tax</b>                                     | <b>1,637,189,227</b>    | <b>429,783,751</b> | <b>1,164,154,731</b> | <b>415,611,487</b> |
| <b>Profit / (loss) attributable to:</b>                     |                         |                    |                      |                    |
| Equity holders of the Parent Company                        | 1,418,274,070           | 446,178,561        | 1,018,926,797        | 413,419,810        |
| Non-controlling interests                                   | 218,915,157             | (16,394,810)       | 145,227,934          | 2,191,677          |
|   | 1,637,189,227           | 429,783,751        | 1,164,154,731        | 415,611,487        |
| <b>Earnings per share - Basic &amp; Diluted</b>             | <b>3.13</b>             | <b>0.98</b>        | <b>2.25</b>          | <b>0.91</b>        |

The annexed notes 1 to 9 form an integral part of this condensed interim consolidated financial information.

  
Chief Executive Officer

  
Director

# Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited)

For the six months period and quarter ended 31<sup>st</sup> December 2014

|   | Six months period ended |                    | Quarter ended        |                    |
|---|-------------------------|--------------------|----------------------|--------------------|
|   | December 2014           | December 2013      | December 2014        | December 2013      |
|   | (Rupees)                |                    |                      |                    |
| <b>Profit after tax</b>   | 1,637,189,227           | 429,783,751        | 1,164,154,731        | 415,611,487        |
| <b>Other comprehensive income</b>   |                         |                    |                      |                    |
| Items that are to be reclassified subsequently to profit and loss account   |                         |                    |                      |                    |
| Effect of translation of net assets of foreign subsidiary to presentation currency - net  | 673,988                 | 4,500,824          | (801,723)            | 314,347            |
| Share of other comprehensive income of equity-accounted associates -net of tax  | -                       | 48,496,215         | -                    | (6,912,029)        |
| Reclassification adjustments relating to loss/(gain) realised on disposal of investments classified as 'available for sale' - net | -                       | (62,697,089)       | -                    | -                  |
| Other comprehensive income for the period   | 673,988                 | (9,700,050)        | (801,723)            | (6,597,682)        |
| <b>Total comprehensive income for the period</b>  | <b>1,637,863,215</b>    | <b>420,083,701</b> | <b>1,163,353,008</b> | <b>409,013,805</b> |
| <b>Total comprehensive income attributable to:</b>  |                         |                    |                      |                    |
| Equity holders of Arif Habib Corporation Limited  | 1,418,948,058           | 436,072,221        | 1,018,125,074        | 406,796,582        |
| Non-controlling interests   | 218,915,157             | (15,988,520)       | 145,227,934          | 2,217,223          |
|   | <b>1,637,863,215</b>    | <b>420,083,701</b> | <b>1,163,353,008</b> | <b>409,013,805</b> |

The annexed notes 1 to 9 form an integral part of this condensed interim consolidated financial information.

