Arif Habib Corp

CONTRIBUTING TO PAKISTAN'S GROWTH

annual report 2013

Arif Habib Corporation Limited

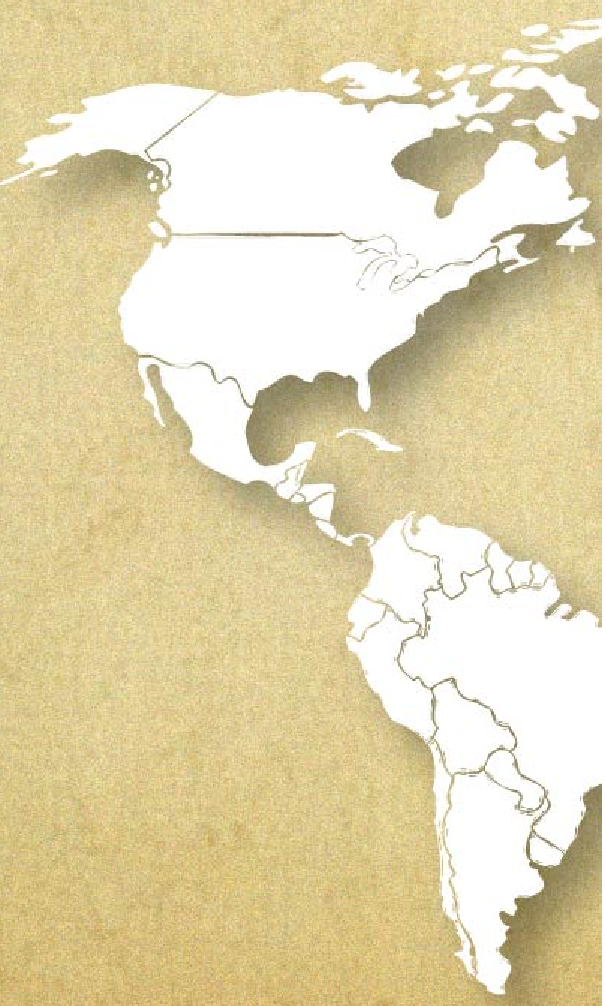
Arif Habib Group is structured around Arif Habib Corporation Limited (AHCL), a holding company that primarily manages strategic investments of the Company. Whatever we do, we do it with a clear intention to ensure that nature and environment is being taken care of; wherever we manoeuvre, we strive to help society achieve sustainable growth. Our definition of sustainability management is the integrated expansion and escalation of our economic, environmental, and social performance in a style that signifies value for all our stakeholders.

How to Read This Report

Arif Habib Corporation Limited (AHCL) is committed to playing its role towards a sustainable and stronger Pakistan. We do this by striving for leadership and global competitiveness in the business sectors in which we operate so we can positively contribute to these communities growth, which will in turn translate into Pakistan's growth. Our sustainability reporting is steered by the issues that are more relevant to our Group Companies. We are aware of the infinite dimensions of sustainability, and the fact that there is always much one can do to participate in the sustainability of the society and environment. However, we believe in reporting on what we have done, and in setting practical, attainable goals that we and our shareholders can achieve. That is why we call this our sustainability report in addition to our annual report. In this report, along with the financial information, we share with you our philosophy, guiding principles and initiatives to carry out our Corporate Social Responsibility (CSR). AHCL, being the holding company, plays a vital role in establishing extensive CSR policies and guidelines for the whole Group, and each Group Company implements CSR initiatives in a manner that drives its business requirements and social needs simultaneously. This report mainly covers the period from 1st July 2012 to 30th June 2013 and includes the initiatives by all our Group components, whether located, in or outside Pakistan. The report encompasses the Company's strategic objectives, achievements and on-going activities towards sustainable social, economic and environmental development.

Trust Strength Sustainability Diversity

To remain in the positive light of its stakeholders Arif Habib Group commits itself for the success and betterment of its stakeholders, it is recognized and trusted for its strong financial performance, transparent financial reporting, good corporate governance and devotion to high standards of best practices.



Forward Looking Statements

Statements in this report that are not historical facts are futuristic plans based on the current beliefs, estimates and expectations of management, and includes risks and uncertainties coupled with variation in economic or market conditions, and amendments in laws, regulations and policies.

Contents

Trust **Strength** Sustainability Diversity

Arif Habib Group has retained its strong forte of consistent superiority by ranking amongst the fastest growing multi-sector groups in Pakistan. With a diversified range of integral partner companies engaged in fertilizer, financial services, cement, real estate, steel and other businesses.

Vision

To be Pakistan's leading Investment Company which delivers both competitive financial returns together with a positive impact on the country's economy and its people through responsible investing.

Mission

Our mission is to excel in perceiving, developing and executing innovative projects across business sectors with the aim of maximizing returns for stakeholders, while playing a significant role in developing Pakistan's economy and its integration into the world markets.

Overall Corporate Strategy

Our Corporate Strategy aims at creating value for stakeholders by maintaining and improving our competitive position in the market. This is achieved by continuously evaluating and acting in the best interests of our stakeholders in response to the changing market conditions locally and internationally. Towards this end, we optimize our financial and human capital while seeking partnerships with strong management teams to create and expand viable business enterprises.

Objectives

- Maintain Industry Leadership
- Create new businesses to augment profitability for sustained economic growth
- Maintain operational efficiency to achieve synergies

Values

AHCL has always been values-driven. These values continue to direct the growth and business of the Arif Habib Group companies. The core values which reinforce the way we do business are:

- Integrity - We conduct our business fairly, with honesty and transparency. Everything we do stands the test of public scrutiny.
- Excellence - We constantly strive to achieve the highest possible standards in our day-to-day work and in the quality of the goods and services we provide.
- Unity - We work cohesively with our colleagues across the Group and with our customers and partners around the world, building strong relationships based on tolerance, understanding and mutual cooperation.
- Responsibility - We continue to be responsible, sensitive to the countries, communities and environments in which we work, always ensuring that what comes from the people goes back to the people many times over.

Trust Strength Sustainability Diversity

Arif Habib Group strives to excel in all areas of business while keeping in perspective their duty towards the environment. We regard business and CSR as one and same thing. For us, CSR means keeping a tab on the effects of our business processes on people, planet, profit and positioning. With this aim, we aspire to make investments in businesses with a social principle, to grip a bigger enivornmental and social cause that affects us and the world we live in and reach beyond a sheer quest of financial success.

The Arif Habib Group

About the Group

With its entrepreneurial spirit and passion to undertake business projects that are transformational in nature, the Arif Habib Group has built prosperous businesses in the areas of financial services, fertilizers, cement, steel and real estate amongst others. We are one of the major corporate groups in Pakistan and are in the process of expanding our business collaborations around the world.

Over the past few years, the Group has diversified into emerging business areas contributing notably to the Pakistani economy. What sets us apart from the rest is our ability to forge strong partnerships. Over the years some leading names such as Mitsubishi, Metal One, MCB Bank, Fatima Group and Dolmen have partnered with the Arif Habib Group.

In our Group, quality and excellence are not just corporate slogans to garner business and profits; they are an integral part of our business model because without high standards, we do not measure up to our own ideals.

Our unconditional commitment to serve our community and stakeholders is what drives us to go beyond our potential.

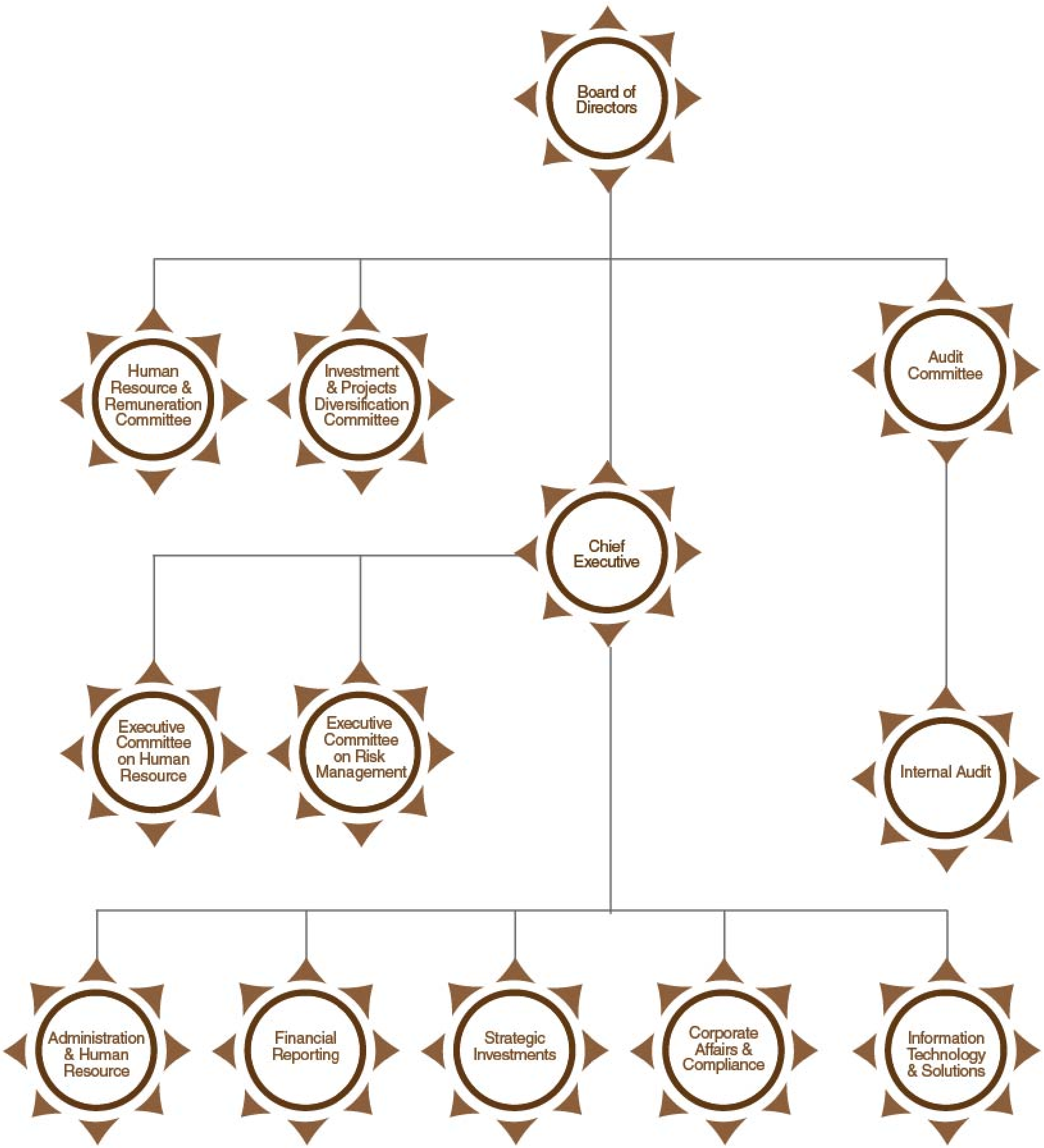
We are driven by innovation and we live by it.

Arif Habib Corporation Limited

Arif Habib Corporation Limited (AHCL) is the flagship Company of the Arif Habib Group. The Company was incorporated on 14th November 1994 as a public limited company under the Companies Ordinance, 1984 with a paid up capital of Rs. 40 million. In 2001, AHCL was listed on all three bourses of the country, announcing an initial public offering (IPO) of one million shares, targeting to raise Rs. 80 million in order to finance different projects. Since its listing in 2001, the Company has distributed Rs. 5.31 billion as dividend (including specie dividend) and Rs. 720 million by buying back 2 million shares (having face value of Rs.10 each) at a price of Rs. 360 per share from its shareholders. Currently, the Company has an equity of Rs. 24.69 billion built through retained earnings.

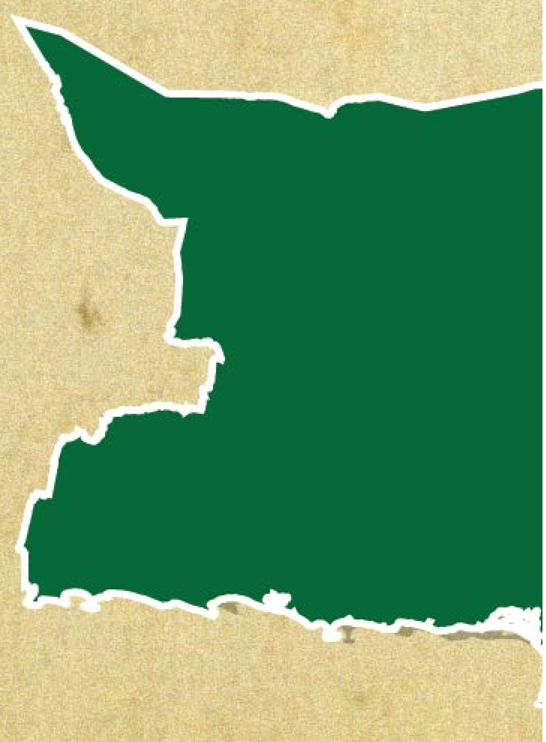
The AHCL brand has been built on years of commitment to the best interests of all stakeholders and has a strong record of quality asset selection and decisive market timing but above all, adherence to high standards of best practices.

