

PROMOTING INVESTMENT



Arif Habib Corp



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Company Information

Board of Directors

Arif Habib

Chairman & Chief Executive

Nasim Beg

Director

Asadullah Khawaja

Director

Samad A. Habib

Director

Muhammad Akmal Jameel

Director

Kashif A. Habib

Director

Tahir Iqbal

Director

Company Secretary

Zeeshan

Audit Committee

Muhammad Akmal Jameel

Chairman

Kashif A. Habib

Member

Tahir Iqbal

Member

Management

Arif Habib

Chief Executive

Zeeshan

Chief Financial Officer

Zeshan Afzal

Group Head Strategic Investments



Bankers

Allied Bank Limited
 Askari Bank Limited
 Atlas Bank Limited
 Bank Al Falah Limited
 Bank Al-Habib Limited
 Bank of Khyber
 Barclays Bank (Pakistan) Limited
 Faysal Bank Limited
 First Women Bank Limited
 Habib Bank Limited
 Habib Metropolitan Bank Limited
 KASB Bank Limited
 MCB Bank Limited
 My Bank Limited
 National Bank of Pakistan
 NIB Bank Limited
 Standard Chartered Bank (Pakistan) Limited
 Soneri Bank Limited
 Summit Bank Limited
 The Bank of Punjab
 United Bank Limited

Auditors

KPMG Taseer Hadi & Co., Chartered Accountants

Legal Advisors

Bawaney & Partners

Registered & Corporate Office

Arif Habib Centre
 23, M.T. Khan Road
 Karachi-74000
 Phone: (021)32460717-9
 Fax: (021)32429653, 32468117
 Email: ahsl@arifhabib.com.pk
 Website: www.arifhabib.com.pk

Registrar & Share Transfer Agent

Central Depository Company of Pakistan

Share Registrar Department

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

Directors' Report

Dear Shareholders

The Board of Directors of Arif Habib Corporation Limited (Formerly Arif Habib Securities Limited) is pleased to present the Directors' report of the Company together with interim condensed unconsolidated and consolidated financial statements for the nine months period ended 31 March 2011.

Financial Results

By the grace of Allah our company has been able to maintain a reasonable profitability during the nine month period under review with significant improvement in quality of revenues. It has reported an after tax profit of Rs. 2,100.56 million (with dividend income contributing 75 percent, secondary market portfolio contributing 13 percent and unrealized gain from strategic investments contributing 10 percent) as compared to Rs. 3,687.29 million (with dividend income contributing 20 percent, secondary market portfolio contributing 40 percent and unrealized gain on strategic investments contributing 36 percent) in corresponding period last year. This translates to an earnings of Rs. 5.60 per share as compared to Rs. 9.83 per share in corresponding period last year.

Performance of Subsidiaries and Associates

Subsidiaries and associates having large stakes of your Company have recorded good performance during the period under review namely fertilizer, asset management and brokerage whereas investments in cement have suffered losses. Investment in steel, dairies and wind power are at developing stage and progressing satisfactorily.

Economy Review

During the third quarter of the fiscal year, pick up in textile exports and higher remittances helped in reducing the pressure from rising international oil prices and keeping the current account deficit in check. The rate of increase in inflation has reduced during the quarter to 13.16% in March compared to 15.45% YoY growth in December, therefore allowing the central bank to keep the discount rate unchanged at 14% during the last two monetary policy reviews.



Given the rising fiscal deficit, the Government of Pakistan introduced new taxation measures in March which would collect Rs 53 billion through removal of subsidies and/or further taxes on income, imports, agriculture, and domestic sales of zero-rated export-oriented items, while Rs 67 billion is expected to be saved from the government expenditure side. Continuing energy shortages and its inefficient management is affecting the performance of the Economy.

Market and Business Review

Financial Services

The KSE 100 index finished the third quarter of current fiscal year (first quarter of 2011) in negative, falling by 1.77% to 11,809. The market started year 2011 on a positive note with the index gaining 6% by January 18 and touched the level of 12,768 due to higher inflows from foreign investors in index heavy weight stocks. However, the market reversed its course in February, when worsening situation in Egypt and Tunisia led to sharp fall in global equities. The index made its low on February 25 near 11,200, before bouncing back in the first week of March after the announcement of MTS implementation.

Top performing sectors during the quarter were Fertilizer, oil and gas (with the exception of OGDC), banks and cement. Foreign investors remained net buyers in Pakistan with net inflow of US\$ 52 million during the quarter, with March seeing an outflow of US\$ 16 million.

Total outstanding leveraged investment in MTS was only Rs 228 million by quarter end (started March 14), an indication of cautious initial response of participants (finances and financiers). During the quarter, average daily turnover increased to 129 million shares compared to 124 million shares in the second quarter of FY11, however, trading volumes after hitting highs over 200 million shares daily in January witnessed a declining trend and had fallen below 100 million shares daily by March end. Under this environment, secondary market portfolio of the Company, Brokerage and Asset Management have performed satisfactorily.

Fertilizers

The Government's decision regarding curtailment of gas and consequent increase in fertilizer prices by the fertilizer producers has its effects on the fundamentals of the sector. The price increase of fertilizer was due to 45 days of winter gas load shedding instead of 30 days, gas curtailment of 20% on Sui based plants and 12% gas curtailment of Mari based plants. The negative impact of gas supply curtailment was passed on to the farmers resulting in no impact on fertilizer units.



Construction Materials

Cement sector dynamics have slightly changed in the recent times due to continuous increase in cement prices compensating for rising cost of production. The cement offtake in the first nine months of the period under review has decreased by 10% from 25.2 million tons to 22.7 million tons. But because of the cement sector's seasonal nature, the offtake of cement peaks at the current season till the monsoon starts. The offtake numbers of the cement has started improving from the month of March and it is expected to remain better until monsoon months. This high demand season is also one of the reasons of this surge in cement prices. Cement investee companies have stopped losing money with effect from March 2011.

Future Outlook

The fundamentals of major investee companies are stable continuing to contribute to the profitability of the Company. Pace of work on developing investee companies for their completion has picked up. Efforts are being made to reorganize loss making investee companies and some success has been achieved in cement and dairies. Secondary market portfolio investment is performing satisfactorily. In view of this the Company is expected to perform satisfactorily in the balance period of current financial year and beyond.