  
Chief Executive Officer

  
Director

# Condensed Interim Consolidated Cash Flow Statement (Unaudited)

For the six months period ended 31<sup>st</sup> December 2014

|   | Note | December<br>2014 | December<br>2013 |
|---|------|------------------|------------------|
| (Rupees)  |      |                  |                  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |      |                  |                  |
| Profit before tax   |      | 2,032,542,005    | 503,104,892      |
| <b>Adjustments for:</b>   |      |                  |                  |
| Depreciation  |      | 35,729,575       | 43,789,621       |
| (Gain) / Loss on sale of property and equipment                 |      | (332,434)        | 56,034           |
| Gain on disposal of stock exchange room                         |      | -                | (3,455,525)      |
| Unrealised gain on short term investments                       |      | (847,124,227)    | (13,202,607)     |
| Share of profit of equity-accounted associates - net of tax     |      | (1,239,591,695)  | (603,613,460)    |
| Amortization  |      | 535,270          | 169,945          |
| Mark-up on loans and advances                                   |      | (91,232,493)     | (124,835,495)    |
| Dividend income   |      | (41,004,051)     | (112,965,640)    |
| Finance cost  |      | 388,592,169      | 382,584,842      |
|   |      | (1,794,427,886)  | (431,472,285)    |
| Operating profit before working capital changes                 |      | 238,114,119      | 71,632,607       |
| <b>Changes in working capital:</b>                              |      |                  |                  |
| <i>(Increase) / decrease in current assets</i>                  |      |                  |                  |
| Stock in trade  |      | (212,595,000)    | 92,919,000       |
| Store and spares  |      | (48,546,000)     | 84,494,000       |
| Trade debts   |      | (637,220,410)    | 239,043,370      |
| Loans and advances  |      | (229,150,548)    | (795,337,678)    |
| Deposits and prepayments  |      | (65,169,194)     | (10,434,603)     |
| Tax refund due from government                                  |      | (46,428,000)     | (31,981,000)     |
| Receivable against sale of securities - net                     |      | 388,363,508      | (682,567,945)    |
| Other receivables   |      | (321,810,080)    | (126,903,206)    |
| Short term investments  |      | 801,461,337      | (420,237,180)    |
| Assets held for sale  |      | 41,900,809       | 129,554,839      |
| <i>(Decrease) / Increase in current liabilities</i>             |      |                  |                  |
| Trade and other payables  |      | (20,424,644)     | 514,935,683      |
|   |      | (349,618,222)    | (1,006,514,720)  |
| <b>Cash used in operations</b>                                  |      | (111,504,103)    | (934,882,113)    |
| Taxes paid  |      | (48,788,284)     | (47,035,279)     |
| Finance cost paid   |      | (362,995,854)    | (413,897,192)    |
| Interest received   |      | 14,058,388       | 120,778,678      |
| <b>Net cash used in operating activities</b>                    |      | (509,229,853)    | (1,275,035,906)  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |      |                  |                  |
| Acquisition of property and equipment                           |      | (25,348,992)     | (130,762,955)    |
| Proceeds from sale of assets                                    |      | 756,278          | 665,982          |
| Acquisition of intangible assets                                |      | (255,075)        | (193,240)        |
| Acquisition of Trading right entitlement certificate            |      | (9,500,000)      | -                |
| Proceeds from sale of stock exchange room                       |      | -                | 14,200,000       |
| Acquisition of Investment Property                              |      | (8,540,000)      | (1,048,318,000)  |
| Dividend received   |      | 73,500,301       | 134,629,807      |
| Long term investments - net                                     |      | 2,304,103        | (263,382,786)    |
| Long term deposits  |      | (8,126,184)      | (6,182,498)      |
| <b>Net cash generated from / (used in) investing activities</b> |      | 24,790,431       | (1,299,343,690)  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                     |      |                  |                  |
| Long term financing   |      | (43,490,550)     | 246,327,790      |
| Dividend paid   |      | (372,863,898)    | (292,913,527)    |
| Deferred liability  |      | 3,977,276        | 2,975,172        |
| Lease liability   |      | 1,385,399        | (2,027,323)      |
| <b>Net cash used in financing activities</b>                    |      | (410,991,773)    | (45,637,888)     |
| <b>Net decrease in cash and cash equivalents</b>                |      | (895,431,195)    | (2,620,017,484)  |
| <b>Cash and cash equivalents at beginning of the period</b>     |      | (4,082,919,304)  | (2,081,385,901)  |
| <b>Cash and cash equivalents at end of the period</b>           | 6    | (4,978,350,499)  | (4,701,403,385)  |

The annexed notes 1 to 9 form an integral part of this condensed interim consolidated financial information.