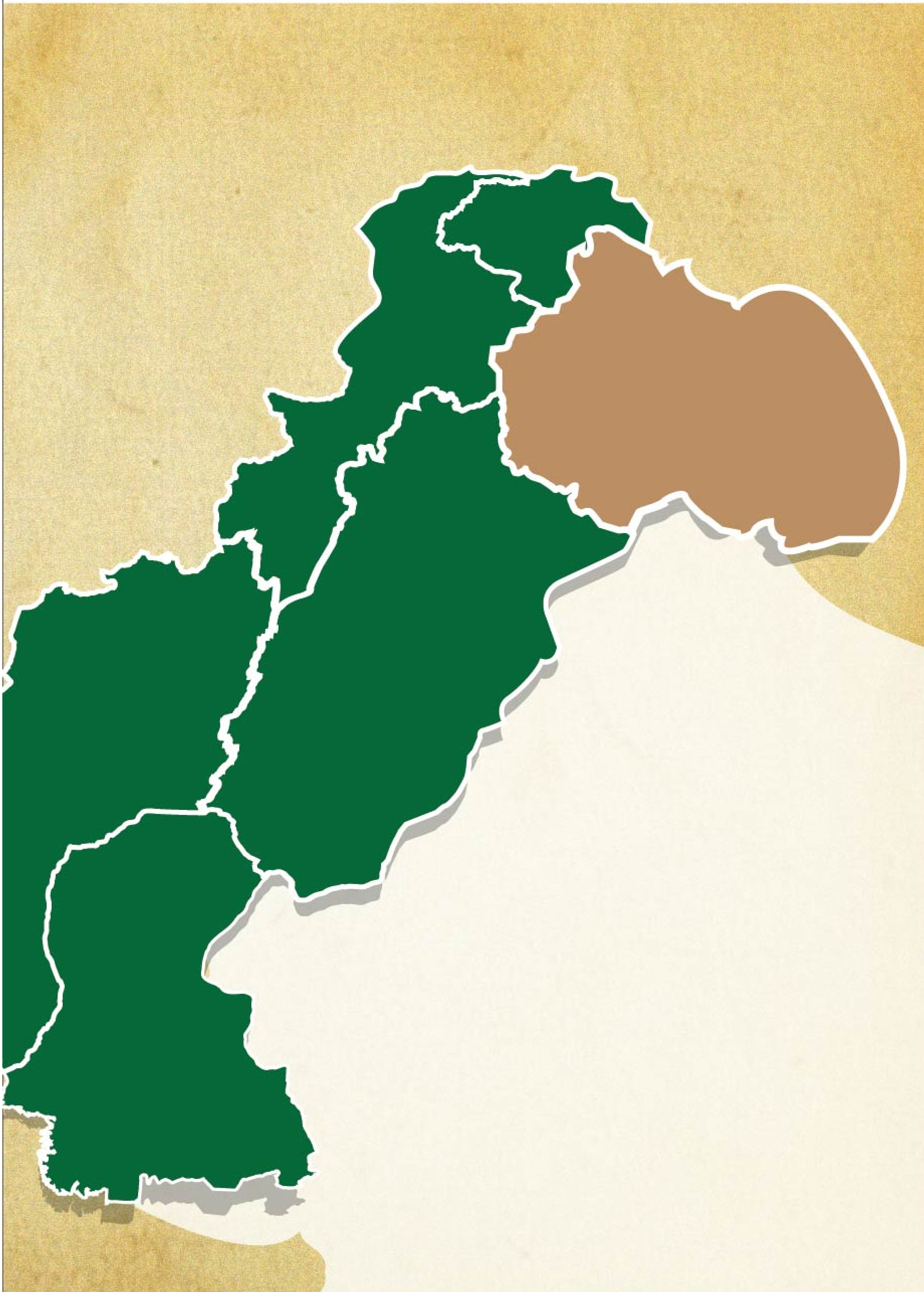
Organogram

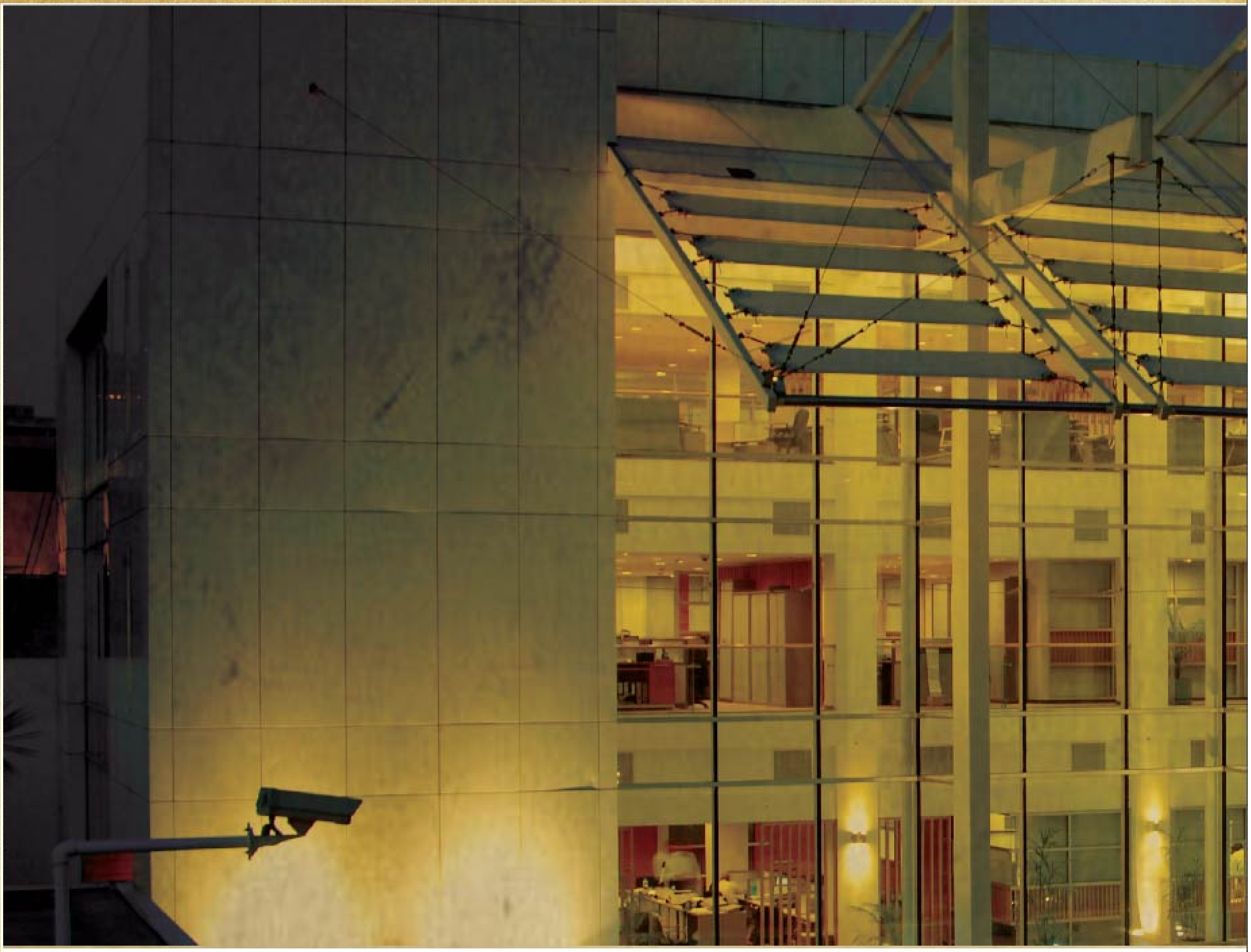

Board of Directors
Human Resource & Remuneration Committee
Investment & Projects Diversification Committee
Audit Committee
Chief Executive
Executive Committee on Human Resource
Executive Committee on Risk Management
Internal Audit
Administration & Human Resource
Financial Reporting
Strategic Investments
Corporate Affairs & Compliance
Information Technology & Solutions

Trust Strength Sustainability **Diversity**

Arif Habib Group uses its diversification to bring ideas of a unique standard. We believe in a broad vision which we attain from our dense pool of employees.







Company Information

Board of Directors

Arif Habib
Chairman & Chief Executive

Asadullah Khawaja
Non-executive Director

Nasim Beg
Non-executive Director

Samad A. Habib
Non-executive Director

Kashif A. Habib
Non-executive Director

Muhammad Ejaz
Non-executive Director

Kashif Shah
Non-executive Director

Chief Financial Officer & Company Secretary

Basit Habib

Audit Committee

Kashif A. Habib
Chairman

Muhammad Ejaz
Member

Kashif Shah
Member

Management

Arif Habib
Chief Executive Officer

Basit Habib
Chief Financial Officer

Zeshan Afzal
Group Head - Strategic Investments

Bankers
Allied Bank Limited
Askari 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
National Bank of Pakistan
NIB Bank Limited
Sindh 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: info@arifhabibcorp.com
Company website: www.arifhabibcorp.com
Group website: 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
Email: info@cdcpak.com

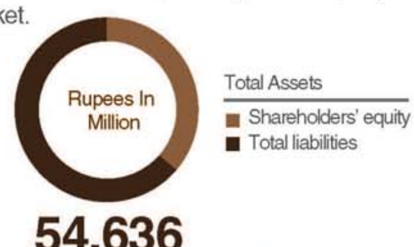
Ratings (JCR-VIS)
Long term: AA
Short term: A-1+

Pakarab Fertilizers Limited

Pakarab Fertilizers Limited (PAFL) was acquired by a consortium of Arif Habib Group and Fatima Group, which took place in 2005 under the Government of Pakistan's privatization programme. 100% shares were acquired from the GoP of which 49% were held by Abu Dhabi National Oil Company Limited.

Pakarab Fertilizers Limited has a rated capacity of 0.9 million tons and is located in Multan. The site area comprises of 302 acres, which includes area for the factory and the housing colony with all amenities including medical centre, school, management and staff clubs for recreation of employees and their families.

Pakarab Fertilizers Limited has undergone extensive modernization and new improved processes have been introduced to maximize the output while minimizing the negative impacts on the environment. A Clean Development Mechanism (CDM) plant has also been installed which is the first project of its kind in Pakistan, making the company the first local company to earn and sell Carbon Credits in the international market.



Fatima Fertilizer Company Limited

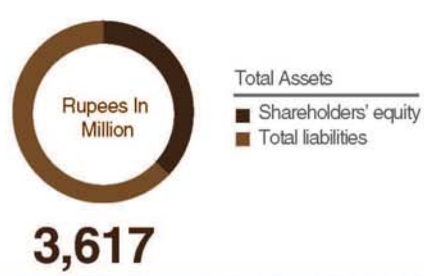
Fatima Fertilizer Company Limited (FFCL) was incorporated in December 2003. The project is a collaboration between the Arif Habib Group and Fatima Group. The fertilizer complex is a fully integrated production facility located at Sadiqabad, Rahim Yar Khan with rated capacity of 1.5 million tons. The natural gas is supplied by the Mari Gas field.

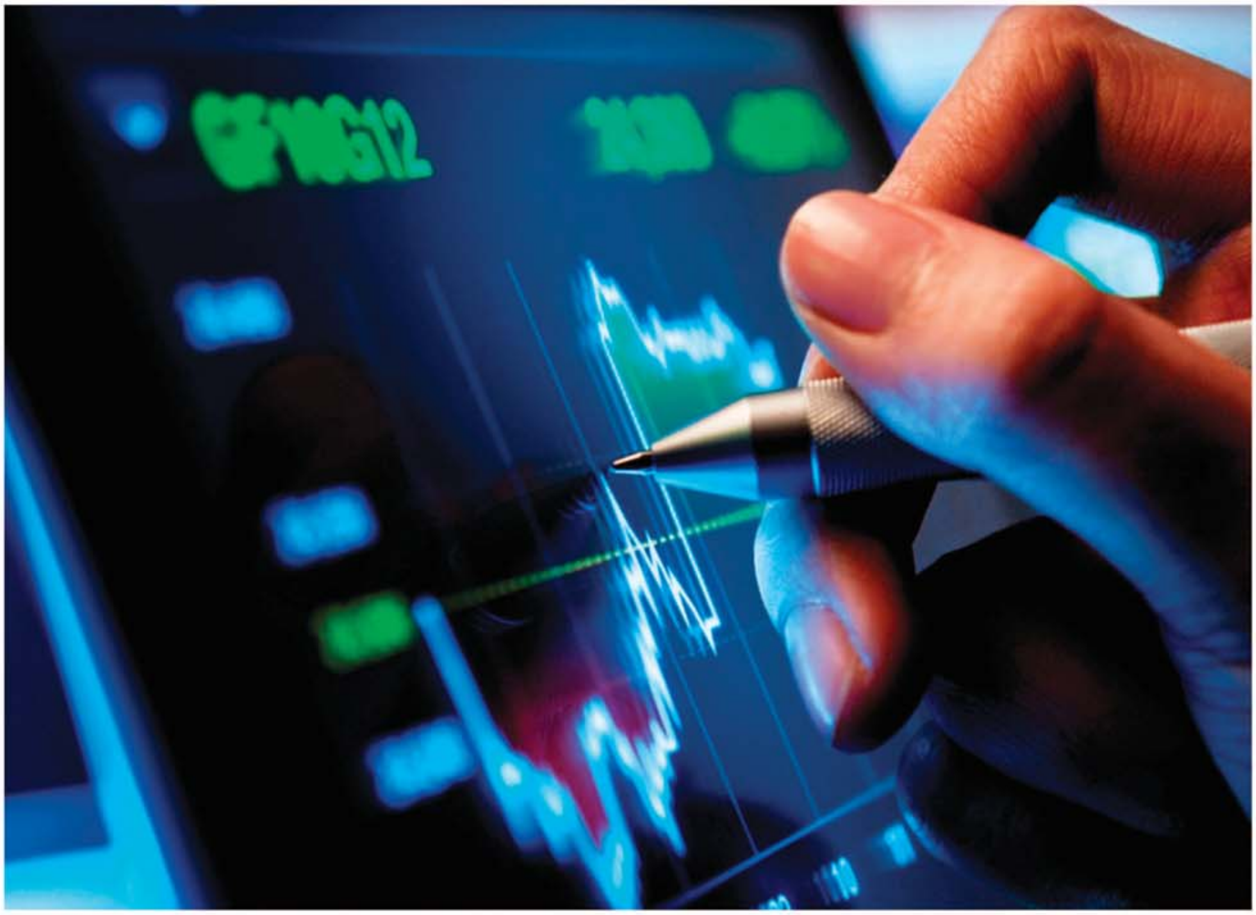
The Company was listed on all stock exchanges of Pakistan, through a successful initial public offering (IPO) in February 2010. Fatima Fertilizer has joined the ranks of top local companies as it has been added to Morgan Stanley Capital International (MSCI) Pakistan Index and MSCI Frontier Index from 30th November 2011 according to MSCI quarterly review.