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
Chairman & Chief Executive

Karachi
19 April 2011



Unconsolidated Financial Statements

Condensed Interim Unconsolidated Balance Sheet

As at 31 March 2011

	Note	Unaudited March 2011	Audited June 2010
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital (1,000,000,000 ordinary shares of Rs. 10 each)		10,000,000,000	10,000,000,000
Issued, subscribed and paid up share capital		3,750,000,000	3,750,000,000
Reserves		16,729,993,438	16,034,145,375
		20,479,993,438	19,784,145,375
Non-current liabilities			
Deferred taxation		2,961,855,378	2,883,395,813
Current liabilities			
Trade and other payables		155,185,315	78,574,509
Interest / mark-up accrued on short term borrowings		49,120,191	21,011,622
Short term borrowings	4	1,390,506,675	620,235,048
Provision for taxation		2,970,366	867,047
		1,597,782,547	720,688,226
	Rupees	25,039,631,363	23,388,229,414
Contingencies and commitments			
	5		

Condensed Interim Unconsolidated Balance Sheet**As at 31 March 2011**

	Note	Unaudited March 2011	Audited June 2010
ASSETS			
Non-current assets			
Property and equipment	6	55,708,722	61,151,042
Long term investments	7	21,892,974,129	19,535,274,470
Long term deposits		2,098,990	790,190
		21,950,781,841	19,597,215,702
Current assets			
Loans and advances	8	1,281,637,982	268,635,000
Trade debts		2,796,737	-
Prepayments		138,434	75,600
Advance tax		82,528,640	62,778,527
Other receivables		122,141,802	114,054,059
Short term investments		1,588,269,765	3,338,040,948
Cash and bank balances		11,336,162	7,429,578
		3,088,849,522	3,791,013,712
	Rupees	25,039,631,363	23,388,229,414

The annexed notes 1 to 15 form an integral part of this condensed interim unconsolidated financial information.



CHAIRMAN & CHIEF EXECUTIVE



DIRECTOR

Condensed Interim Unconsolidated Profit and Loss

Account (Unaudited)

For the nine months period ended 31 March 2011

	Note	Nine months period ended		Quarter ended	
		March	March	March	March
		2011	2010	2011	2010
Operating revenue	11	2,455,379,069	3,985,642,188	1,275,648,110	1,359,142,227
Operating and administrative expenses	12	(147,017,194)	(123,165,718)	(69,680,688)	(16,660,058)
Operating profit		2,308,361,875	3,862,476,470	1,205,967,422	1,342,482,169
Other income		1,370,798	13,889,915	753,455	1,075,477
		2,309,732,673	3,876,366,385	1,206,720,877	1,343,557,646
Finance cost		(127,742,083)	(201,926,372)	(48,312,421)	(19,136,464)
Profit before tax		2,181,990,590	3,674,440,013	1,158,408,456	1,324,421,182
Taxation					
For the period					
- Current		(2,970,366)	(51,258,679)	(258,014)	(1,886,047)
- Deferred		(78,459,629)	64,110,686	(16,893,060)	(263,686,189)
Prior year		-	-	-	-
		(81,429,995)	12,852,007	(17,151,074)	(265,572,236)
Profit after tax	Rupees	2,100,560,595	3,687,292,020	1,141,257,382	1,058,848,946
Earnings per share -					
basic and diluted	Rupees	5.60	9.83	3.04	2.82

The annexed notes 1 to 15 form an integral part of this condensed interim unconsolidated financial information.



CHAIRMAN & CHIEF EXECUTIVE



DIRECTOR

Condensed Interim Unconsolidated Statement of Comprehensive Income (Unaudited)

For the nine months period ended 31 March 2011

	Nine months period ended		Quarter ended	
	March	March	March	March
	2011	2010	2011	2010
Profit for the period	2,100,560,595	3,687,292,020	1,141,257,382	1,058,848,946
Other comprehensive (loss) / income				
Unrealized (diminution) / appreciation during the period on remeasurement of investments classified as 'available for sale'	(92,450,437)	168,944,743	(68,630,565)	163,651,586
Reclassification adjustments relating to loss realized on disposal of investments classified as 'available for sale'	1,737,905	-	-	-
Impairment loss on investments classified as 'available for sale' transferred to profit and loss account	-	71,091,000	-	37,834,331
Other comprehensive (loss) / income for the period	(90,712,532)	240,035,743	(68,630,565)	201,485,917
Total comprehensive income for the period	2,009,848,063	3,927,327,763	1,072,626,817	1,260,334,863

Rupees

The annexed notes 1 to 15 form an integral part of this condensed interim unconsolidated financial information.



CHAIRMAN & CHIEF EXECUTIVE



DIRECTOR

Condensed Interim Unconsolidated Cash Flow Statement (Unaudited)

For the nine months period ended 31 March 2011

	Note	March 2011	March 2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	9	1,008,007,096	(753,158,148)
Income tax paid		(20,604,959)	(13,404,392)
Finance cost paid		(99,633,514)	(273,007,569)
Net cash generated from / (used in) operating activities		887,768,623	(1,039,570,109)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		(1,548,943)	(819,820)
Proceeds from sale of property and equipment		790,000	546,340
Dividend received		185,994,568	780,932,670
Interest received		23,774,080	41,484,910
Acquisition of long term investments		(1,871,633,414)	(243,541,664)
Proceeds from sale of long term investments		9,798,843	2,004,208,153
Long term deposits		(1,308,800)	-
Net cash (used in) / generated from investing activities		(1,654,133,666)	2,582,810,589
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash flows from financing activities		-	-
Net (decrease) / increase in cash and cash equivalents		(766,365,043)	1,543,240,480
Cash and cash equivalents at beginning of the period		(612,805,470)	(2,613,856,135)
Cash and cash equivalents at end of the period (Rupees) 10		(1,379,170,513)	(1,070,615,655)

The annexed notes 1 to 15 form an integral part of this condensed interim unconsolidated financial information.



CHAIRMAN & CHIEF EXECUTIVE



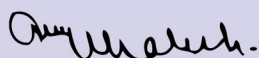
DIRECTOR

Condensed Interim Unconsolidated Statement of Changes in Equity (Unaudited)

For the nine months period ended 31 March 2011

	Share capital Issued, subscribed and paid up	Unrealized appreciation/ (diminution) on remeasurement of investments classified as 'available for sale'	Reserves General reserve	Unappropriated profit	Sub total	Total
Balance as at 1 July 2009	3,750,000,000	(87,425,952)	4,000,000,000	8,472,748,885	12,385,322,933	16,135,322,933
Total comprehensive income for the nine months period						
Profit for the period ended 31 March 2010	-	-	-	3,687,292,020	3,687,292,020	3,687,292,020
Unrealized appreciation during the period on remeasurement of investments classified as 'available for sale'	-	168,944,743	-	-	168,944,743	168,944,743
Impairment loss on investments classified as 'available for sale' transferred to profit and loss account	-	71,091,000	-	-	71,091,000	71,091,000
	-	240,035,743	-	3,687,292,020	3,927,327,763	3,927,327,763
Transactions with owners	-	-	-	-	-	-
Balance as at 31 March 2010	3,750,000,000	152,609,791	4,000,000,000	12,160,040,905	16,312,650,696	20,062,650,696
Balance as at 1 July 2010	3,750,000,000	(237,069,004)	4,000,000,000	12,271,214,379	16,034,145,375	19,784,145,375
Total comprehensive income for the nine months period						
Profit for the nine months period ended 31 March 2011	-	-	-	2,100,560,595	2,100,560,595	2,100,560,595
Unrealized diminution during the period on remeasurement of investments classified as 'available for sale'	-	(92,450,437)	-	-	(92,450,437)	(92,450,437)
Reclassification adjustments relating to loss realized on disposal of investments classified as 'available for sale'	-	1,737,905	-	-	1,737,905	1,737,905
	-	(90,712,532)	-	2,100,560,595	2,009,848,063	2,009,848,063
Transactions with owners						
Distribution of 112.5 million Shares of Fatima Fertilizer Limited for the year ended 30 June 2010	-	-	-	(1,314,000,000)	(1,314,000,000)	(1,314,000,000)
Balance as at 31 March 2011	3,750,000,000	(327,781,536)	4,000,000,000	13,057,774,974	16,729,993,438	20,479,993,438

The annexed notes 1 to 15 form an integral part of this condensed interim unconsolidated financial information.