  
Chief Executive Officer

  
Director



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

For the six months period ended 31<sup>st</sup> December 2014

|  | Equity attributable to owners of the Parent  |   |   |                      |                       | Total                       | Non-controlling interests | Total equity                |
|--|--|---|---|----------------------|-----------------------|-----------------------------|---------------------------|-----------------------------|
|  | Issued, subscribed and paid up share capital | Unrealized (diminution) / appreciation on remeasurement of investments classified as 'available for sale' | Exchange difference on translation to presentation currency | General reserve      | Unappropriated profit |                             |                           |                             |
|  | (Rupees)                                     |   |   |                      |                       |                             |                           |                             |
| <b>Balance as at 1 July 2013 (restated)</b>  | 4,537,500,000                                | 130,701,387   | 46,564,052  | 4,019,567,665        | 5,945,567,603         | 14,679,900,707              | 534,734,474               | 15,214,635,181              |
| <b>Total comprehensive income for the six months period</b>  |  |   |   |                      |                       |                             |                           |                             |
| Profit for the six months period ended 31 December 2013  | -  | -   | -   | -                    | 446,178,561           | 446,178,561                 | (16,394,810)              | 429,783,751                 |
| Other Comprehensive income   |  |   |   |                      |                       |                             |                           |                             |
| Effect of translation of net assets of foreign subsidiary to presentation currency -net  | -  | -   | 4,094,534   | -                    | -                     | 4,094,534                   | 406,290                   | 4,500,824                   |
| Share of other comprehensive income of equity-accounted associates -net of tax   | -  | 48,496,215  | -   | -                    | -                     | 48,496,215                  | -                         | 48,496,215                  |
| Reclassification adjustments relating to gain realized on disposal of investments classified as 'available for sale' -net of tax | -  | (62,697,089)<br>(14,200,874)  | -<br>4,094,534  | -                    | -<br>446,178,561      | (62,697,089)<br>436,072,221 | -<br>(15,988,520)         | (62,697,089)<br>420,083,701 |
| <b>Transactions with owners</b>  |  |   |   |                      |                       |                             |                           |                             |
| Cash dividend for the year ended 30 June 2013  | -  | -   | -   | -                    | (1,134,375,000)       | (1,134,375,000)             | (46,500,717)              | (1,180,875,717)             |
| Increase in non-controlling interest on further disposal   | -  | -   | -   | -                    | 128,893,342           | 128,893,342                 | 223,548,395               | 352,441,737                 |
|  | -  | -   | -   | -                    | (1,005,481,658)       | (1,005,481,658)             | 177,047,678               | (828,433,980)               |
| <b>Balance as at 31 December 2013</b>  | <b>4,537,500,000</b>                         | <b>116,500,513</b>  | <b>50,658,586</b>   | <b>4,019,567,665</b> | <b>5,386,264,506</b>  | <b>14,110,491,270</b>       | <b>695,793,632</b>        | <b>14,806,284,902</b>       |
| <b>Balance as at 1 July 2014</b>   | <b>4,537,500,000</b>                         | <b>68,004,298</b>   | <b>48,111,521</b>   | <b>4,019,567,665</b> | <b>7,216,972,718</b>  | <b>15,890,156,202</b>       | <b>1,055,597,355</b>      | <b>16,945,753,557</b>       |
| <b>Total comprehensive income for the six months period</b>  |  |   |   |                      |                       |                             |                           |                             |
| Profit for the six months period ended 31 December 2014  | -  | -   | -   | -                    | 1,418,274,070         | 1,418,274,070               | 218,915,157               | 1,637,189,227               |
| Other comprehensive income   |  |   |   |                      |                       |                             |                           |                             |
| Effect of translation of net assets of foreign subsidiary to presentation currency - net   | -  | -   | 673,988   | -                    | -                     | 673,988                     | -                         | 673,988                     |
| Reclassification adjustments relating to gain realized on disposal of investments classified as 'available for sale' -net of tax | -  | -   | -   | -                    | -                     | -                           | -                         | -                           |
|  | -  | -   | 673,988   | -                    | 1,418,274,070         | 1,418,948,058               | 218,915,157               | 1,637,863,215               |
| <b>Transactions with owners</b>  |  |   |   |                      |                       |                             |                           |                             |
| Distribution: Final cash dividend for the year ended 30 June 2014  | -  | -   | -   | -                    | (1,134,375,000)       | (1,134,375,000)             | (85,251,315)              | (1,219,626,315)             |
| Increase in non-controlling interest on further disposal   | -  | -   | -   | -                    | 29,848,162            | 29,848,162                  | 41,874,393                | 71,722,555                  |
|  | -  | -   | -   | -                    | (1,104,526,838)       | (1,104,526,838)             | (43,376,922)              | (1,147,903,760)             |
| <b>Balance as at 31 December 2014</b>  | <b>4,537,500,000</b>                         | <b>68,004,298</b>   | <b>48,785,509</b>   | <b>4,019,567,665</b> | <b>7,530,719,950</b>  | <b>16,204,577,422</b>       | <b>1,231,135,590</b>      | <b>17,435,713,012</b>       |

The annexed notes 1 to 9 form an integral part of this condensed interim consolidated financial information.