Arif Habib Limited

Arif Habib Limited (AHL) commenced brokerage in 2005 which was inherited from its holding company Arif Habib Corporation Limited *(formerly: Arif Habib Securities Limited)*. The Group has been in the brokerage business since 1990.

AHL is engaged in providing equity brokerage and corporate finance services to a large number of institutional, corporate, high net worth individuals and retail clients. AHL also provides financial and investment solutions relating to raising of equity and debt through the market, mergers and acquisitions, financial advisory and structured finance. The company is listed at the Karachi Stock Exchange and holds a significant market share.

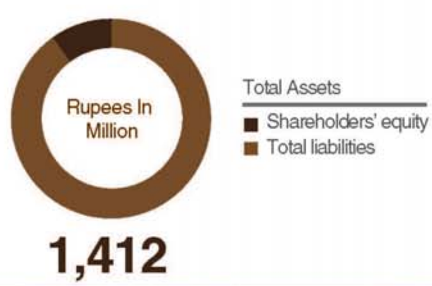


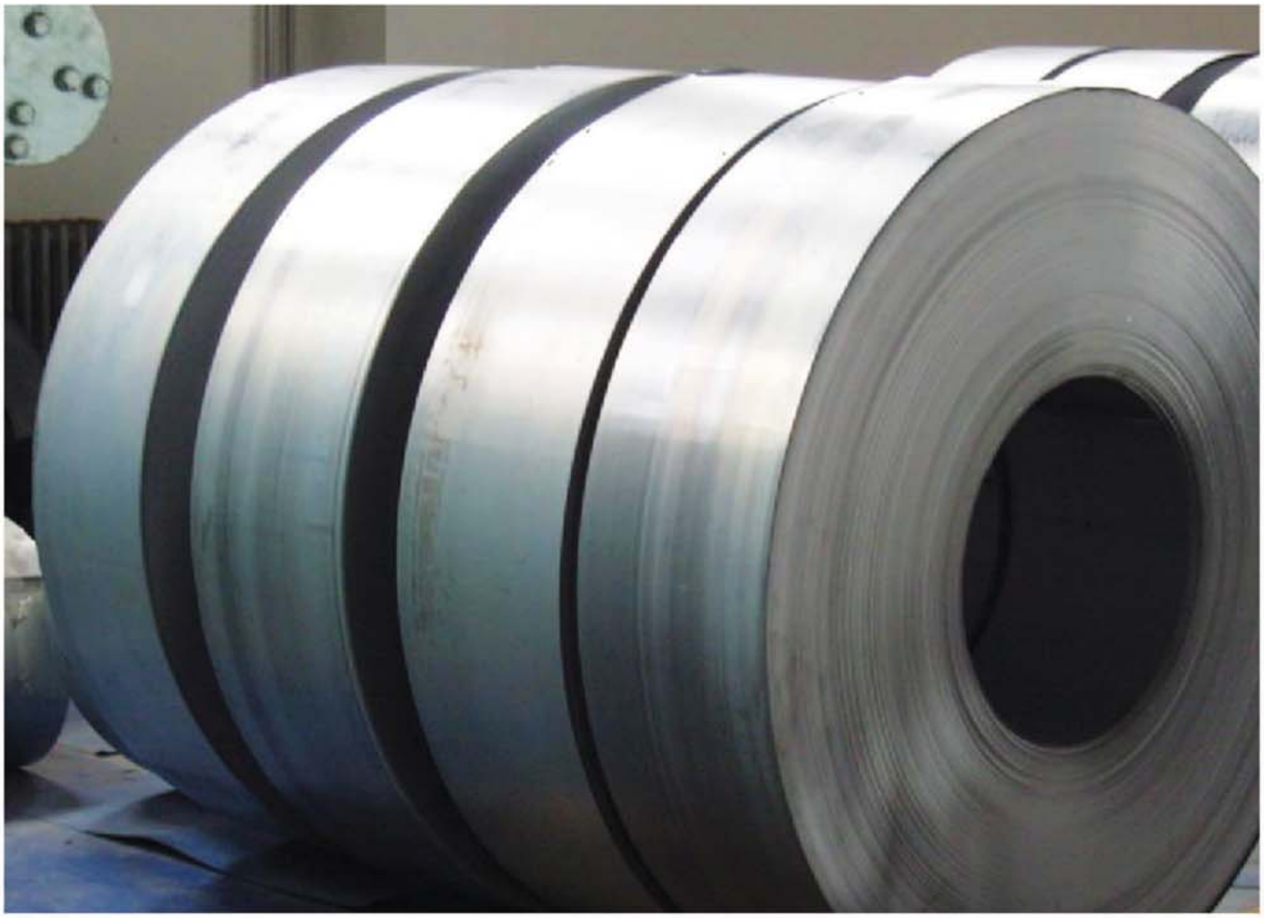


MCB-Arif Habib Savings and Investments Limited

MCB-Arif Habib Savings and Investments Limited (MCBAH) is an Asset Management, Investment Advisory and Pension Fund Management Company, managing Open-end Mutual Funds, Pension Funds and discretionary and non-discretionary portfolios. MCBAH is an industry leader, setting international standards and bringing innovative products to the market.

Following the merger between Arif Habib Investments Limited and MCB Asset Management Company Limited, the merged entity enjoys a wide distribution network that will help to further penetrate and expand the business to retail and high net worth clients.





Aisha Steel Mills Limited

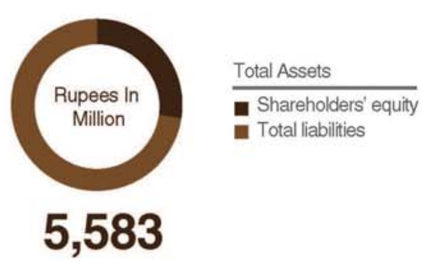
Aisha Steel Mills Limited (ASML) is a joint venture between Arif Habib Group, Metal One (subsidiary of Mitsubishi, Japan) and Universal Metal Corporation – Japan. ASML was incorporated in 2005 to set up a state-of-the-art Cold Rolling mill in the Down-Stream Industrial Estate of Pakistan Steel, Bin Qasim, Karachi to manufacture high quality Cold Rolled Coils.

ASML has a production capacity of over 220,000MT per annum and is the only Cold Rolled Coil manufacturer in Pakistan which uses Japanese machinery for all its main processes. The plant achieved Commercial Operating Date (COD) in October 2012.

Power Cement Limited

Power Cement Limited, (PCL) *(formerly: Al Abbas Cement Industries Limited)*, is majority owned by Arif Habib Corporation Limited.The Company is engaged in the manufacturing, sales and marketing of cement with the plant site situated in Nooriabad Industrial Area, Jamshoro, Sindh.

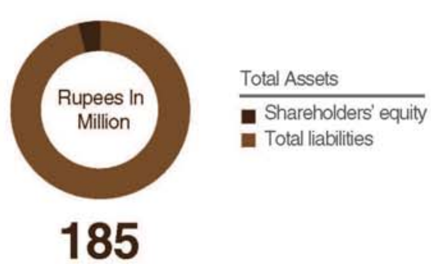
The plant comprises of two production lines and has a total production capacity of 3,000 tons of clinker per day. Power Cement's primary target is the domestic market as it caters to the Southern region of Pakistan. Its products are also exported to Sri Lanka, South & East Africa, India and Afghanistan.



Sachal Energy Development (Pvt.) Limited

Sachal Energy (SEDPL) will commission and operate a 50 MW wind farm at Jhimpir, Sindh, on a build, own and operate basis.

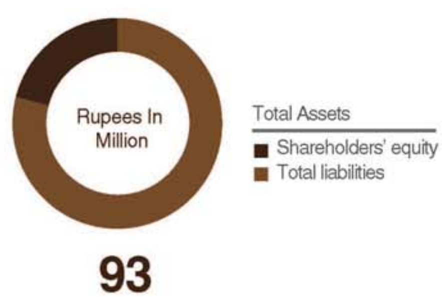
The Group believes that alternate sources of energy are the way forward. SEDPL will contribute to national development by providing self-sufficiency in power by reducing dependence on fossil fuels. Progress on SEDPL wind farm has gathered momentum. During the year under review, SEDPL has been granted generation license and tariff determination by NEPRA and has received a Letter of Support from the Alternative Energy Development Board. SEDPL is also in the final stages of negotiations for finalization of its EPA. The company is expected to achieve its financial close during FY14.



Serendib Stock Brokers (Pvt.) Limited

Serendib Stock Brokers (Pvt.) Limited, ***(formerly: SKM Lanka Holdings (Pvt.) Limited)***, became the 'First International Multifunctional Brokerage House' in Sri Lanka and started operations in 2007.

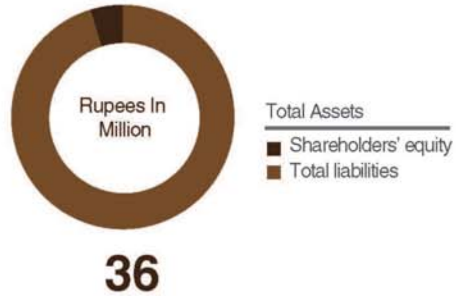
Serendib is one of the few foreign owned stock brokers in Sri Lanka along with being a member of the Colombo Stock Exchange (CSE).

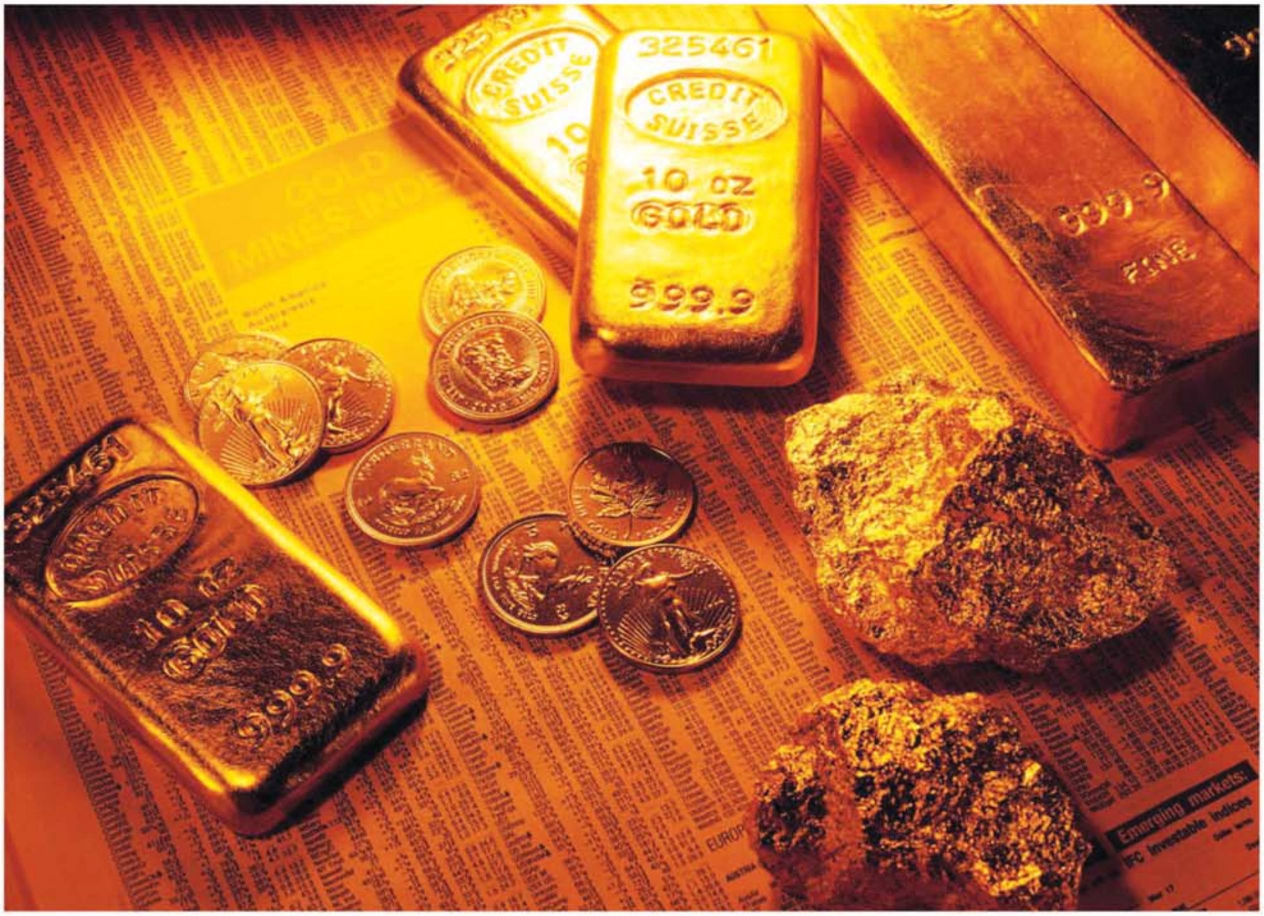


Arif Habib Commodities (Pvt.) Limited

Arif Habib Commodities (Pvt.) Limited (AHC) provides a wide range of financial services to a substantial and diversified client base.