CHAIRMAN & CHIEF EXECUTIVE



DIRECTOR

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2011

1. LEGAL STATUS AND NATURE OF BUSINESS

Arif Habib Corporation Limited (formerly Arif Habib Securities Limited) 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. The principal activity of the Company is to make strategic investments in subsidiary companies and associates engaged in Chemical, Fertilizer, Financial Services, Construction Materials, Industrial Metal, Steel and Other Sectors. The Company also invests in listed 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.

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

The Company has following long term investments:

Name of Company	Shareholding
Subsidiaries	
- Arif Habib Limited, a brokerage house	75.15%
- Arif Habib Investments Limited (formerly Arif Habib Investment Management Limited), an asset management company	60.18%
- Arif Habib DMCC, a UAE incorporated member company of Dubai Gold and Commodities Exchange	100.00%
- SKM Lanka Holdings (Private) Limited, a Srilankan incorporated brokerage house at Colombo Stock Exchange	75.00%
- Pakistan Private Equity Management Limited, a venture capital company	85.00%
- Sachal Energy Development (Pvt) Limited, a wind power generation company	99.99%
Associates	
- Pakarab Fertilizers Limited	30.00%
- Aisha Steel Mills Limited	48.57%
- Al-Abbas Cement Industries Limited	37.86%
- Thatta Cement Company Limited	9.06%
- Rozgar Microfinance Bank Limited	19.01%
- Sweetwater Dairies Pakistan (Private) Limited	28.82%
- Fatima Fertilizer Company Limited	16.33%
Others	
- Takaful Pakistan Limited	10.00%
- Sunbiz (Private) Limited	4.65%

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2011

1.1 Change in the composition of the Group

During the nine months period ended 31 March 2011, the Company obtained control of Sachal Energy Development (Pvt) Limited, a power generation company, by acquiring 4,000,006 ordinary shares of Rs. 10 each from Mr. Arif Habib. Further, the Company has also subscribed 7,499,994 ordinary shares of Rs 10 each. As a result, the Company has 99.99% equity interest in Sachal Energy Development (Pvt) Limited.

Further, the Company subscribed for 105,745,638 right shares of Aisha Steel Mills Limited (an associate). This resulted in increase in Company's holding in this associate from 25% to 48.57%.

The Company also purchased 717,407 shares of Al-Abbas Cement Industries Limited (an associate) during the period, which resulted in increase in Company's holding in this associate from 37.47% to 37.86%.

Furthermore, the Company sold 517,000 shares of Thatta Cement Company Limited (an associate) during the period, which resulted in decrease in Company's holding in this associate from 9.71% to 9.06%.

In addition, the Company also subscribed for 1,333,333 shares of Sweet Water Dairies Pakistan (Private) Limited (an associate). This resulted in increase in the Company's holding in the associate from 27.83% to 28.82%.

During this period, the Company has distributed 112.50 million shares of Fatima Fertilizers Company Limited (an associate) to its shareholders as specie dividend and purchased 56.41 million shares of the same company. Further, the Company has also received 135 million shares as specie dividend from Pakarab Fertilizers Limited and 0.145 million shares from Reliance Weaving Mills Limited. This resulted in an overall increase in Company's holding in the associate from 12.38% to 16.33%.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

This condensed interim unconsolidated financial information does not include all the information required for full financial statements and should be read in conjunction with the published financial statements as at and for the year ended 30 June 2010.

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

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

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2011

2.2 Significant accounting policies

The accounting policies adopted by the Company in the preparation of this condensed interim unconsolidated financial information are the same as those applied in preparation of the preceding annual financial statements of the Company as at and for the year ended 30 June 2010.

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

2.3 Use of estimates and judgments

The preparation of this condensed interim unconsolidated 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 assumptions are based on historical experience. Actual results may differ from these estimates.

In preparing this condensed interim unconsolidated financial information, significant judgments were made by management in applying the Company's accounting policies. The key sources of estimates were same as those that applied to the annual financial statements of the Company as at and for the year ended 30 June 2010.

3. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company as at and for the year ended 30 June 2010.

4. SHORT TERM BORROWINGS - secured

	Unaudited 31 March	Audited 30 June
	2011	2010
From various banking companies		
- Short term running finance	Rupees <u>1,390,506,675</u>	<u>620,235,048</u>

- 4.1** Short term running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 2,530 million (30 June 2010: Rs. 2,980 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 29 September 2011. These arrangements are secured against pledge of marketable securities with minimum 30% margin (30 June 2010: 30% margin). These running finance facilities carry mark-up ranging from 3 month KIBOR+1% to 3 month KIBOR+2.5% per annum (30 June 2010: 3 month KIBOR+1% to 3 month KIBOR+2.5% per annum) calculated on a daily product basis that is payable quarterly. The carrying amount of securities pledged as collateral against outstanding liability amounts to Rs. 1,987.823 million (30 June 2010: Rs. 1,433.646 million). The aggregate amount of these facilities which have not been availed as at the balance sheet date amounts to Rs. 1,139.494 million (30 June 2010: Rs. 2,359.763 million).

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2011

5. CONTINGENCIES AND COMMITMENT

There is no change in the status of a contingency as disclosed in the preceding annual financial statements of the Company as at 30 June 2010.