  
Chief Executive Officer

  
Director

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

For the six months period ended 31<sup>st</sup> December 2014

## 1. LEGAL STATUS AND NATURE OF BUSINESS

Arif Habib Corporation Limited, ("the Parent Company") was incorporated in Pakistan on 14 November 1994 as a public limited company under the Companies Ordinance, 1984. The Parent Company is listed on the Karachi, Lahore and Islamabad Stock Exchanges of Pakistan. The principal activity of the Parent Company is to manage strategic investments in subsidiary companies and associates engaged in Chemical / Fertilizer, Financial Services, Construction Materials, Industrial Metal, Steel and other sectors including investments in securities. The registered office of the Parent Company is situated at Arif Habib Centre, 2nd Floor, 23 M. T. Khan Road, Karachi, Pakistan. The Parent Company is domiciled in the province of Sindh.

This condensed interim consolidated financial information of Arif Habib Corporation Limited for the six months period ended 31 December 2014 comprise of the Parent and following subsidiary companies (here-in-after referred to as "the Group").

| <i>Name of Company</i>  |             | <i>Shareholding<br/>(including<br/>indirect holding)</i> |
|---|-------------|--|
| <b>Subsidiaries</b>   | <i>Note</i> |  |
| - Arif Habib Limited (AHL)  | 1.1         | <u>69.00%</u>  |
| - Arif Habib Commodities (Private) Limited, investment management of commodities, wholly owned subsidiary of Arif Habib Limited | 1.1         | <u>69.00%</u>  |
| - Arif Habib 1857 ( Pvt.) Ltd, wholly owned subsidiary of Arif Habib Limited  | 1.1         | <u>69.00%</u>  |
| - Power Cement Limited (PCL)  | 1.2         | <u>63.02%</u>  |
| - Arif Habib DMCC, a UAE incorporated member company of Dubai Gold and Commodities Exchange                                     | 1.3         | <u>100.00%</u>   |
| - Pakistan Opportunities Limited (formerly Pakistan Private Equity Management Limited) (POL)                                    | 1.4         | <u>85.00%</u>  |
| - Sachal Energy Development (Pvt) Limited (SEDL)  | 1.5         | <u>99.99%</u>  |

Additionally, the Parent has long term investments in following associates and these are being carried under equity accounting

### **Associates**

|  |               |
|--|---------------|
| - Pakarab Fertilizers Limited                    | <u>30.00%</u> |
| - Aisha Steel Mills Limited *                    | <u>14.24%</u> |
| - MCB-Arif Habib Savings and Investments Limited | <u>30.13%</u> |
| - Fatima Fertilizer Company Limited              | <u>16.89%</u> |
| - Javedan Corporation Limited *                  | <u>40.85%</u> |

\* This represents investment in preference and ordinary shares of respective investees.

- 1.1** Arif Habib Limited (AHL) was incorporated in Pakistan on 07 September 2004 under the Companies Ordinance, 1984, as a public limited company. The registered office of AHL is situated at Arif Habib Centre, 23 M.T. Khan Road, Karachi, Pakistan. It is domiciled in the province of Sindh. AHL holds Trading Right Entitlement Certificates of Karachi, Lahore and Islamabad Stock Exchanges. The principal activities of the Company are investments, share brokerage, interbank brokerage, initial public offering (IPO) underwriting, advisory and consultancy services.