AHC focuses on a range of commodity markets, from precious metals to tropical soft commodities. AHC provides premier services to investors with round the clock market updates and advisory services.

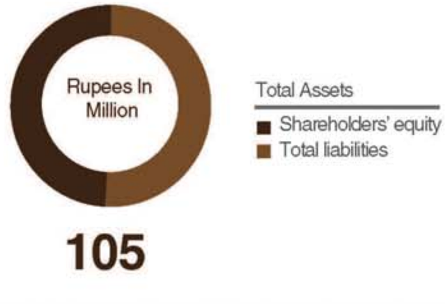




Arif Habib DMCC

Arif Habib DMCC is a limited liability company registered in Dubai, United Arab Emirates, under the Rules and Regulations of the Dubai Multi Commodities Centre Authority.

The principal activity of the company is trading in gold, metals and other commodities on the Dubai Gold and Commodities Exchange.



Arif Habib Consultancy (Pvt.) Limited

Arif Habib Consultancy (Pvt) Limited (AHCPL) was incorporated in January 2011. AHCPL leverages its Group wide expertise and experience to provide consultancy services and practical on-ground implementation support to a variety of businesses. In addition, AHCPL has forged strategic alliances with specialist service providers globally to provide a range of services to its clients.

The company's key consultancy areas include analysis of business opportunities, business and process re-engineering, financial restructuring, mergers and acquisition amongst others.

Arif Habib REIT Management Limited

The Arif Habib Group formally entered the Real Estate Investment business by becoming the first to incorporate a company under the NBFC Rules to provide REIT Management services and float REIT schemes in Pakistan.

Arif Habib REIT Management Limited was formed with the primary objective of managing the Real Estate investments of the Group and covering these assets into equity by launching either Rental or Developmental REIT schemes and offering the units to the general public. The Company is waiting for SECP to formalise changes in the regulations, which should make launching of REITs feasible.

Javedan Corporation Limited

Javedan Corporation Limited (JCL) owns land measuring over 1300 acres at Manghopir, near SITE, North Nazimabad and New Karachi. The Arif Habib Group has a significant stake in the project and is developing a housing scheme, Naya Nazimabad, on this land.

The project will accommodate the housing demand of the middle class and is an endeavor to alleviate the housing problem of the country. At its completion, the project will be able to provide amenities like road network, hospital, mosque, school, commercial area, fitness center, park and other utilities. The project is envisioned as the largest private sector development initiative in Karachi. Upon completion, it would have up to 30,000 units accommodating a population of over 100,000 people. The location of the land is adjacent to S.I.T.E., North Nazimabad and New Karachi. After the successful sale of housing units and plots in Naya Nazimabad in 2011, JCL offered Parkview Apartments to the public early this year.

Dolmen City Project

Dolmen City, a joint venture project between Dolmen and Arif Habib Group, situated on the tranquil Arabian Sea, is one of the largest and most prestigious mixed-use developments in Pakistan. It is built to serve commercial and corporate clients in an ultra modern business environment.

The project, will have a total built-up area of approximately four million square feet, comprises four towers and a shopping mall. These four towers are the Executive Tower (seventeen- storey), The Harbour Front (nineteen- storey) and two forty-storey towers consisting of offices. The shopping mall having a built up area of approximately one million square feet boasts shopping and entertainment facilities as well as a food court.

Governance & Management

Corporate Governance

As part of AHCL's mission we are committed to maintaining our uncompromising principles while we grow.

In this regard, our Board of Directors has adopted governance principles and policies to lead AHCL's governance practices. Currently, our Board has seven directors effectively representing and safeguarding the interests of shareholders including minority shareholders.

The Board actively participates in key activities including effective executive management, delegation of authority, investments in new ventures and issuance of shares.

The Board also monitors Company operations by approval of financial statements and dividend, review of internal and external audit observations regarding internal controls and their effectiveness. For the purpose of ensuring standardization, the Board has devised policies for conducting business and ensures their monitoring through an independent Internal Audit department, which continuously monitors and reports any deviations observed, to the Audit Committee.

Whistle Blowing

There exists a defined code of conduct within the Company which has stimulated the whistle blowing mechanism across the board. Our policies and procedures are mature, enabling employees to raise their concerns in confidence about possible improprieties in financial and other matters, without fear of reprisal. No incidences or concerns were reported this year.

IT Governance Policy

As procedures become more automated, managing the IT function and ensuring that an organization is realizing proper value from its investments in hardware, applications and architecture, is critical for any business to be able to achieve its strategic goals and objectives.

IT governance is an integral subset of corporate governance. For smooth functioning we have integrated policies in place which address the implementation of processes, structures and relational mechanisms that enable both the business and the IT team to execute their responsibilities in support of corporate value creation, in addition to direction and control of future use. Also, with increasing IT dependence for recording and reporting of financial transactions, due attention has been given to IT enabled tools for security and backup of financial records including disaster recovery plan.

Succession Planning

A company is only as strong as the people it employs. We believe in nurturing their strength by empowering our people through challenging opportunities which enhances their potential and develops their abilities. The Group has employed several qualified professionals of varying experience at various levels within the Group companies; this gives the Company a strong ability to draw upon talent and experience so as to ensure smooth succession planning.

Stakeholder Engagement

AHCL interacts with its stakeholders on a regular basis through use of internal and external communication. The frequency of engagement is based on business and corporate requirements with the following:

- Shareholders & Investors
- Customers & Suppliers
- Banks and other lenders
- Government functionaries and elected representatives
- Media

Profile of Directors and Key Executives

Chairman's Profile

Mr. Arif Habib is currently the Chairman & Chief Executive of Arif Habib Corporation Limited. He is also the Chairman of Pakarab Fertilizers Limited, Fatima Fertilizer Company Limited, and Arif Habib DMCC Dubai. He also serves as a Director in various companies including Sui Northern Gas Pipelines Limited. He was appointed to AHCL's Board on 25th September 2010.

Mr. Arif Habib remained the elected President/Chairman of Karachi Stock Exchange for six times in the past and was a Founding Member and Chairman of the Central Depository Company of Pakistan Limited. He has served as a Member of the Privatization Commission, Board of Investment, Tariff Reforms Commission and Securities & Exchange Ordinance Review Committee. Over the years he has been nominated on the Board of Directors of a number of companies by the Government of Pakistan.

Mr. Arif Habib
Chairman and Chief Executive

Corporate Responsibilities

As Chairman

- Pakarab Fertilizers Limited
- Fatima Fertilizer Company Limited
- Javedan Corporation Limited
- Arif Habib Foundation
- Pakistan Private Equity Management Limited
- Arif Habib DMCC
- Real Estate Modaraba Management Company Limited
- Sachal Energy Development (Pvt) Limited

As Director

- Pakistan Engineering Company Limited
- Aisha Steel Mills Limited
- Sui Northern Gas Pipelines Limited
- Pakistan Centre for Philanthropy
- International Complex Projects Limited

As Honorary Trustee/Director

- Pakistan Veterans Cricket Association
- Fatimid Foundation
- Karachi Education Initiative

Mr. Habib participates significantly in welfare activities of different organizations. To quote a few, he remains one of the trustees of Fatimid Foundation and Memon Health & Education Foundation as well as the director of Pakistan Centre for Philanthropy and Karachi Education Initiative.

Board of Directors

Mr. Asadullah Khawaja
Non-Executive Director

Mr. Asadullah Khawaja is currently the Chairman of PICIC Asset Management Company Limited. He was appointed to AHCL's Board on 25th September 2010.

He started his professional career with United Bank Limited where he served the Bank in various executive positions before taking charge as the Managing Director. Mr. Khawaja also held the additional charge as Chief Executive of Bankers Equity Limited (BEL) and National Investment Trust Limited (NITL). His foreign assignments include five years at Pakistan Embassy in London as Investment Counselor.

During his professional career he has served as Chairman Packages Ltd., Chairman Pakistan Industrial Credit and Investment Corporation (PICIC) and also the Executive Director of Pakistan Credit Rating Agency. Mr. Khawaja has also served on the Board of directors of prestigious institutions of domestic and international standings and the list of companies can be termed impressive.

Mr. Khawaja completed his Bachelor of Arts in 1964 from Forman Christian College, Lahore.

Subsequently, he completed several local and foreign courses on banking, securities, industries management, investment analysis and portfolio management. Moreover, he has participated in various international seminars and workshops on investment oriented issues.

Corporate Responsibilities
PICIC Asset Management Company Limited (Chairman)

As Director
Arif Habib REIT Management Limited
Pakistan Private Equity Management Limited
Summit Bank Limited
WorldCall Telecom Limited

Mr. Nasim Beg
Non–Executive Director

Mr. Nasim Beg, a Fellow Member of the Institute of Chartered Accountants of Pakistan, is currently the Chief Executive Officer of Arif Habib Consultancy (Pvt.) Limited along with being the Executive Vice Chairman of MCB-Arif Habib Savings & Investments Limited, an Asset Management Company that was conceived and set up by him and which he headed as Chief Executive till June 2011. He was appointed to AHCL's Board on 25th September 2010.

With over forty years of experience in the business world including industry and the financial services (in and outside the country), Mr. Nasim Beg is one of the most highly respected professionals of the country.

Before joining the Arif Habib Group, Mr. Beg served as the Deputy Chief Executive of NIT, which he joined during its troubled period and played an instrumental role in its modernization and turn around. He also served as the acting Chief Executive of NIT for a few months. He has also been associated at top-level positions with other asset management and investment advisory companies.

Mr. Beg has also held senior level responsibilities in the automobile industry. During his tenure as the Chief Executive of Allied Precision (a subsidiary of the Allied Engineering Group), he set up a green field project for the manufacture of sophisticated indigenous components for the automotive industry under transfer of technology licenses with Japanese and European manufacturers. His initiation to the financial services business was with the Abu Dubai Investment Company, UAE, where he was a part of the team that set up the company in 1977. He was also a member of the Prime Minister's Economic Advisory Council (EAC).

Corporate Responsibilities

MCB-Arif Habib Savings & Investments Limited (Executive Vice Chairman)
Arif Habib Consultancy (Pvt.) Limited (Chief Executive)

As Director

Aisha Steel Mills Limited
Arif Habib REIT Management Limited (non-executive Chairman)
Pakarab Fertilizers Limited
Pakistan Private Equity Management Limited
Power Cement Limited (non-executive Chairman)
Safemix Concrete Products Limited
Serendib Stock Brokers (Pvt.) Limited (non-executive Chairman)
Summit Bank Limited
Thatta Cement Company Limited

Board of Directors

Mr. Samad A. Habib
Non-Executive Director

Mr. Samad A. Habib is currently the Chief Executive of Javedan Corporation Limited. Mr. Samad A. Habib has more than 15 years of experience, including 9 years of working in the financial services industry in various senior management roles. He began his career with Arif Habib Corporation Limited (the holding company of Arif Habib Group) as an Investment Analyst, following which he served the company in various executive positions including Executive Sales and Business Promotions, Company Secretary, Head of Marketing, etc.

In September 2004, he was appointed the Chairman and Chief Executive of Arif Habib Limited. As Chairman he was responsible for the strategic direction of the company and was actively involved in capital market operations and corporate finance activities such as serving corporate clients, institutional clients, high net worth individuals, and raising funds for clients through IPO's, private placements etc. He resigned from that position in January 2011. He was appointed to AHCL's Board on 25th February 2011.

Mr. Samad A. Habib holds a Master's degree in Business Administration from the Institute of Business Management (IoBM).