6. PROPERTY AND EQUIPMENT

Following is the cost of property and equipment that have been added / disposed off during the nine months period ended 31 March 2011:

	Nine months period ended 31 March 2011		Nine months period ended 31 March 2010	
	Additions	Disposals	Additions	Disposals
Vehicles	1,070,000	1,169,000	152,000	1,237,000
Office equipment	101,370	-	242,440	-
Computer and allied equipments	377,573	-	425,380	-
Rupees	<u>1,548,943</u>	<u>1,169,000</u>	<u>819,820</u>	<u>1,237,000</u>

7. LONG TERM INVESTMENTS

		Unaudited 31 March 2011	Audited 30 June 2010
	Note		
At cost	7.1	4,572,421,468	3,396,388,391
At fair value through profit or loss	7.2	17,009,404,724	15,731,225,855
Available for sale	7.3	311,147,937	407,660,224
Rupees		<u>21,892,974,129</u>	<u>19,535,274,470</u>

7.1 At cost

Subsidiaries:

Arif Habib Limited (AHL)	2,675,247,180	2,675,247,180
Arif Habib Investments Limited (AHIL)	81,947,527	81,947,527
Arif Habib DMCC (AHD)	29,945,898	29,945,898
Pakistan Private Equity Management Limited (PPEML)	42,500,000	42,500,000
SKM Lanka Holdings (Private) Limited (SKML)	43,197,216	43,197,216
Sachal Energy Development (Pvt) Limited (SEDL)	115,000,000	-
	<u>2,987,837,821</u>	<u>2,872,837,821</u>
Provision for impairment in PPEML	<u>(17,000,000)</u>	<u>(17,000,000)</u>
	<u>2,970,837,821</u>	<u>2,855,837,821</u>

Associates:

Aisha Steel Mills Limited (ASML)	1,558,283,647	497,250,570
Rozgar Microfinance Bank Limited (RMFBL)	32,310,000	32,310,000
	<u>1,590,593,647</u>	<u>529,560,570</u>
Provision for impairment in RMFBL	<u>(19,010,000)</u>	<u>(19,010,000)</u>
	<u>1,571,583,647</u>	<u>510,550,570</u>

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2011

		Unaudited 31 March	Audited 30 June
		2011	2010
Other investments:			
Takaful Pakistan Limited (TPL)		30,000,000	30,000,000
Sun Biz (Private) Limited (SBL)		1,000,000	1,000,000
		31,000,000	31,000,000
Provision for impairment in SBL		(1,000,000)	(1,000,000)
		30,000,000	30,000,000
	Rupees	4,572,421,468	3,396,388,391
7.2 At fair value through profit or loss			
Associates:			
Pakarab Fertilizers Limited (PFL)		12,360,600,000	12,360,600,000
Fatima Fertilizer Company Limited (FFCL)		4,369,353,869	3,101,175,000
Sweetwater Dairies Pakistan (Private) Limited (SDPL)		279,450,855	269,450,855
	Rupees	17,009,404,724	15,731,225,855
7.3 Available for sale			
Associates:			
Al-Abbas Cement Industries Limited (AACIL)		317,971,947	385,549,504
Thatta Cement Company Limited (THCCL)		132,759,990	161,694,720
		450,731,937	547,244,224
Provision for impairment in AACIL		(139,584,000)	(139,584,000)
	Rupees	311,147,937	407,660,224
7.4 Investments having an aggregate market value of Rs. 1,987.823 million (30 June 2010: Rs. 1,433.646 million) have been pledged with financial institutions as security against financing facilities (see note 4.1) out of which Rs. 921.879 million (30 June 2010: Rs. 486.22 million) relates to long term investments.			
8. LOANS AND ADVANCES - unsecured			
		Unaudited 31 March	Audited 30 June
		2011	2010
Considered good			
Advance for new investment		70,000,000	70,000,000
Advance against expenses		635,000	635,000
To related parties:			
Aisha Steel Mills Limited		-	10,000,000
Arif Habib Investments Limited		-	15,000,000
Javedan Cement Limited	8.1	391,172,982	-
Al-Abbas Cement Industries Limited - Advance against equity	8.2	719,830,000	173,000,000

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2011

	Note	Unaudited 31 March 2011	Audited 30 June 2010
Al-Abbas Cement Industries Limited - Loan	8.1	100,000,000 1,281,637,982	- 268,635,000
Provision for doubtful debts			
- Opening balance		-	(12,188,785)
- Reversal / (provision) during the period / year		-	12,188,785
- Closing balance		-	-
	Rupees	1,281,637,982	268,635,000
8.1	This represents amount paid as loan carrying markup upto 3 months KIBOR plus 3% , repayable within 12 months. Being group companies, no collateral was obtained.		
8.2	The Company has given advance to subscribe for prospective right issue of shares of the said company.		
		Nine months period ended	
		March 2011	March 2010
9. CASH GENERATED FROM OPERATIONS			
Profit before tax		2,181,990,590	3,674,440,013
Adjustments for:			
Depreciation		6,806,300	7,951,677
Dividend income		(1,840,699,866)	(802,937,670)
Mark-up on bank balances, loans and advances		(32,120,833)	(153,093,692)
Exchange gain on foreign currency bank balances		(12,306)	(138,100)
Impairment loss on investments		-	71,091,000
Reversal of provision against doubtful debts		-	(12,188,785)
Gain on sale of property and equipment		(605,037)	-
Gain on remeasurement of short term investments		(350,337,863)	(1,882,061,511)
Gain on remeasurement of investment in associates		(247,610,187)	(1,427,968,816)
Loss on disposal of long term investment		1,737,905	-
Finance cost		127,742,083	201,926,372
		(2,335,099,804)	(3,997,419,525)
		(153,109,214)	(322,979,512)
Changes in working capital			
(Increase) / decrease in current assets			
Trade debts		(2,796,737)	-
Loans and advances		(1,013,002,982)	(118,516,615)
Prepayments		(62,834)	99,562
Other receivables		259,011	(455,216)
Short term investments		2,100,109,046	(203,283,005)
Increase / (decrease) in current liabilities			
Trade and other payables		76,610,806	(108,023,362)
		1,161,116,310	(430,178,636)
Cash generated from / (used in) operations	Rupees	1,008,007,096	(753,158,148)

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2011

10. CASH AND CASH EQUIVALENTS	Unaudited 31 March	Unaudited 31 March
	2011	2010
Cash and bank balances	11,336,162	7,350,478
Short term borrowings	(1,390,506,675)	(1,077,966,133)
Rupees	(1,379,170,513)	(1,070,615,655)
11. OPERATING REVENUE		
	Nine months period ended	
	March	March
	2011	2010
Dividend Income	1,840,699,866	802,937,670
Markup on loans	31,918,305	153,093,692
Underwriting commission	10,478,982	-
Loss on sale of securities - net	(25,868,663)	(280,419,501)
Gain on remeasurement of investments - net	597,948,050	3,310,030,327
Profit on PLS accounts	202,529	-
	2,455,379,069	3,985,642,188
12 OPERATING AND ADMINISTRATIVE EXPENSES		
Salaries and benefits	14,631,627	11,967,219
Printing and stationery	2,951,265	2,451,491
Communication	275,854	863,122
Rent, Rates & taxes	5,718,808	10,646,900
Electricity	679,715	1,465,724
Legal and professional charges	7,958,709	3,346,512
Custody & settlement charges	2,937,524	1,133,936
Entertainment	381,847	462,257
Travelling & conveyance	2,302,950	1,295,611
Audit fees	326,633	230,000
Advertisement & business promotion	1,365,708	1,974,750
Depreciation	6,806,300	7,951,677
Repair and maintenance	443,573	825,369
Insurance	483,829	524,806
Donation	53,360,000	6,030,356
Fees & subscription	364,987	524,580
Directors' Meeting fees	180,000	236,313
Workers' Welfare Fund	43,694,401	-
Impairment loss on investments	-	71,091,000
Others	2,153,464	144,095
	147,017,194	123,165,718

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2011

13. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise of group companies (subsidiaries and associates), directors and their close family members, major shareholders of the Company, key management personnel and staff provident fund. Transactions with related parties are carried out on arm's length. 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.