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

For the six months period ended 31<sup>st</sup> December 2014

---

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

Arif Habib 1857 (Private) Limited (AH 1857) was incorporated in Pakistan on 18 July 2014 under the Companies Ordinance, 1984, as a Private Limited Company. The registered office of AH 1857 is situated at Arif Habib Centre, 23 M.T. Khan Road, Karachi, Pakistan. It is domiciled in the province of Sindh. AH 1857 has been admitted as a Trading Right Entitlement Certificate holder of Karachi Stock Exchange, however, the approval of SECP is pending for brokerage registration. The principal activities of the Company are investments, share brokerage, interbank brokerage, initial public offering (IPO) underwriting, advisory and consultancy services.

- 1.2** Power Cement Limited (PCL) was established as private limited company on 01 December 1981 and was converted into public limited company on 09 July 1987 and is listed on Karachi and Lahore Stock Exchanges. The company's principal activity is manufacturing, selling and marketing of cement. Registered office of the company is situated at the Arif Habib Centre, 23 M.T Khan Road, Karachi, Pakistan and its undertaking is situated at Deh Kalo Kohar, Nooriabad Industrial Estate, District Dadu (Sindh).
- 1.3** Arif Habib DMCC (AHD) was incorporated in Dubai, U.A.E. on 24 October 2005 as a limited liability company. Its registered office is situated at Dubai Metals and Commodities Center, Dubai, U.A.E. AHD is a wholly owned subsidiary of AHCL and was granted registration and trading license by the Registrar of Companies of the Dubai Multi Commodities Center (DMCC) Authority on 26 October 2005. AHD is expected to start its commercial operations at the Dubai Gold and Commodities Exchange within next twelve months.
- 1.4** Pakistan Opportunities Limited (formerly Pakistan Private Equity Management Limited) (POL) was incorporated in Pakistan on 6 September 2006 under the Companies Ordinance, 1984 as a public limited company (Un-Quoted). The registered office of POL is situated at 23 M.T. Khan Road, Karachi, Pakistan. POL was registered under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 with the Securities and Exchange Commission of Pakistan and was licensed to carry out Private Equity and Venture Capital Fund Management Services.

POL's license to carry out Private Equity and Venture Capital Fund Management Services expired on 03 June 2013. POL had decided not to apply for renewal of license and had applied with Securities and Exchange Commission of Pakistan to exit from the business which was granted. POL intends to continue its operations as an un-quoted public company under the Companies Ordinance, 1984 subsequent to its exit from NBFC regime.

- 1.5** Sachal Energy Development (Private) Limited (SEDPL) is a company incorporated in Pakistan under the Companies Ordinance, 1984 on 20 November 2006. The Company's registered office is located in Islamabad, Pakistan. The Company plans to carry out the business of purchasing, importing, transforming, converting, distributing, supplying and dealing in electricity and all other form of energy and the related services.

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

For the six months period ended 31<sup>st</sup> December 2014

---

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

This condensed interim consolidated financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

This condensed interim consolidated financial information is unaudited and is being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984.

This condensed interim consolidated financial information does not include all the information required for full financial statements and should be read in conjunction with the annual financial statements as at and for the year ended 30 June 2014.

The comparative balance sheet presented in this condensed interim consolidated financial information has been extracted from the annual audited consolidated financial statements of the Group for the year ended 30 June 2014, whereas the comparative condensed interim consolidated Profit and Loss Account, condensed interim consolidated Statement of Comprehensive Income, condensed interim consolidated Cash Flow statement and condensed interim consolidated Statement of Changes in Equity are extracted from the unaudited condensed interim consolidated financial information for the period ended 31 December 2013.

This condensed interim consolidated financial information is presented in Pakistan Rupees which is the Group's functional currency and presentation currency. The financial information of one foreign incorporated subsidiary have been translated into Pakistan Rupees for the purpose of these consolidated financial information.

### 2.2 Significant accounting policies

The accounting policies and methods of computation adopted by the Group in the preparation of this condensed interim consolidated financial information are the same as those applied in preparation of the preceding annual financial statements of the Group as at and for the year ended 30 June 2014.

Amendments to certain existing standards and new interpretations on approved accounting standards that became effective during the period either were not relevant to the Group's operations or did not have any significant impact on the accounting policies of the Group.