Corporate Responsibilities
Javedan Corporation Limited (Chief Executive)

As Director
Aisha Steel Mills Limited
Arif Habib Equity (Pvt.) Limited
Arif Habib REIT Management Limited
MCB-Arif Habib Savings & Investments Limited
International Complex Projects Limited
Nooriabad Spinning Mills (Pvt.) Limited
Pakarab Fertilizers Limited
Pakistan Private Equity Management Limited
Power Cement Limited
Real Estate Modaraba Management Company Limited
Rotocast Engineering Company (Pvt.) Limited
Serendib Stock Brokers (Pvt.) Limited

Mr. Kashif A. Habib
Non- Executive Director

Mr. Kashif A. Habib is currently the Chief Executive of Power Cement Limited. He is a member of the Institute of Chartered Accountants of Pakistan (ICAP) and completed his Articleship from A.F. Ferguson & Co. (a member firm of Price Waterhouse Coopers), where he gained experience of a diverse sectors serving clients spanning the Financial, Manufacturing and Services industries. He was appointed to AHCL's Board on 25th September 2010.

He has to his credit three years of experience in Arif Habib Corporation Limited as well as three years' experience as an Executive Director in cement and fertilizer companies of the group.

Corporate Responsibilities
Power Cement Limited (Chief Executive)

As Director
Aisha Steel Mills Limited
Arif Habib Foundation
Arif Habib Real Estate Services (Pvt.) Limited
Arif Habib REIT Management Limited
Fatima Fertilizer Company Limited
Javedan Corporation Limited
Memon Health and Education Foundation
Pakarab Fertilizers Limited
Real Estate Modaraba Management Company Limited
Rotocast Engineering Company (Pvt.) Limited

Board of Directors

Mr. Muhammad Ejaz
Non-Executive Director

Mr. Ejaz is currently the Chief Executive of Arif Habib REIT Management Limited. He has over 20 years of experience in the fields of Treasury, Corporate Finance and Investment Banking. Mr. Ejaz has served in senior positions at leading local and international banks including Faysal Bank, Union Bank and Emirates NBD Bank. He was appointed to AHCL's Board on 14th September 2011.

He holds a Master's degree in Business Administration from the Institute of Business Administration where he is also a regular visiting faculty member. He is also a certified Financial Risk Manager.

Corporate Responsibilities

Arif Habib REIT Management Limited (Chief Executive)

As Director

Aisha Steel Mills Limited
Arif Habib Real Estate Services (Private) Limited
Javedan Corporation Limited
Power Cement Limited
Real Estate Modaraba Management Company Limited
Sachal Energy Development (Private) Limited

Mr. Kashif Shah
Non-Executive Director

Mr. Kashif Shah is currently the Chief Executive Officer of Aisha Steel Mills Limited. He is a seasoned professional with a successful track record of working with top tier institutions in Pakistan and abroad. He was appointed to AHCL's Board on 14th September 2011.

He started his career with Packages Limited and has over the years worked with a number of premier institutions such as JP Morgan in Hong Kong, where he was over-seeing Mergers & Acquisition for a number of South Eastern countries. Upon his return to Pakistan, he worked in UBL and under his leadership a number of innovative transactions were executed.

He then went on to become the first Group Executive/Head of Investment Banking at HBL and established HBL as a leader in corporate finance in Pakistan and earned record fees in the history of Pakistan. After HBL, he worked for over two years in mid-stream & down-stream integrated oil business as Advisor to the Sponsors.

He has more than 20 years of experience, including 16 years working in the financial services industry at various senior level positions.

Mr. Kashif Shah, holds a Master's in Business Administration from Lahore University of Management Sciences.

Corporate Responsibilities
Aisha Steel Mills Limited (Chief Executive)

Other Management Heads

Basit Habib
Chief Financial Officer
and Company Secretary

Mr. Basit Habib is currently the Chief Financial Officer and Company Secretary of Arif Habib Corporation Limited. His role encompasses a wide range of matters ranging from finance and audit function, to corporate law, compliance and taxation. In addition, he is also the Chief Financial Officer and Company Secretary of a subsidiary company, Power Cement Limited.

Mr. Basit Habib is a member of the Institute of Chartered Accountants of Pakistan (ICAP) having qualified in 2010. He completed his Articleship from A.F. Ferguson & Co. (a member firm of Price Waterhouse Coopers), where he gained experience of diverse sectors serving clients spanning the Financial, Manufacturing and Services industries.

Mr. Basit Habib has previously worked with Hascol Petroleum Limited as Finance Manager of the Company. He later joined Arif Habib Corporation Limited as Manager Finance where his responsibilities included financial reporting, evaluation of new projects (both of a strategic and short-term nature) and advising management on all financial and tax matters etc.

Corporate Responsibilities:
As Chief Financial Officer & Company Secretary:
Power Cement Limited

Zeshan Afzal

Group Head
Strategic Investments

Mr. Zeshan Afzal is currently the Group Head of Strategic Investments at AHCL and is responsible for the overall planning, monitoring and evaluation of the Strategic Investments of the Group.

His last major assignment with KPMG was in New York - Financial Services where he worked on leading Financial Institutions in various financial and risk advisory roles and consultancy assignments.

In addition to working in New York, he has also worked for KPMG Saudi Arabia, and has also been part of various technical trainings conducted by KPMG in Dubai and Sri Lanka. He also headed the Internal Controls over Financial Reporting (ICFR) within KPMG Audit and successfully implemented the State Bank of Pakistan and ICAP's ICFR guidelines on various multi-national and large local banks in Pakistan. He has also worked for three years in the field of marketing working on various business solutions for multi-national and local companies.

Mr. Afzal joined the Group in 2011 as an Executive Vice President and brings along a diversified experience in the field of Advisory, Financial services and Marketing including Business and project evaluations, Internal Controls, Internal Audit and Process re-engineering.

He is a Fellow member of the Association of Chartered Certified Accountants, a member of Pakistan Institute of Public Finance Accountants, a member of Institute of Internal Auditors, a member of the Institute of Financial Consultants and a member of the Institute of Internal Controls.

Corporate Responsibilities:

As Director:
Crescent Textile Mills Limited
Reliance Sacks Limited (a Subsidiary of Pakarab Fertilizers)
Safe Mix Concrete Products Limited (SMCPL)

As Member and Group Representative:
Group Representative - Audit Committee - Power Cement Limited
Member - Financial Advisory Committee - Arif Habib Limited
Member - Board Of Studies - Institute of Business Management
Member - Public Interest Law Association of Pakistan
Member - Management Association of Pakistan

Board and Management Committees

Keeping in view the reporting requirements, the Board of Directors of the Company have constituted committees both at the Board and Management levels. Most of the Board Committees' members are non-executive directors.

Board Committees

Board Audit Committee (AC)

The committee is responsible for assisting the Board of Directors in discharging its responsibilities primarily in terms of:

- evaluating and reporting financial and non-financial information to shareholders;
- reviewing the system of internal controls and risk management;
- reviewing the business plan and determining that it reconciles with the Company's vision, mission, corporate strategy & objectives.

Additionally, the committee has the authority to obtain any information it requires from the management and to meet directly with external auditors.

The Board of Directors has determined the terms of reference of the Audit Committee and provides adequate resources and authority to enable the Audit Committee to carry out its responsibilities effectively. The Board gives due consideration to the recommendations of the Audit Committee. Among other responsibilities, the terms of reference of the Audit Committee includes the following:

- determination of appropriate measures to safeguard the Company's assets
- review of quarterly, half-yearly and annual financial statements of the Company
- ensuring coordination between the internal and external auditors of the Company
- review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company
- consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto
- ascertaining that the internal control systems are adequate and effective
- determination of compliance with relevant statutory requirements
- monitoring compliance with the best practices of corporate governance and identification of significant violations thereof

The Chief Financial Officer of the Company regularly attends the Audit Committee meetings to present financial and other information specifically addressed by the IAD. After each meeting, the Chairman of the Committee reports to the Board. During the financial year under review, the Committee met 06 times.

S. No.	Name	Designation	Meetings attended during the year
1.	Mr.Kashif A. Habib	Chairman	06
2.	Mr. Muhammad Ejaz	Member	06
3.	Mr.Kashif Shah	Member	06
4.	Mr.Navid Farooq	Secretary	06

The Internal Audit Department is currently headed by Mr.Navid Farooq, who has the requisite qualification and the relevant experience to execute the duties of the department in line with the Internal Audit Charter.

Human Resource and Remuneration Committee (HR&RC)

The responsibilities of the Committee include recommendation of human resource management policies to the Board, along with the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO, CFO, Company Secretary and Head of Internal Audit to the Board. It also considers and approves recommendations of the CEO on matters of key management positions who report directly to CEO. The HR&RC is committed to develop and take decisions on Human Resource strategy and policy. The Committee meets at least once in every six months. During the financial year under review, the Committee met 02 times.

S. No.	Name	Designation	Meetings attended during the year
1.	Mr.Asadullah Khawaja	Chairman	02
2.	Mr.Nasim Beg	Member	02
3.	Mr.Arif Habib	Member	02
4.	Mr.Basit Habib	Secretary	02

The terms of reference of HR&RC provides an overview of the Committee and outlines the Committees' composition and responsibilities. The document also includes recommendation on human resource management, organizational development, training and development matters, management succession, and continuous review of compensation and benefit policies and assessment of corporate culture.

Investments & Projects Diversification Committee (IPDC)

The committee is responsible for assisting the Board of Directors in discharging its responsibilities primarily with regard to:

- Reviewing new investment opportunities keeping in view various factors including risk, return, diversification and growth;
- Continuous monitoring of the investments already made and recommending corrective strategies, if required; and
- Reviewing the key assumptions used by the management of investee companies to determine fair values of strategic investments.

The Committee meets on a required / directed basis to discharge its responsibilities and reports to the Board. During the year under review, 06 meetings were held.

S. No.	Name	Designation	Meetings attended during the year
1.	Mr.Arif Habib	Chairman	06
2.	Mr.Nasim Beg	Member	06
3.	Mr.Samad A. Habib	Member	06
4.	Mr.Zeshan Afzal	Group Head – Strategic Investments	06
5.	Mr.Basit Habib	CFO & Secretary	06

The Strategic Investments Department, headed by Mr.Zeshan Afzal, assists the Committee in discharging its responsibility in line with the Investment Policy Manual.

Management Committees

Executive Committee on Risk Management (ECRM)

ECRM is headed by the Chairman and Chief Executive of the Company and includes senior management. The purpose of the committee is to assist the Board of Directors in developing and continuous monitoring of risk management policies and other business related matters. The members of the committees include:

S. No.	Name	Designation
1.	Mr.Arif Habib	Chairman
2.	Mr.Zeshan Afzal	Member
3.	Mr.Basit Habib	Member

The terms of reference of the ECRM are to assist Board of Directors in developing, reviewing and approving risk management policies, instituting special projects and reviewing the adequacy of operational, administration and financial controls. ECRM meets on required/directed basis.

Executive Committee on Human Resource (ECHR)

The objective of ECHR is to review, monitor and make recommendations to the Board to oversee the Company's compensation and benefits policies generally, evaluate executive officer performance and review the Company's management succession plan and set compensation for the Company's executive officers. ECHR meets on the advice of chairman and/or on the request of members. The ECHR is committed to develop and make decisions on Human Resource strategy and policy. ECHR comprises of the following members:

S. No.	Name	Designation
1.	Mr.Arif Habib	Chairman
2.	Mr.Zeshan Afzal	Member
3.	Mr.Basit Habib	Member

Criteria to Evaluate Board's Performance

A company's success is ultimately reflective of the capacity of its directors to provide direction which is in line with the vision in order to expand and flourish. The company, hence, endeavours to develop the capacity of its Board of Directors to improve both their personal and collective contributions to the overall development of the company.

A quality Board that really adds value is not just a panel of high performing individuals but a balanced team with harmonizing skill sets and a culture that allows them to function as a single unit to make the most effective decisions for the Company. While the guidance from the chair is the key, the participation of every Board member is also for its effectiveness.

Performance evaluation continues to gain profile and momentum within Boardrooms. Regulators and institutional investors increasingly endorse performance evaluation as a prerequisite for good corporate governance. The Board of Directors acts as a guardian of the shareholders money and translates the same into the Company's mission and goals. In order to uphold the trust of stakeholders, the Board of Directors' performance warrants assessment.

The evaluation of the performance will examine those key areas where the Board requires clarity in order to provide high level oversight, including: the strategic process; key business drivers and performance milestones; the global economic environment and competitive context in which the Company operates; the risks faced by the business; Board dynamics; capability and alignment; reputation; and information flows.

The Board of Directors have set the following evaluation criteria to judge its performance.

- Compliance with the legislative system in which Company operates, including Companies Ordinance, 1984, Listing Regulations of Stock Exchanges, the Memorandum and Articles of Association of the Company.
- Active participation in strategic planning process, enterprise risk management system, policy development, financial structure, monitoring and approval.
- Hiring, evaluating, compensating and supporting the Executive Directors and other key positions including the Chief Executive.
- Appropriate constitution of Board Committees with members possessing adequate technical knowhow and experience.
- Establishing adequate system of internal controls in the Company and its regular assessment through self assessment mechanism and/or internal audit activities.
- Ensuring presence of required quorum in Board and Committees' meeting.
- Ensuring orientation and training of Board of Directors to enable them to perform their duties in an effective manner.

Chief Executive's Performance Review

One of the most significant responsibilities of the Board of Directors is to ensure that the company has strong leadership and an effective executive management. The Board establishes company policies and then delegates authority and responsibility to the CEO for the organization's smooth operations.