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

		Nine months period ended	
		March	March
		2011	2010
Transactions with subsidiaries			
- Services availed	Rupees	11,863,358	16,167,633
- Mark-up on short term running finance	Rupees	-	3,547,112
- Mark-up on bank deposits	Rupees	-	450,205
- Mark-up on loans and advances	Rupees	4,433,224	609,373
- Cash dividend	Rupees	-	33,750,000
- Initial / fresh equity investments made in subsidiaries	Rupees	115,000,000	25,500,000
- Loans / advances repayment by subsidiaries	Rupees	270,000,000	12,188,784
- Loans / advances extended to subsidiaries	Rupees	255,000,000	-
- Number of bonus shares received	Rupees	9,247,289	-
Transactions with associates			
- Initial / fresh equity investments	Rupees	-	146,930,094
- Subscription of right shares	Rupees	1,071,033,077	71,111,570
- Mark-up on loans and advances	Rupees	2,543,128	5,029,909
- Dividend Income	Rupees	1,653,075,000	675,000,000
- Advance against shares	Rupees	719,830,000	-
- Loans / advances repayment by associates	Rupees	305,444,931	-
- Loans / advances extended to associates	Rupees	155,444,931	-

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2011

		Nine months period ended	
		March	March
		2011	2010
Transaction with other related parties			
- Payment to employees' Provident fund	Rupees	817,531	379,490
- Remuneration to key management personnel	Rupees	10,132,397	10,097,500
- Proceeds from sale of vehicle to Mr. Akmal Jameel	Rupees	-	546,340
- Mark-up on loan and advance	Rupees	25,367,873	379,553
- Loans / advances repayment by other related parties	Rupees	486,000,000	-
- Loans / advances extended to other related parties	Rupees	94,827,018	
- Amount received against shared expenses	Rupees	2,903,071	-
- Payment of rent and maintenance charges	Rupees	6,574,455	-
- Proceeds from sale of vehicle to CEO	Rupees	790,000	-
		Unaudited 31 March	Audited 30 June
Balances as at		2011	2010
- Receivable from Sweetwater Dairies Pakistan (Private) Limited- unsecured	Rupees	606,134	476,348
- Receivable from CEO	Rupees	24,860	-
- Receivable from / (payable to) Arif Habib Limited	Rupees	2,796,737	(4,646)

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2011

14. CORRESPONDING FIGURES

Corresponding figures have been reclassified / rearranged, where ever necessary, for better presentation.

Profit and loss account	From	To	Rupees
Mark-up income	Other income	Operating revenue	153,093,692

15. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim unconsolidated financial information has been authorized for issue on 19 April 2011 by the Board of Directors of the Company.



CHAIRMAN & CHIEF EXECUTIVE



DIRECTOR



Consolidated Financial Statements

Condensed Interim Consolidated Balance Sheet

As at 31 March 2011

	Note	Unaudited March 2011	Audited June 2010 (Restated)
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital		10,000,000,000	10,000,000,000
Issued, subscribed and paid up share capital		3,750,000,000	3,750,000,000
Reserves		10,949,676,413	11,188,706,835
		14,699,676,413	14,938,706,835
Minority interest		564,679,306	524,655,043
		15,264,355,719	15,463,361,878
Non-current liabilities			
Long term loans		163,969,092	183,939,269
Liabilities against assets subject to finance lease		4,555,324	4,385,569
Deferred taxation		294,448,470	263,791,923
Current liabilities			
Trade and other payables		413,950,637	416,895,696
Interest/Mark-up accrued		69,434,741	55,280,439
Short term borrowings	4	2,079,488,025	1,217,727,694
Current portion of lease liability		-	-
Provision for taxation		4,878,186	2,354,617
Current portion of long term loans		-	153,250,000
		2,567,751,589	1,845,508,446
Rupees		18,295,080,194	17,760,987,085
Contingencies and commitments			
	5		

Condensed Interim Consolidated Balance Sheet**As at 31 March 2011**

		Unaudited March	Audited June
	Note	2011	2010 (Restated)
ASSETS			
Non-current assets			
Property and equipment	6	331,956,094	345,924,089
Intangible assets		38,742,584	34,681,348
Goodwill		2,160,310,718	2,160,310,718
Membership cards and licenses		69,328,035	68,655,000
Long term investments		10,060,499,128	8,818,153,833
Investment property		126,000,000	100,700,000
Long term loans and advances - considered good		10,355,827	18,307,708
Long term deposits and prepayments		34,069,712	36,120,043
Deferred cost		97,882,706	-
Current assets			
Trade debts		1,776,794,987	1,760,651,188
Loans and advances - considered good		1,284,665,601	263,270,015
Deposits and prepayments		9,770,639	71,015,733
Advance tax		91,092,763	68,632,877
Other receivables - considered good		200,019,394	207,196,507
Short term investments		1,879,920,760	3,680,869,407
Cash and bank balances		123,671,246	126,498,619
		5,365,935,390	6,178,134,346
	Rupees	18,295,080,194	17,760,987,085

The annexed notes 1 to 11 form an integral part of this condensed interim consolidated financial information.


CHAIRMAN & CHIEF EXECUTIVE

DIRECTOR

Condensed Interim Consolidated Profit and Loss

Account (Unaudited)