### 2.3 Use of estimates and judgments

The preparation of this condensed interim consolidated financial information in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience. Actual results may differ from these estimates.

In preparing this condensed interim consolidated financial information, significant judgments made by management and the key sources of estimating uncertainty were the same as those that were applied to the annual financial statements of the Company as at and for the year ended 30 June 2014.

## 3. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements of the Group as at and for the year ended 30 June 2014.

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

For the six months period ended 31<sup>st</sup> December 2014

## 4. CONTINGENCIES AND COMMITMENT

### *Parent Company*

During the period, Arif Habib Corporation Limited has issued Corporate Guarantees on behalf of associates namely Aisha Steel Mills Limited and Javedan Corporation Limited amounting to Rs. 2.5 billion and Rs. 200 million respectively, in the normal course of business. The Company has also obtained letter of indemnity from the respective associates.

### *AHL, Subsidiary Company*

Arif Habib Limited is contesting a demand of Rs. 45.42 million raised against its non taxable services vide order issued on 12 September 2014 by AC SRB. The company has filled appeal against the impugned order in the appropriate forum and stay has been granted against the impugned demand. The company's legal counsel is of the view that the company has a favorable case based on merit. The company has accordingly not made any provision of the said amount in this financial information.

Further following commitments are outstanding as at the period end

|   | <b>December<br/>2014</b> | 30 June<br>2014    |
|---|--------------------------|--------------------|
| - Outstanding settlement against sale/purchases of securities in future market    | -                        | 40,609,905         |
| - Outstanding Settlements against Marginal Trading contracts                      | <b>881,746,493</b>       | 563,200,039        |
| - Outstanding Settlements against (purchase)/sale of securities in regular market | <b>(96,784,764)</b>      | 181,065,922        |
| - Guarantee given by a commercial bank on behalf of the company                   | <b>100,000,000</b>       | 100,000,000        |
|   | <b>884,961,729</b>       | <b>884,875,866</b> |

### *PCL, Subsidiary Company*

Power Cement Limited has received demand notice for the Sales tax and Excise Duty as disclosed in note 25.1 of the consolidated financial statements for the year ended 30 June 2014, against which Honorable High Court of Sindh has granted a stay order until the next date of hearing.

Further following commitments are outstanding as at the period end

|   | <b>December<br/>2014</b> | 30 June<br>2014    |
|---|--------------------------|--------------------|
| Commitment against open letter of credit for: |                          |                    |
| - Coal  | <b>107,216,000</b>       | -                  |
| - Stores and spares                           | <b>30,604,000</b>        | 98,651,000         |
| - Other commitments - Ijarah rentals          | <b>1,908,000</b>         | 2,557,000          |
|   | <b>139,728,000</b>       | <b>101,208,000</b> |

There are no other changes in the status of contingencies as disclosed in the preceding annual financial statements of the Group as at 30 June 2014 other than those disclosed above.

## 5. PROPERTY AND EQUIPMENT

Capital expenditure incurred during the period amounted to Rs 25.35 million. Further, assets having WDV of Rs. 0.424 million were sold for Rs. 0.756 million.

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

For the six months period ended 31<sup>st</sup> December 2014

## 6. CASH AND CASH EQUIVALENTS

|                        | Six months period ended |                        |
|------------------------|-------------------------|------------------------|
|                        | December<br>2014        | December<br>2013       |
|                        | (Rupees)                |                        |
| Cash and bank balances | 308,800,763             | 193,234,696            |
| Short term borrowings  | <u>(5,287,151,262)</u>  | <u>(4,894,638,081)</u> |
|                        | <u>(4,978,350,499)</u>  | <u>(4,701,403,385)</u> |