Successful companies depend on outstanding CEO leadership. Outstanding CEO leadership depends on excellent Board/CEO relations. Excellent Board/CEO relations depend on clear expectations and open communication. Regular review of CEO performance fosters open communication and clarifies expectations, roles and responsibilities. Effective Boards and CEOs embrace the review process, which is considered as good corporate governance.

The main objective of a review is to bring the CEO and the Board together to discuss how their performance and priorities add to the effectiveness of the company. The focus remains on identifying what works well, and what needs improvement. Given the unique nature of the partnership between the Board and CEO, assessing CEO performance is, in many ways, assessing the performance of the Board as well.

Mr. Arif Habib is the Chief Executive as well as the Chairman of the Board and the primary shareholder of the Company. He has, given his position as primary shareholder, sought out and requested professionals of high standing to join the Board. These include business acquaintances and some executives working for Group companies none of whom have any conflicts of interest with the Company. The Board Members, despite their relationship with Mr. Arif Habib are committed to carrying out an objective assessment of his performance as the Chief Executive.

The Board wishes to report that Mr. Arif Habib is committed to following best practices and the Code of Corporate Governance in true spirit. All Board meetings are attended by Mr. Arif Habib, where he provides details and explanations for each agenda item. The Board meetings have free and open discussion and Mr. Arif Habib acts on consensus and despite his tremendous convincing ability; he abides by the consensus even where the decision goes against his original proposal. Based on the Board's recommendations, Mr. Arif Habib has embarked on a programme of further strengthening the professional team at the Company and the Group. The Board believes that this will further strengthen the Company. Mr Arif Habib continues to play the leadership role at the Company and the Group level to the entire satisfaction of the Board.

Election of Directors

In accordance with the provisions of Section 180 of the Companies Ordinance, 1984, the three years term of seven directors elected in the Annual General Meeting of 2010 will be completed in September 2013. Accordingly, the election of directors shall take place in accordance with Section 178 of the Companies Ordinance, 1984 in the forthcoming Annual General Meeting of the company to be held on Saturday, 21st September, 2013 at 11.00 a.m. at the Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi.

The company encourages to have a balance of executive and non-executive directors, including independent directors and those representing minority interests with the requisite skills, competence, knowledge and experience so that the Board as a group includes core competencies and diversity, including gender, considered relevant in the context of the Company's operations.

The Board of Directors in their meeting held on 26th July 2013 has fixed the number of directors to be elected as seven. Names of the present seven directors retiring and eligible to file nominations are as under:

1. Mr. Arif Habib
2. Mr. Asadullah Khawaja
3. Mr. Nasim Beg
4. Mr. Samad A. Habib
5. Mr. Kashif A. Habib
6. Mr. Muhammad Ejaz
7. Mr. Kashif Shah

SWOT Analysis

Strengths:

- Strategic Alliances – One of AHCL's key strengths is its alliances with leading local and international names which include, Fatima Group, Metal One (Mitsubishi Corporation, Japan), MCB Bank and Dolmen.
- Diversified Portfolio – In an effort to maximize return for an acceptable level of risk, AHCL has created a uniquely diversified portfolio which branches across various sectors of Pakistan and also offers international diversification.
- Brand Recognition – Arif Habib Group and by extension, Arif Habib Corporation, are renowned and trustworthy names in the financial markets.
- Strategic Management – AHCL's executives and Board of Directors has been instrumental in the company's success. The present BoD has a combined experience of more than 180 years.
- Financial Integrity – Arif Habib Group's gross debt as of 30th June 2013 stood at Rs. 60.63 billion which reflects the banking industry's confidence in the Group and investee companies. The Group and investee companies have earned this confidence by adhering to highest standards of financial integrity. The Group has paid Rs. 32.24 billion and Rs. 26.55 billion in principal repayments and markup respectively during the period from July 2010 to June 2013.

Weaknesses:

- Concentrated Exposure – Currently the Company has 79% of its assets and 68.5% of its revenues coming from Fertilizer and Financial Services. In order to better diversify its asset base & revenue source, the Company has embarked upon building businesses in the cement, steel and real estate sectors.
- Dependence on investee companies for cash flows – By virtue of its nature as a holding company, AHCL is reliant on dividends from investee companies or divestments to generate cash flows. To mitigate liquidity risk arising from timing differences or to meet unforeseen cash outlays, AHCL manages a short term investment portfolio, which aside from generating return is also a very liquid source of cash for the Company.
- Exposure to market volatility – AHCL's income statement is exposed to market volatility. The company's focus is on adding shareholder value in the long term through strategic investments and market volatility is addressed through proactive portfolio management.

Opportunities:

- Presence in high potential sectors – Pakistan is primarily an agrarian economy and AHCL's investment in the fertilizer sector presents a unique opportunity to benefit from increasing use of fertilizer. Similarly, Pakistan is also underdeveloped in terms of infrastructure and AHCL's investment in the cement sector is poised to capitalize on development expenditure. Energy is another high growth sector and the Company has embarked on an ambitious project in alternate energy.
- Presence in high growth global markets – AHCL has investment in regional markets where financial services are still in infancy. AHCL is banking on first mover advantage in these markets and has paramount positioning to benefit from expected regional growth.
- Fairly unleveraged balance sheet – The Company's total debt: equity ratio as of June 2013 stood at 2.66 %. This offers ample room to finance potential investments through debt moving forward.
- Capitalizing on human resource – AHCL has brought together a team with unparalleled expertise and diversified backgrounds to identify, evaluate and benefit from investment opportunities locally and internationally.

Threats:

- Gas shortages – One of AHCL's fertilizer investments has had to suffer from plant shutdowns due to gas shortages. The management is in continuous talks with the government and is evaluating steps to improve gas supply.
- Market conditions – As already stated, AHCL's income statement is exposed to market volatility. Moreover, one of AHCL's strategies has been to realize returns in investee companies through primary or secondary offerings and a slow market is not very conducive for offerings.
- Political uncertainty & law and order – Pakistan has been going through a period of increasing political noise and a deteriorating law & order situation. This has far reaching consequences on investor confidence and economic growth. As part of Pakistan's growth story, AHCL is also exposed to the fallouts from these threats.

Directors' Report

Dear Fellow Shareholders

It is with great pleasure that the Directors present the Annual Report of your Company and the audited financial statements for the financial year ended on 30th June 2013 together with auditors' report thereon.

Principal activities

Arif Habib Corporation Limited (AHCL) has a business model of diversified investment portfolio with investments across a broad range of financial services and industries. The company owns substantial interest in securities and commodities brokerage, asset management, fertilizers, cement, steel, wind power and dairies. It also continues to manage a securities market portfolio earning remarkable returns.

Credit Rating

JCR-VIS Credit Rating Company Limited (JCR-VIS) has assigned initial entity ratings of 'AA/A-1+' (Long term: Double A / Short term: A-One Plus) to AHCL. Outlook on ratings is 'Stable'. These ratings reflect the Company's financial and management strength and denote a low expectation of credit risk and the capacity for timely payment of financial commitment.

Awards

During the current financial year, your Company has been the recipient of a number of esteemed awards. AHCL was awarded the first position in the Non-Bank Financial Institutions (NBFIs) category at the Best Corporate Report Awards 2012 organized by the joint committee of the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Acountants of Pakistan (ICMAP).

Pakistan Centre for Philanthropy's Award for 2011 recognized your Company's philanthropic contribution towards Pakistan's Development. The Federation of Pakistan Chambers of Commerce and Industry organized the 1st Achievement Award Ceremony where your Company was recognized with an Award in the Securities & Finance Sector. AHCL was also the recipient of The Marketing Association of Pakistan's (MAP) Excellence Award for 2012.

Economy

Pakistan's economic performance in the outgoing year left much to be desired with Real GDP growth clocking in at a mere 3.60% against 4.40% last year. A low base effect allowed the industrial sector to grow at 3.50% against 2.70% last year. However, the agriculture and services sectors both depicted a declining trend in growth rate. The agriculture sector witnessed a marginal contraction of 0.20% while the services sector was the worst affected with growth slowing down to 3.70% during the year under review from 5.30% last year.

The fiscal front also remained under pressure as fiscal deficit, as % of GDP, stood at 8.80% against 4.60% last year. The expanding fiscal deficit came on the back of subsidy overruns, primarily related to the power sector and import of fertilizer, and a shortfall of ~ 16% in total tax collection. Tax revenue, as a % of GDP, further declined to 9.90% during FY13 from 10.90% last year.

Declining oil prices allowed the current account deficit for FY13 to contract by 51% YoY to USD 2.29 billion from USD 4.69 billion last year. However, exports remained largely flat at USD 24.75 billion against USD 24.70 billion last year. The improvement in the current account deficit was further reflected in the overall balance of payments where the deficit stood at USD 2.39 billion, down by 29% YoY. However, loan repayments, especially to the IMF, took their toll on the country's foreign exchange reserves. Reserves held by the State Bank declined by 40% to USD 7.20 billion as of 30th June 2013 from USD 11.91 billion at the end of FY12. The improvement in the balance of payment was able to partially offset the impact of declining reserves on the exchange rate and the PKR lost 5.30% of its value against the USD during FY13 as compared to 9.90% last year.

On a more positive note, CPI inflation was largely brought into control and averaged at 7.40% during FY13 against an average of 11.12% in FY12. Declining inflation enabled the State Bank to continue its strategy of monetary easing and the discount rate was cut by a cumulative 3% to end FY13 at 9%.

Another positive indicator for the economy was the trend in net foreign direct investment. After declining for four consecutive years from FY09-FY12, net foreign direct investment shot up by 76% YoY to USD 1.45 billion during the year under review.

The new setup in Islamabad has shown the willingness to implement much needed structural reforms required to revive our Country's economy. Their focus on the power sector and public sector enterprises bodes well as leakages in these two areas have caused immeasurable damage to our economy.

Financial Results

During the year under review, the Company has earned an after-tax profit of Rs.1.4 billion as compared to Rs.4.3 billion in 2011-12. This translates to an earning of Rs.3.01 per share as compared to Rs.9.38 per share in previous year. A notable contribution towards this performance came from good dividends and realized gain on sale of securities.

Based on the profit during the year under review, the Board has recommended declaration of a final Cash Dividend for the year ended 30th June, 2013 at Rs. 2.50 per share i.e. 25%. This entitlement shall be available to those shareholders whose name(s) appear on the shareholders' register at the close of business on Thursday, 12th September, 2013.

The Summary of Financial Results is as follows:-

	2013	2012
Profit after tax	1,365,744,929	4,254,306,077
Profit available for appropriation	20,642,744,949	20,927,000,020
Appropriations:		
Interim distribution of 41.25 million preference shares of Aisha Steel Mills Limited for the year ended 30th June 2012	-	412,500,000
*Final Cash Dividend at Rs.2.50 per share i.e. 25% for the year ended 30th June 2013 as recommended by the Board of Directors (Rs.2 per share i.e. 20% for the year ended 30th June 2012)	1,134,375,000	825,000,000
Bonus issue at the rate of 10% for the year ended 30th June 2012, i.e. one share for every ten shares held.	-	412,500,000
* Un-appropriated profit carried forward	19,508,369,949	19,277,000,020
Earnings per share – basic & diluted	3.01	9.38

*** Subject to the approval by members in the AGM to be held on Saturday, 21st September 2013**

Performance of Subsidiaries and Associates

Your Company continues to augment its presence in those business and industrial sectors of Pakistan that offer sustainable growth and are of paramount importance to our nation's economic well being. Your Company's investments in the fertilizer sector have posted mixed results. Fatima Fertilizer has performed well while Pakarab continues to suffer from discrimination in implementation of gas load management policy. In the steel sector, global dynamics have kept margins for Aisha Steel under pressure while teething issues have kept the plant from obtaining its optimum and desired level of production. The financial services sector has had an exceptionally successful year and your Company's investments have capitalized on their brand equity and operational strengths. The cement sector continues to be in the lime light on the back of a surging demand and strong margins. Your Company continues to make inroads in high growth sectors through its start up investments in dairy and alternate energy and the development on these projects continue to progress satisfactorily. The external auditors have modified their opinion on the consolidated financial statements which is fully explained in note 3.1 to the consolidated financial statements.

Segments at a Glance

Brokerage

The outgoing year saw the Karachi Stock Exchange achieve a significant milestone in the form of demutualization. Investor friendly and equitable implantation of the Capital Gains Tax regime just before the start of FY13 further restored investor confidence in the market; we witnessed a re-rating of multiples across all sectors. The benchmark KSE-100 index posted a return of 52% during the year under review while volumes have increased by 54% YoY to 201 million. FY13 also played host to net foreign portfolio investment of USD 569 million against an outflow of USD 189 million last year, a strong indicator of the confidence being reposed in Pakistan's capital markets by foreign investors.

Arif Habib Limited (AHL), the brokerage wing of the Group, continues to cement its position as one of the market leaders. During the year under review, AHL has made significant inroads in penetrating treasury markets and international equity sales. In addition to a robust equity sales team that caters to institutional clients, high net worth individuals and retail clients, AHL's research and corporate finance teams enjoy a prestigious reputation in the market.