For the nine months period ended 31 March 2011

Note	Nine months period ended		Quarter ended	
	March	March	March	March
	2011	2010 Restated	2011	2010 Restated
Operating revenue	580,924,671	1,181,116,266	123,302,624	220,733,369
Gain / (loss) on sale of securities-net	51,551,678	(24,075,310)	4,305,503	108,290,208
Unrealised gain / (loss) on investment property	10,316,000	(400,000)	-	-
Gain / (loss) on remeasurement of investments - net	351,428,725	1,780,882,589	49,049,344	237,522,173
	994,221,075	2,937,523,545	176,657,472	566,545,750
Operating, administrative and other expenses	(470,046,150)	(394,260,571)	(166,245,837)	(105,628,062)
Provision against expenses incurred on proposed funds	(6,930,844)	-	-	-
Impairment loss on property and equipment	(1,377,225)	-	-	-
Impairment loss on AFS investments	(2,407,000)	-	-	-
Operating profit	513,459,856	2,543,262,974	10,411,635	460,917,688
Other income	85,343,635	369,926,719	20,724,688	8,862,542
	598,803,491	2,913,189,693	31,136,323	469,780,230
Finance cost	(191,155,203)	(317,654,405)	(68,015,926)	(58,840,526)
Share of profit from associates - net of tax	407,648,288	2,595,535,288	(36,879,603)	410,939,704
Profit / (loss) before tax	227,171,869	1,282,509,372	(64,649,037)	869,673,491
	634,820,157	3,878,044,660	(101,528,640)	1,280,613,195
Taxation				
For the period				
- Current	(16,372,799)	(63,117,061)	(2,499,766)	(7,965,840)
- Deferred	(19,727,221)	5,413,200	(31,025,042)	1,074,608
Prior year	(19,719)	-	-	-
	(36,119,739)	(57,703,861)	(33,524,808)	(6,891,232)
Profit / (loss) after tax from continuing operations	598,700,418	3,820,340,799	(135,053,448)	1,273,721,963
Discontinued operations				
Loss for the period from discontinued operations	-	(1,713,142,000)	-	(214,539,000)
Profit / (loss) for the period	598,700,418	2,107,198,799	(135,053,448)	1,059,182,963
Profit / (loss) attributable to:				
Equity holders of Arif Habib Corporation Limited				
From continuing operations	549,749,197	3,722,747,972	(134,590,579)	1,255,134,014
From discontinued operations	-	(1,017,606,348)	-	(127,436,166)
	549,749,197	2,705,141,624	(134,590,579)	1,127,697,848
Minority interest				
From continuing operations	48,951,221	97,592,827	(462,879)	18,587,949
From discontinued operations	-	(695,535,652)	-	(87,102,834)
	48,951,221	(597,942,825)	(462,879)	(68,514,885)
Earnings / (loss) per share - basic and diluted				
From continuing operations	1.46	9.93	(0.36)	3.35
From discontinued operations	0.00	(2.71)	0.00	(0.34)
Total	1.46	7.21	(0.36)	3.01

The annexed notes 1 to 11 form an integral part of this condensed interim consolidated financial information.



CHAIRMAN & CHIEF EXECUTIVE



DIRECTOR

Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited)

For the nine months period ended 31 March 2011

	Nine months period ended		Quarter ended	
	March	March	March	March
	2011	2010	2011	2010
		Restated		Restated
Profit / (loss) for the period	549,749,197	2,705,141,624	(134,590,579)	1,127,697,848
Other comprehensive income / (loss)				
Surplus / (deficit) on remeasurement of investments classified as 'available for sale'	19,238,795	950,335,493	4,808,031	283,864,271
Net effect of translation of net assets of foreign subsidiary to presentation currency	9,856,568	599,433	6,230,435	55,555
Other comprehensive income / (loss) for the period	29,095,363	950,934,926	11,038,466	283,919,826
Total comprehensive income / (loss) for the period	578,844,560	3,656,076,550	(123,552,113)	1,411,617,674

Rupees

The annexed notes 1 to 11 form an integral part of this condensed interim consolidated financial information.



CHAIRMAN & CHIEF EXECUTIVE



DIRECTOR



Condensed Interim Consolidated Cash Flow Statement (Unaudited)

For the nine months period ended 31 March 2011

	Note	March 2011	March 2010 Restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		634,820,157	2,595,535,288
Adjustments for:			
Depreciation		24,192,866	30,280,019
Provision against receivables from proposed funds		6,930,844	-
Impairment loss on property and equipment		1,377,225	-
Impairment on investments		2,407,000	71,272,050
Share of profit from associate - net		(227,171,869)	-
(Loss) / gain on sale of property and equipment		(373,134)	975,317
Reversal of doubtful debts		-	(12,188,785)
Provision for doubtful debts		-	448,070
Unrealised gain on short term investments		(351,428,725)	-
Unrealised gain / (loss) on investment property		(10,316,000)	400,000
Amortization		1,210,491	1,040,370
Gain on sale of shares		-	(79,188,593)
Mark-up on bank balances, loans and advances		(32,120,834)	(155,092,967)
Dividend Income		(247,139,754)	(815,183,654)
Intangible asset		(5,271,727)	-
Finance cost		191,155,203	316,628,929
Operating (loss) / profit before working capital changes		(646,548,414)	(640,609,244)
Changes in working capital:		(11,728,257)	1,954,926,044
(Increase) / decrease in current assets			
Trade debts		(16,143,799)	(454,528,419)
Loans and advances		(1,021,395,586)	89,166,532
Prepayments		61,245,094	(1,160,187)
Other receivables		15,523,866	(97,083,401)
Short term investments		2,179,425,122	(1,776,063,696)
Other assets		-	357,082,445
Increase / (decrease) in current liabilities		(2,945,059)	497,681,266
Trade and other payables		1,215,709,638	(1,384,905,460)
Cash generated from operations		1,203,981,381	570,020,584
Income tax paid		(19,936,317)	(33,926,403)
Finance cost paid		(177,000,901)	(463,589,587)
Net cash generated from operating activities		1,007,044,164	72,504,594
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		(14,718,869)	(6,224,124)
Proceeds from sale of assets		3,489,907	2,225,750
Membership cards and licenses		(673,035)	(21,827,450)
Investment property		(14,984,000)	(1,100,000)
Dividend received		244,414,686	793,178,654
Deferred cost		(97,882,706)	-
Interest received		23,774,080	42,222,979
Long term investments		(1,852,003,721)	2,025,938,834
Long term loans and advances		7,951,881	31,042,532
Long term deposits		2,050,331	1,305,025
Net cash (used in) / generated from investing activities		(1,698,581,446)	2,866,762,200
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing		(173,220,177)	(466,625,000)
Proceeds from right shares		-	30,000,000
Dividend paid		-	(45,000,000)
Lease liability		169,755	-
Net cash used in financing activities		(173,050,422)	(481,625,000)
Net (decrease) / increase in cash and cash equivalents		(864,587,704)	2,457,641,794
Cash and cash equivalents at beginning of the period		(1,091,229,075)	(3,841,913,205)
Cash and cash equivalents at end of the period	(Rupees) 7	(1,955,816,779)	(1,384,271,411)

The annexed notes 1 to 11 form an integral part of this condensed interim consolidated financial information.