## 7. 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 on arm's length. 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 consolidated financial information are given below:

|   | Six months period ended |                      |
|---|-------------------------|----------------------|
|   | December<br>2014        | December<br>2013     |
|   | (Rupees)                |                      |
| <b>Transaction with associates</b>          |                         |                      |
| - Dividend income                           | 32,496,250              | 21,664,167           |
| - Dividend received                         | <u>32,496,250</u>       | <u>21,664,167</u>    |
| - Mark-up on loan and advance               | <u>78,804,650</u>       | <u>68,253,786</u>    |
| - Mark-up income received                   | <u>10,645,973</u>       | <u>8,035,452</u>     |
| - Loan extended                             | <u>1,380,000,000</u>    | <u>669,000,000</u>   |
| - Loan repayment                            | <u>543,400,000</u>      | <u>550,000,000</u>   |
| - Sale of goods                             | <u>6,143,000</u>        | <u>5,925,000</u>     |
| - Commission on guarantee                   | <u>300,000</u>          | <u>-</u>             |
| - Purchase of goods                         | <u>-</u>                | <u>675,938</u>       |
| - Purchase of investment property           | <u>-</u>                | <u>1,044,048,000</u> |
| <b>Transaction with Other related party</b> |                         |                      |
| - Provident fund contribution               | <u>2,128,068</u>        | <u>2,862,988</u>     |
| - Payment of rent and maintenance charges   | <u>20,647,081</u>       | <u>13,278,474</u>    |
| - Payment to key management personnel       | <u>43,252,338</u>       | <u>19,351,327</u>    |
| - Sale of goods & services                  | <u>8,322,000</u>        | <u>23,368,000</u>    |
| - Loan received-net                         | <u>-</u>                | <u>696,000,000</u>   |

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

For the six months period ended 31<sup>st</sup> December 2014

|   | Unaudited<br>December<br>2014 | Audited<br>30 June<br>2014 |
|---|-------------------------------|----------------------------|
|   | (Rupees)                      |                            |
| <b>Balances as at</b>   |                               |                            |
| - Commission on guarantee receivable from Javedan Corporation Limited | 50,000                        | -                          |
| - Markup receivable from Aisha Steel Mills Limited                    | 70,966,939                    | 10,745,974                 |
| - Payable to Javedan Corporation Limited                              | 1,700,179,646                 | 1,700,179,646              |
| - Trade receivable from Safe Mix Concrete Products Limited            | 9,754,000                     | 8,036,000                  |
| - Trade Receivable from Javedan Corporation Limited                   | 2,883,000                     | 6,523,000                  |
| - Trade Receivable from Aisha Steel Mills Limited                     | 165,000                       | 165,000                    |
| - Commission on guarantee receivable from Aisha Steel Mills Limited   | 250,000                       | -                          |
| - Loan to Aisha Steel Mills Limited                                   | 1,184,506,452                 | 441,506,452                |
| - Loan to Javedan Corporation Limited                                 | 93,600,000                    | -                          |
| - Loan to Power Cement Limited  | 140,000,000                   | 10,000,000                 |
| - Loan payable to Mr. Arif Habib                                      | 1,605,500,000                 | 1,325,500,000              |
| - Advance against equity to Aisha Steel Mills Limited                 | 244,860,460                   | 236,924,414                |
| - Payable to Arif Habib Limited                                       | 34,004                        | -                          |

## 8 REPORTABLE SEGMENTS

**8.1** The group has four reportable segments: Capital Market Operations, Brokerage, Material & Construction 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 material & construction segment is principally engaged in manufacturing and sale of construction related materials. Others includes assets of energy development entity.

**8.2** The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies in the last published annual audited consolidated financial statements for the year ended 30 June 2014. 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.

**8.3** 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.

**8.4** 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, amortization and remeasurement of equity and debt instruments in profit or loss.

## 9. Date of Authorization for issue

This condensed interim consolidated financial information has been authorized for issue on January 29, 2015 by the Board of Directors of the Company.

  
Chief Executive Officer

  
Director













## Arif Habib Corp

**Arif Habib Centre**

23, M.T. Khan Road

Karachi-74000

Tel: (021) 32460717-19

Fax: (021) 32429653, 32468117

Company website: [www.arifhabibcorp.com](http://www.arifhabibcorp.com)

Group website: [www.arifhabib.com.pk](http://www.arifhabib.com.pk)