During the year, AHL has earned a profit after tax of Rs. 382.47 million, up by 5% YoY, which translates into an EPS of Rs.7.65. The increase in profitability stems from improved revenue from core operations and exemplary management of the investment portfolio.

Your Company's brokerage operations in Sri Lanka underwent a brand reinvention during the year, being renamed as Serendib Stock Brokers (Pvt.) Limited (formerly known as SKM Lanka Holdings (Pvt.) Limited). The Sri Lankan equity market continues to remain depressed in terms of liquidity being the primary reason for Company's adverse results. For the year ended March 31st 2013, Serendib has incurred a loss after tax of Sri Lankan Rs. 36.05 million (Pak Rs. 26.48 million.) Serendib's management has commenced consultancy services and considering further avenues for generation of revenues.

Arif Habib Commodities has commenced brokerage operations during the year under review and has received a very strong response from the market. A commodity trading is still a emerging idea in Pakistan and we believe this segment has immense potential for growth. The Company, being in a start-up phase, incurred a net loss of Rs. 3.12 million during the year ended 30th June 2013.

Arif Habib DMCC, a member of Dubai Gold and Commodities Exchange (DGCX), is the company's step into GCC's lucrative brokerage industry. The Company is undergoing development and will launch operations once market conditions improve.

Asset Management

The merger of Arif Habib Investments Limited with MCB Asset Management Limited has been formally completed during FY13 and all regulatory and legal proceedings have been completed. The merged entity has been rebranded as MCB-Arif Habib Savings and Investments Limited (MCBAH) and has emerged as one of Pakistan's premier and largest asset management companies. As of 30th June 2013, MCBAH had over Rs. 40.16 billion in assets under management through 14 Mutual Funds, 2 Pension Funds and various Investment Plans. The Company recorded profit after tax of Rs.157.65 million for the year under review.

Fertilizers

SNGPL based fertilizer plants continue to bear the brunt of an inequitable and flawed gas load management by SNGPL and consequently, Pakarab Fertilizers Limited (PAFL) has suffered operationally and financially. PAFL incurred a loss of Rs. 239.79 million for the year ended 31st December 2012 as the plant remained operational for only 78 days throughout the year. The plant is unable to run even for a whole day in 2013 and consequently PAFL incurred a loss of Rs. 1.30 billion for 6 months ended 30th June 2013.

The fertilizer industry as a whole, and especially the management of PAFL, continues to plead its case with the government and are in the process of continuously evaluating alternative and innovative solutions. The government, realizing the national importance of Pakistan's fertilizer industry, has shown renewed commitment and determination to expedite the resolution of gas curtailment issue.

Fatima Fertilizer Company Limited (FFCL) has performed well in its first full year of operation, posting profit after tax of Rs. 6.11 billion for the year ended 31st December 2012. FFCL distributed Rs. 4.20 billion in addition to net loan repayments of Rs. 6.38 billion. During the 6 months ended 30th June 2013, the company has made a profit after tax of Rs.3.36 billion.

Steel

Aisha Steel Mills Limited (ASML) is your Company's step into Pakistan's underserved steel industry and is a joint venture of Arif Habib Group, Metal One (subsidiary of Mitsubishi Japan) and Universal Metal Corporation-Japan. We are pleased to inform our esteemed shareholders that ASML achieved Commercial Operations on 1st October 2012 and is producing the country's best quality Cold Rolled Coil (CRC).

ASML continues to focus on stabilizing its production by overcoming the teething problems associated with all green field projects. We are hopeful that ASML will be able to achieve its desired level of production in next financial year. ASML incurred a loss after tax of Rs. 470.23 million for the Nine Months ended 31st March 2013.

Cement

The cement sector flourished during the year under review on the back of declining coal prices and a lower interest rate regime. International coal price during the year averaged at USD FOB 84/ton, down by 20% YoY while 6 month KIBOR averaged at 9.93% against 12.36% last year. However, dispatch growth remained muted with local dispatches edging up by 4.6% while exports dipped by 2.3%. Resultantly, total dispatches for the cement sector registered a growth of a marginal 2.8%. Improving fundamentals and profitability led to very positive investor sentiment about the cement sector. Your Company's management, capitalizing on this wave of positivity, decided to divest from its investment in Thatta Cement Company Limited (THCCL). Share purchase agreements were signed at Rs. 24.164/share and your Company will accrue a pre-transaction cost gain of Rs. 29.92 million, yielding a holding period return of 16%.

As part of the your Company's effort to reinvigorate and rebrand Al-Abbas Cement Industries Limited, the company was renamed Power Cement Limited (PCL). During the year under review, the shareholders of PCL have approved reduction of share capital of PCL to the extent of 50%, i e from 365,689,968 to 182,844,984 number of shares of Rs 10 each amounting to Rs.1,828,449,840 subject to completion of all statutory and legal approvals and formalities. This step has been taken to improve and present the realistic position of the balance sheet. The management of the investee company has made significant inroads in improving production efficiencies and the Company has also benefited through renegotiating its debt. Spurred on by robust cement demand, declining coal prices and interest rate, PCL has posted profit after tax of Rs. 364.3 million for the Nine Months ended 31st March 2013.

Dairy

Sweetwater Dairies Pakistan (Pvt.) Limited (SDPL) was a joint venture of AHCL, Sweetwater U.S.A, Habib Bank Limited, Unicorn Investment Bank and Gatron Group. AHCL has now entered into an agreement to acquire 100 percent shareholding of SDPL. The Company's dairy assets have been sold in exchange of shareholding in another dairy with some additional investment.

Wind power

Progress on Sachal Energy Development (Pvt.) Limited's (SEDPL) wind farm has gathered momentum. During the year under review, SEDPL has been granted generation license and tariff determination by NEPRA and has received a Letter of Support from the Alternative Energy Development Board. SEDPL is also in the final stages of negotiations for finalization of its EPA. The company is expected to achieve its financial close during FY14. The company incurred a pre-operating loss of Rs.15.69 million during FY13.

Future Outlook

Pakistan's economic problems are largely a result of inaction by the Government to introduce reforms ahead of general elections. A committed government with sound policies can set the record straight in a short period of time. The recently sworn in Cabinet has started off its tenure on a very positive note, actively engaging all stakeholders in policy formulation. The government has aptly focused its attention on the power sector and public sector enterprises, and we are extremely hopeful that our country's economy will soon be on the path of sustainable growth.

The fertilizer sector on SNGPL network continues to suffer due to discrimination in implementation of gas load management policy of the Government. The approved policy of the Governement is not being implemented by SNGPL and fertilizer companies on SNGPL network are continuously seeking just treatment from the Government. The fertilizer sector is of paramount importance to the country's economy and food security of the nation. We hope that the Government will realize this soon. On the capital markets front, outlook remains very positive as expectations associated with economic performance have bolstered investor sentiment & valuations and your Company's investments in financial services are ideally positioned to benefit. The cement sector is also expected to flourish as infrastructure development picks up pace, further propping up profitability and strengthening valuations.

Risk Management

The risk management system of Company established by the Board comprises of a wide range of finely tuned organizational and procedural components and is capable of identifying events and developments impairing the going-concern status of the Company. The risk management system is designed to promote a balanced approach to risks at all organizational levels, identify and analyze the opportunities and risks at an early stage, their measurement and the use of suitable instruments to manage and monitor risks.

With the Company's key business being that of investing, it has evolved its risk management system as its investment strategy has evolved. Starting with secondary market investments, the Company has always followed a policy of diversification between sectors & companies and at the same time basing individual investment decisions on fundamental analysis and following the golden rule of value investing. The Company manages its risk by applying caution with respect to the stock selection; avoiding concentration risk, ensuring adequate underlying collateral and assessing the capacity of the counterparty. In addition, the Company has played a continuing role through its representatives in the development of basic capital market infrastructure.

Once the Company started making strategic investments, it has developed risk management systems suited to such investing. Business decisions are reached after deliberation of comprehensive project analyses which identifies both potential risks and opportunities. To manage the risk, the Company focuses on core areas like governance by Board and senior management, preparation and implementation of policies and procedures, risk monitoring and management information system, and internal controls. The Company goes through a systematic process of identifying and evaluating risks and controls and, where necessary, improving the ways in which risks is managed. Each year, the management reviews the financial reporting statements and also statements regarding risk management, corporate social responsibility, integrity and compliance with the code of conduct, the accounting manual, statutory provisions and compliance with other rules and regulations.

For operational risk management, the starting point has always been carrying out an in depth analysis before making the investment, and supplementing that with hiring of qualified and experienced professionals to represent it on the Boards of investee companies, applying budgetary and other internal controls on such companies through the Board members, continuing review of performance of the investee companies and taking corrective measures as and when needed, including the dis-investment from businesses if that became the right option.

The Board has set up an Investment Committee and this Committee has the responsibility of vetting and continuous monitoring of all strategic investments. In turn, the Company's management staff responsible for the strategic investments provides the Committee with timely reports.

The detailed Qualitative Reports and Quantitative analysis on Risk Management is presented in note 31 to the financial statements.

Capital Management and Liquidity

The Company has a policy to maintain a strong capital base so as to maintain investor, creditor and market confidence, sustain future development of the business, safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. There were no changes in Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

Human Resource

Your Company takes great pride in the commitment, competence and ownership shown by its employees in all realms of the business. The Company continues to take new initiatives to further align its HR policies to meet the growing needs of the business. People development continues to be a key focus area in your Company.

At AHCL, the Human Resources Department, in its business partner role, implements strategies to raise the performance of each team member to their maximum potentials. The primary reason for our success is that our organization is built around the people who are willing to go the extra mile.

Employees are recognized and rewarded based on their performance, which results in enhanced retention and motivation across all levels. All our operational activities are carried out transparently and in lieu with our code of ethics, on which there can be no compromise.

Corporate Social Responsibility

Sustainable and responsible development has remained one of our key concerns since inception. Today, your Group is running a sizeable CSR program in Pakistan covering various sectors requiring foremost attention, with a special focus in the areas of education, healthcare, environment, community welfare, sports and relief work and aims to enhance its scope and contribution in the future.

We, at AHCL are conscious of the well being of our employees as well as community at large. The Company focuses on energy conservation and all departments and employees adhere to the power conservation measures.

Your Company takes its contribution towards national economy seriously and has always discharged its obligations in a transparent, accurate and timely manner. Details of the contributions are presented on page No. 65. Furthermore, Arif Habib Corporation Limited has contributed an amount of Rs. 154.7 million towards tax during FY13.

It is our vision to continue contributing to the economic growth and stability in Pakistan through actively investing in its economy, its people and the sustainability of its environment.

Corporate Governance

AHCL is listed at the Karachi, Lahore and Islamabad Stock Exchanges. The Company's Board and management are committed to observe the Code of Corporate Governance prescribed for listed companies and are familiar with their responsibilities and monitor the operations and performance to enhance the accuracy, comprehensiveness and transparency of financial and non-financial information.

The Board would like to state that proper books of accounts of the Company have been maintained and appropriate accounting policies have been adopted and consistently applied. Preparation of accounts and accounting estimates are based on reasonable and prudent judgment. International Financial Reporting Standards, as applicable in Pakistan, are followed. The system of internal controls is sound in design and has been effectively implemented and monitored. The financial statements of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity. No material payment has remained outstanding on account of any taxes, duties, levies or charges. The Company has no outstanding obligations under gratuity, pension or provident fund.

In compliance with the Code, the Board hereby reaffirm that there is no doubt whatsoever about the Company's ability to continue as a going concern and that there has been no material departure from the best practices of corporate governance as detailed in the listing regulations and transfer pricing.

During the year under review, the Board has arranged one inhouse training session for its directors. Further, the Board has approved the participation of two directors to have certification under the director's training program in the upcoming session of an approved institution. It has always been the Company's endeavor to excel through better Corporate Governance and fair and transparent practices, many of which have already been in place even before they were mandated by law.

Trading in Company's Shares by Directors and Executives

All Directors including the Chief Executive, Chief Financial Officer, and Executives of the Company were delivered written notices by the Company Secretary to immediately inform in writing any trading in the Company's shares by themselves or by their spouses and to deliver a written record of the price, number of shares and CDC statement within 4 days of such transaction to the Company Secretary. A statement showing the Company's shares bought and sold by its Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouse and minor family members is annexed as Annexure-I.

Attendance at Board Meetings

A statement showing attendance at Board meetings is annexed as Annexure-II.

Pattern of Shareholding

The shares of the Company are listed on Karachi, Lahore and Islamabad Stock Exchanges. There were 7,198 shareholders of the Company as of 30th June 2013. The detailed pattern of shareholding and categories of shareholding of the Company including shares held by directors and executives, if any, are annexed as Annexure-III.

Financial and Business Highlights

The key operating and financial data has been given in summarized form under the caption "Financial & Business Highlights – Six years at a glance" Page-79 and graphic representation of the important statistics is presented on Page-81.

Investment in Retirement Benefits

The value of investment, made by the staff Provident Fund operated by the Company as per their respective audited financial statements as of 30th June 2012 amounts to Rs. 6.32 million.

Audit Committee

As required under the Code of Corporate Governance, the Audit Committee continued to perform as per its terms of reference duly approved by the Board. The Committee composition and salient futures of its terms of reference are also attached with this report. The composition of Audit Committee will be made in line with requirements of 'Code of Corporate Governance 2012' at the time of election of directors in the upcoming Annual General Meeting due to be held on 21st September 2013 in accordance with the 'Implementation deadlines of Code of Corporate Governance 2012'.