CHAIRMAN & CHIEF EXECUTIVE

DIRECTOR

Condensed Interim Consolidated Statement of Changes in Equity (Unaudited)

For the nine months period ended 31 March 2011

		Share capital		Reserves			Sub total	Total
		Issued, subscribed and paid up	Surplus/ (deficit) on remeasurement of investments	Exchange difference on translation to presentation currency	General reserve	Unappropriated profit		
Balance as at 30 June 2009 as previously reported	Rupees	3,750,000,000	(539,888,801)	27,047,930	4,019,567,665	5,973,707,384	9,480,434,178	13,230,434,178
Effect for change in accounting policy of prior years						31,266,158	31,266,158	31,266,158
		3,750,000,000	(539,888,801)	27,047,930	4,019,567,665	6,004,973,542	9,511,700,336	13,261,700,336
Total comprehensive income/(loss) for period								
Profit for the period ended 31 March 2010		-	-	-	-	2,705,141,624	2,705,141,624	2,705,141,624
Other comprehensive income								
Surplus on remeasurement of investments classified as available for sale		-	950,335,493	-	-	-	950,335,493	950,335,493
Net effect of translation of net assets of foreign subsidiary to presentation currency		-	-	599,433	-	-	599,433	599,433
Balance as at 31 March 2010 as restated	Rupees	3,750,000,000	410,446,692	27,647,363	4,019,567,665	8,710,115,166	13,167,776,886	16,917,776,886
Balance as at 30 June 2010 as previously reported	Rupees	3,750,000,000	(424,820,983)	29,325,287	4,019,567,665	7,535,472,908	11,159,544,877	14,909,544,877
Effect for change in accounting policy of prior years						29,161,958	29,161,958	29,161,958
		3,750,000,000	(424,820,983)	29,325,287	4,019,567,665	7,564,634,866	11,188,706,835	14,938,706,835
Total comprehensive income/(loss) for period								
Profit for the period ended 31 March 2011		-	-	-	-	549,749,197	549,749,197	549,749,197
Other comprehensive income								
Surplus on remeasurement of investments classified as available for sale		-	19,238,795	-	-	-	19,238,795	19,238,795
Distribution of 112.5 million Shares of Fatima Fertilizer Limited for the year ended 30 June 2010		-	-	-	-	(817,874,982)	(817,874,982)	(817,874,982)
Net effect of translation of net assets of foreign subsidiary to presentation currency		-	-	9,856,568	-	-	9,856,568	9,856,568
Balance as at 31 March 2011	Rupees	3,750,000,000	(405,582,188)	39,181,855	4,019,567,665	7,296,509,081	10,949,676,413	14,699,676,413

The annexed notes 1 to 11 form an integral part of this condensed interim consolidated financial information.



CHAIRMAN & CHIEF EXECUTIVE



DIRECTOR

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2011

1. STATUS AND NATURE OF BUSINESS

Arif Habib Corporation Limited (Formerly Arif Habib Securities Limited) (AHCL), the Parent 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. The principal activity of the Company is to make strategic investments in subsidiary companies and associates engaged in Chemical, Fertilizer, Financial Services, Construction Materials, Industrial Metal, Steel and Other Sectors. The Company also invests in listed securities. The registered office of the Company is situated at Arif Habib Centre, 2nd Floor, 23 M. T. Khan Road, Karachi, Pakistan. The Company is domiciled in the province of Sindh.

The Group comprises of the Parent Company and following subsidiary companies that have been consolidated in these financial statements on line by line basis. All material inter company balances, and transactions have been eliminated.

Subsidiaries		Shareholding (including indirect holding)
Name of Company	Note	
- Arif Habib Limited (AHL)	1.1	75.15%
- Arif Habib Investments Limited (formerly Arif Habib Investment Management Limited) (AHIL)	1.2	60.18%
- Arif Habib DMCC (AHD)	1.3	100.00%
- SKM Lanka Holdings (Private) Limited (SKML)	1.4	75.00%
- Pakistan Private Equity Management Limited (PPEML)	1.5	85.00%
- Sachal Energy Development (Pvt) Limited, a wind power generation company (SEDL)	1.6	99.99%

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

Associates		Shareholding (including indirect holding)
Name of Company		
- Pakarab Fertilizers Limited (PFL)		30.00%
- Aisha Steel Mills Limited (ASML)		48.57%
- Al-Abbas Cement Industries Limited (AACIL)		37.86%
- Thatta Cement Company Limited (THCCL)		9.06%
- Rozgar Microfinance Bank Limited (RMFBL)		19.01%
- Sweetwater Dairies Pakistan (Private) Limited (SDPL)		28.82%
- Fatima Fertilizer Company Limited (FFCL)		19.71%

- 1.1** Arif Habib Limited (AHL) was incorporated in Pakistan on 07 September 2004 as a public limited company under the Companies Ordinance, 1984. The registered office of AHL is situated at 64, KSE Building, Karachi, Pakistan. AHL is member of Karachi, Lahore, Islamabad Stock Exchanges and National Commodities Exchange. It is registered with SECP as securities brokerage house and is principally engaged in the business of securities brokerage, commodities brokerage, IPO underwriting, corporate finance advisory and securities research. The shares of AHL are listed at the Karachi Stock Exchange since 31 January 2007.

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2011

- 1.2 Arif Habib Investments Limited (AHIL) (formerly Arif Habib Investment Management Limited) was incorporated in Pakistan on 30 August 2000 as a public limited company under the Companies Ordinance, 1984. The registered office of AHIL is situated at Arif Habib Centre, 23 M. T. Khan Road, Karachi, Pakistan. AHIL is registered as an Asset Management Company, Investment Advisor under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC) and Pension Fund Manager under Voluntary Pension System Rules 2005. AHIL is currently acting as Asset Management Company / Investment Advisor / Pension Fund Manager for the various funds / schemes.
- 1.3 Arif Habib DMCC (AHD) was incorporated in Dubai, UAE on 24 October 2005 as a limited liability company. Its registered office is situated at Dubai Metals and Commodities Center, Dubai, UAE. AHD 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 besides consultancy business which has already been started.
- 1.4 S.K.M Lanka Holdings (Pvt.) Limited (SKML) was incorporated in Colombo, Sri Lanka on 15 February 2007 as a limited liability company. Its registered office situated at 86/1, Dawson Street, Colombo 02, Sri Lanka. It is registered with Securities and Exchange Commission of Sri Lanka as securities brokerage house.
- 1.5 Pakistan Private Equity Management Limited (PPEML) was incorporated in Pakistan on 6 September 2006 as a public limited company under the Companies Ordinance, 1984. The registered office of PPEML is situated at 2/1, R.Y 16, Old Queens Road, Karachi, Pakistan. PPEML is a venture capital company registered, under the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 as amended through SRO 113(1)2007, with the Securities and Exchange Commission of Pakistan.
- 1.6 Sachal Energy Development (Private) Limited (SEDL) was incorporated in Pakistan on 20 November 2006 as a private limited company under the Companies Ordinance, 1984. The registered office of SEDL is situated in Islamabad, Pakistan. During the period, AHCL obtained control of SEDL by acquiring 4,000,006 shares of Rs 10 each from Mr. Arif Habib. Further, the Company also subscribed 7,499,994 ordinary shares of Rs 10 each. As a result, the Company has 99.99% equity interest in Sachal Energy Development (Pvt) Limited. SEDL 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.

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 237 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 published financial statements as at and for the year ended 30 June 2010.

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2011

2.2 Significant accounting policies

The accounting policies adopted by the Company in the preparation of these condensed interim consolidated financial statements are the same as those applied in preparation of the preceding published financial statements of the Company for the year ended 30 June 2010 except for change in accounting policy as stated in note no. 2.3 below.

IFRS 8 'Operating segments' also became effective from January 1, 2009 which requires an entity to determine and present operating segments based on the information that is provided internally to the Company's Chief Operating Decision Maker (CODM). Adoption of the said IFRS had no impact on the Company's profit / loss for the current period or prior periods.

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

2.3 Change in Accounting policy

During the period, one of the subsidiary Company has changed its accounting policy relating to recognition and subsequent measurement of investment property from cost model to fair value model for the reason of more appropriate presentation as permitted by the International Accounting Standard (IAS) 8 'Accounting policies, changes in accounting estimates and errors' and IAS 40 'Investment Property'.

2.4 Functional and presentation currency

These consolidated financial statements are presented in Pakistan Rupees, which is the Group's functional and presentation currency. The financial statements of two foreign incorporated subsidiaries have been translated into Pakistan Rupees for the purpose of these consolidated financial statements. All financial information has been rounded to the nearest rupee.

2.5 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 were made by management in applying the Company's accounting policies. The key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements of the Company as at and for the year ended 30 June 2010.

3 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company as at and for the year ended 30 June 2010.

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2011

	Unaudited 31 March	Audited 30 June
	2011	2010
4 SHORT TERM BORROWINGS - secured		
From various banking companies		
- Short term running finance	Rupees 2,079,488,025	1,217,727,694

Short term running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 4,580 million (30 June 2010: Rs. 5,030 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 29 September 2011. These arrangements are secured against pledge of marketable securities with minimum 30% margin (30 June 2010: 30% margin). These running finance facilities carry mark-up ranging from 3 month KIBOR+1% to 3 month KIBOR+3.5% per annum (30 June 2010: 3 month KIBOR+1% to 3 month KIBOR+2.5% per annum) calculated on a daily product basis that is payable quarterly.

5 CONTINGENCIES AND COMMITMENTS

- 5.1** There is no significant change in contingencies / commitments as disclosed in the preceeding annual financial statements of the Company as at 30 June 2010.

6 PROPERTY AND EQUIPMENT

Capital expenditure incurred during the period amounted to Rs 14.718 million. Costs of disposal of fixed assets during the period amounted to Rs 21.19 million.

	Unaudited 31 March	Unaudited 31 March
	2011	2010
7 CASH AND CASH EQUIVALENTS		
Cash and bank balances	123,671,246	313,513,375
Receivable against securities considered good	-	124,666,293
Short term borrowings	(2,079,488,025)	(1,822,451,079)
	(1,955,816,779)	(1,384,271,411)

8 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of group companies (subsidiaries and associates), directors and their close family members, major shareholders of the Company, key management personnel and staff provident fund. Transactions with related parties are on arm's length. 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. Transactions with related parties during the period other than those disclosed elsewhere in the financial statements are given below:

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2011

		Unaudited 31 March	Unaudited 31 March
		2011	2010
Transactions with subsidiaries			
- Services availed	Rupees	11,863,358	16,167,633
- Mark-up on short term running finance	Rupees	-	3,547,112
- Mark-up on bank deposits	Rupees	-	450,205
- Mark-up on loans and advances	Rupees	4,433,224	609,373
- Cash dividend	Rupees	-	33,750,000
- Initial / fresh equity investments made in subsidiaries	Rupees	115,000,000	25,500,000
- Loans / advances repayment by subsidiaries	Rupees	270,000,000	12,188,784
- Loans / advances extended to subsidiaries	Rupees	255,000,000	-
- Number of bonus shares received	Rupees	9,247,289	-
Transactions with associates			
- Initial / fresh equity investments	Rupees	-	146,930,094
- Subscription of right shares	Rupees	1,071,033,077	57,240,980
- Mark-up on loans and advances	Rupees	2,543,128	5,029,909
- Dividend Income	Rupees	1,653,075,000	675,000,000
- Advance against shares	Rupees	719,830,000	-
- Loans / advances repayment by associates	Rupees	305,444,931	-
- Loans / advances extended to associates	Rupees	155,444,931	-
- Technical assistance fee	Rupees	-	96,275
- Legal advisor fee paid to director of CIS under management (Pakistan Premier Fund Ltd.)	Rupees	143,616	143,616

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2011

		Unaudited 31 March	Unaudited 31 March
		2011	2010
Transaction with other related parties			
- Proceeds from sale of vehicle to Mr. Akmal Jameel	Rupees	-	546,340
- Mark-up on loan and advance	Rupees	25,367,873	379,553
- Mark-up on loan from Chairman	Rupees	-	50,179,173
- Brokerage charged to others	Rupees	3,582,860	4,652,697
- Loans / advances repayment by other related parties	Rupees	486,000,000	-
- Loans / advances extended to other related parties	Rupees	94,827,018	-
- Amount received against shared expenses	Rupees	2,903,071	-
- Payment of rent and maintenance charges	Rupees	22,248,135	-
- Proceeds from sale of vehicle to CEO	Rupees	790,000	-
		Unaudited 31 March	Audited 30 June
		2011	2010
Balances as at			
- Receivable from Sweetwater Dairies Pakistan (Private) Limited- unsecured	Rupees	606,134	476,348
- Receivable from / (payable to) CEO	Rupees	24,860	(689,000,000)
- Loans and advances	Rupees	491,172,982	15,000,000
- Receivable from Arif Habib Limited	Rupees	2,796,737	27,237,815

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2011

9 REPORTABLE SEGMENTS

- 9.1 The group has six reportable segments: Fertilizer, Capital Market Operations, Financial Services, Cement, Steel and Dairies. The fertilizer segment is principally engaged in manufacturing & sale of fertilizer. The capital market operations' segment is principally engaged in trading of equity securities and maintaining strategic and trading portfolios. The financial services' segment is principally engaged in providing investment advisory and assets management services to different mutual funds and unit trusts and brokerage, underwriting, corporate consultancy, research and corporate finance services. The cement segment is principally engaged in manufacturing & sale of cement. The steel and dairy segments are presently under the developing stage.
- 9.2 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 2010 except as described in note 2.3. 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.
- 9.3 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.
- 9.4 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.

10 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim consolidated financial statements have been authorized for issue on 19 April 2011 by the Board of Directors of the Company.

11 GENERAL

Figures have been rounded off to the nearest rupee unless otherwise stated.



CHAIRMAN & CHIEF EXECUTIVE



DIRECTOR



Arif Habib Corp

Arif Habib Corporation Limited

Formerly Arif Habib Securities Limited

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