Auditors

The present external auditors M/s. KPMG TaseerHadi& Co., shall retire at the conclusion of Annual General Meeting on 21st September 2013 and being eligible, have offered themselves for reappointment for the year ending on 30th June 2014. The external auditors hold satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) as required under their Quality Control Review Program. As suggested by the Audit Committee, the Board recommends reappointment of M/s. KPMG Taseer Hadi & Co., as auditors of the Company for the financial year ending on 30th June 2014 at a fee to be mutually agreed. Approval to this effect will be sought from the shareholders at the forthcoming Annual General Meeting scheduled on 21st September 2013.

Compliance with Secretarial Practices

The Company Secretary furnished a Secretarial Compliance Certificate, in the prescribed form, as required under prevalent listing regulation of Stock Exchanges of Pakistan, as part of the annual return filed with the Registrar of Companies to certify the secretarial and corporate requirements of the Companies Ordinance, 1984 and listing regulations have been duly complied with.

Election of Directors

In accordance with the provisions of Section 180 of the Companies Ordinance, 1984, the three years term of seven directors elected in the Annual General Meeting of 2010 will be completed in September 2013. Accordingly, the election of directors shall take place in accordance with the provisions of the Companies Ordinance, 1984, in the forthcoming Annual General Meeting of the company. The Board of Directors in their meeting held on 26th July 2013 has fixed the number of directors to be elected as seven.

Post Balance Sheet Events

There have been no material changes since 30th June 2013 to the date of this report except the declaration of a final Cash Dividend of Rs. 2.50 per share i.e. 25% which is subject to the approval of the Members at the 19th Annual General Meeting to be held on 21st September 2013. The effect of such declaration shall be reflected in the next year's financial statements.

Related Party Transactions

In order to comply with the requirements of listing regulations, the Company presented all related party transactions before the Audit Committee and Board for their review and approval. These transactions have been approved by the Audit Committee and Board of Directors in their respective meetings. The details of related party transactions have been provided in note 33 of the annexed audited financial statements.

Acknowledgement

The Directors are grateful to the Company's stakeholders for their continuing confidence and patronage. We wish to place on record our appreciation and thanks for the faith and trust reposed by our Business Partners, Bankers & Financial Institutions. We thank the Ministry of Finance, the Securities & Exchange Commission of Pakistan, the State Bank of Pakistan, the Competition Commission of Pakistan, Central Depository Company of Pakistan and the Managements of Karachi, Lahore, and Islamabad Stock Exchanges for their continued support and guidance which has gone a long way in giving present shape to the company.

The results of an organization are greatly reflective of the efforts put in by the people who work for and with the Company. The Directors fully recognize the collective contribution made by the employees of the Company for successful operations of the Company. We also appreciate the valuable contribution and active role of the members of the audit and other committees in supporting and guiding the management on matters of great importance.

For and on behalf of the Board

Arif Habib
Chairman & Chief Executive

Karachi: 26th August 2013

Annexure I

Statement showing shares bought and sold by Directors, CEO, CFO, Company Secretary and their Spouses and Minor Children

From 1st July 2012 to 30th June 2013

Name	Designation	Shares bought	Shares sold	Remarks
Mr. Arif Habib	Chairman & Chief Executive	-	-	-
Mr. Nasim Beg	Director	-	-	-
Mr. Asadullah Khawaja	Director	-	-	-
Mr. Samad A. Habib	Director	-	-	-
Mr. Kashif A. Habib	Director	-	-	-
Mr. Muhammad Ejaz	Director	-	-	-
Mr. Kashif Shah	Director	-	-	-
Mr. Basit Habib	CFO & Company Secretary	-	-	-
Mrs. Zetun Arif	Spouse of Mr. Arif Habib	6,274,500	-	-
Minor children	-	-	-	-

Annexure II

Statement showing attendance at Board Meetings

From 1st July 2012 to 30th June 2013

Name of Directors	Designation	Attended	Leaves granted	Remarks
Mr. Arif Habib	Chairman & Chief Executive	6	-	-
Mr. Nasim Beg	Director	4	2	-
Mr. Asadullah Khawaja	Director	6	-	-
Mr. Samad A. Habib	Director	6	-	-
Mr. Kashif A. Habib	Director	6	-	-
Mr. Muhammad Ejaz	Director	5	1	-
Mr. Kashif Shah	Director	6	-	-

Pattern of Shareholding - Annexure III

Categories of Shareholders as at 30th June 2013

Category	Number of shareholders	Number of shares held	Holding
Directors, Chief Executive, and their Spouses and minor children	8	338,781,089	74.66
Executives	-	-	-
NIT and ICP	1	1,333,292	0.29
Associated Companies, Undertakings and Related Parties	3	29,085,395	6.41
Public Sector Companies and Corporations	3	3,136,559	0.69
Bank, Development Finance Institutions, Non-Banking Finance Institutions	7	2,468,927	0.54
Insurance Companies	7	3,874,979	0.85
Modaraba	1	121,000	0.03
Mutual Funds	13	8,323,940	1.83
Others	113	6,557,512	1.45
General Public - Local	7,036	54,828,084	12.08
General Public - Foreign	6	5,239,223	1.15
	7,198	453,750,000	100.00

Pattern of Shareholding

Categories of Shareholders as at 30th June 2013

Category	Number of shareholders	Number of shares held	Holding
Directors, Chief Executive, and their Spouses and minor children			
Mr. Arif Habib	1	261,772,967	57.69
Mr. Asadullah Khawaja	1	17,506	0.00
Mr. Nasim Beg	1	22,078	0.00
Mr. Samad A. Habib	1	1,006	0.00
Mr. Kashif A. Habib	1	35,290	0.01
Mr. Muhammad Ejaz	1	121	0.00
Mr. Kashif Shah	1	121	0.00
Mrs. Zetun Arif	1	76,932,000	16.95
	8	**338,781,089**	**74.66**
Executives	-	-	-
Associated Companies, Undertakings and Related Parties			
Summit Bank Limited	1	5,885,049	1.30
Nooriabad Spinning Mills (Pvt.) Limited	1	500,000	0.11
Rotocast Engineering Company (Pvt.) Limited	1	22,700,346	5.00
	3	**29,085,395**	**6.41**
NIT and ICP			
National Bank of Pakistan - Trustee Department NI(U)T Fund	**1**	**1,333,292**	**0.29**
Joint Stock Companies			
Public Sector Companies and Corporatons	**3**	**3,136,559**	**0.69**
Bank, Development Finance Institutions, Non-Banking Finance Institutions	**7**	**2,468,927**	**0.54**
Insurance Companies	**7**	**3,874,979**	**0.85**
Modarabas	**1**	**121,000**	**0.03**
Mutual Funds			
Prudential Stocks Fund Limited	1	18,150	0.00
Golden Arrow Selected Stocks Fund Limited	1	210,000	0.05
CDC - Trustee Alfalah GHP Value Fund	1	999,500	0.22
Asian Stock Fund Limited	1	3,103,000	0.68
CDC - Trustee AKD Index Tracker Fund	1	26,437	0.01
Safeway Mutual Fund Limited	1	3,125,000	0.69
CDC - Trustee AKD Opportunity Fund	1	150,000	0.03
MC FSL - Trustee JS KSE-30 Index Fund	1	5,931	0.00
CDC - Trustee Alfalah GHP Alpha Fund	1	400,000	0.09
CDC - Trustee PICIC Income Fund - MT	1	163,500	0.04
MCBFSL - Trustee NAMCO Balanced Fund - Mt	1	18,000	0.00
CDC - Trustee KASB Income Opportunity Fund - MT	1	17,000	0.00
Trustee- Khyber Pakhtunkhwa - Pension Fund	1	87,422	0.02
	13	**8,323,940**	**1.83**
Others	**113**	**6,557,512**	**1.45**
Genral Public			
Local	7,036	54,828,084	12.08
Foreign	6	5,239,223	1.15
	7,042	**60,067,307**	**13.24**
	7,198	**453,750,000**	**100**
Share holders holding 5% or more			
Mr. Arif Habib	1	261,772,967	57.69
Mrs. Zetun Arif	1	76,932,000	16.95
Rotocast Engineering Company (Pvt.) Limited	1	22,700,346	5.00

Pattern of Shareholding

Categories of Shareholders as at 30th June 2013

Number of shareholders	Shareholdings' Slab			Holding
790	1	to	100	27,679
1402	101	to	500	402,392
1144	501	to	1,000	872,660
2353	1,001	to	5,000	5,622,672
617	5,001	to	10,000	4,574,644
264	10,001	to	15,000	3,238,964
137	15,001	to	20,000	2,396,512
94	20,001	to	25,000	2,143,136
50	25,001	to	30,000	1,399,808
35	30,001	to	35,000	1,115,218
29	35,001	to	40,000	1,100,889
22	40,001	to	45,000	948,756
38	45,001	to	50,000	1,845,815
17	50,001	to	55,000	891,252
10	55,001	to	60,000	579,314
19	60,001	to	65,000	1,189,833
6	65,001	to	70,000	403,037
8	70,001	to	75,000	590,061
12	75,001	to	80,000	929,565
4	80,001	to	85,000	330,500
5	85,001	to	90,000	436,707
4	90,001	to	95,000	375,269
14	95,001	to	100,000	1,386,871
1	100,001	to	105,000	100,831
6	105,001	to	110,000	652,059
6	110,001	to	115,000	672,096
5	115,001	to	120,000	591,600
5	120,001	to	125,000	611,035
4	125,001	to	130,000	510,519
1	130,001	to	135,000	135,000
2	135,001	to	140,000	276,100
4	140,001	to	145,000	571,050
5	145,001	to	150,000	746,500
4	150,001	to	155,000	613,847
3	155,001	to	160,000	478,500
9	160,001	to	165,000	1,477,822
1	165,001	to	170,000	166,100
1	180,001	to	185,000	181,500
3	190,001	to	195,000	577,068
1	195,001	to	200,000	200,000
1	200,001	to	205,000	202,000
3	205,001	to	210,000	624,000
1	220,001	to	225,000	222,640
2	225,001	to	230,000	456,875
2	240,001	to	245,000	484,000
1	260,001	to	265,000	260,692
1	295,001	to	300,000	299,082
2	300,001	to	305,000	603,500
1	315,001	to	320,000	320,000
1	325,001	to	330,000	330,000
1	335,001	to	340,000	337,023
1	350,001	to	355,000	352,000
1	355,001	to	360,000	359,500
1	360,001	to	365,000	360,048
1	375,001	to	380,000	377,500
2	395,001	to	400,000	800,000
2	435,001	to	440,000	878,879
1	440,001	to	445,000	440,693

Pattern of Shareholding

Categories of Shareholders as at 30th June 2013

Number of shareholders	Shareholdings' Slab			Holding
2	460,001	to	465,000	924,975
2	480,001	to	485,000	966,800
1	485,001	to	490,000	489,307
2	495,001	to	500,000	1,000,000
2	500,001	to	505,000	1,004,812
1	540,001	to	545,000	541,700
1	575,001	to	580,000	577,218
1	650,001	to	655,000	650,250
1	665,001	to	670,000	665,500
1	705,001	to	710,000	710,000
1	755,001	to	760,000	756,250
1	815,001	to	820,000	819,500
1	820,001	to	825,000	820,400
1	835,001	to	840,000	836,489
1	845,001	to	850,000	847,000
1	920,001	to	925,000	922,000
1	950,001	to	955,000	950,867
1	965,001	to	970,000	968,000
1	995,001	to	1,000,000	999,500
1	1,120,001	to	1,125,000	1,122,330
1	1,170,001	to	1,175,000	1,170,465
1	1,330,001	to	1,335,000	1,333,292
1	1,370,001	to	1,375,000	1,375,000
1	1,850,001	to	1,855,000	1,851,148
2	1,920,001	to	1,925,000	3,848,500
1	2,415,001	to	2,420,000	2,420,000
1	2,585,001	to	2,590,000	2,588,722
1	3,100,001	to	3,105,000	3,103,000
1	3,120,001	to	3,125,000	3,125,000
1	5,885,001	to	5,890,000	5,885,049
1	22,700,001	to	22,705,000	22,700,346
1	76,930,001	to	76,935,000	76,932,000
1	261,770,001	to	261,775,000	261,772,967
7,198				**453,750,000**

Sustainability Report

Sustainability Report - Investing in Pakistani Economy, Society and Environment

chairman's message

I have earned all my wealth in Pakistan and reinvested all of it here. At Arif Habib Group, we are committed to improving the quality of life of the communities we serve. We do this by striving for leadership and global competitiveness in the business sectors in which we operate so we can positively contribute to these communities growth, which will in turn translate into Pakistan's growth.

Our practice of returning to society what we earn, evokes trust among partners, employees, shareholders and the community. We are committed to protecting this heritage of leadership with trust through the manner in which we conduct our business.

Vision for Sustainability

The last decade has seen some persistent economic concerns in Pakistan. Exponentially rising inflation, consumer price index and unemployment; coupled with decreasing economic growth and investment has led to a significant part of our population currently living below the poverty line without access to basic commodities and services. Yet despite the alarming socio-economic trends, through effective management, good governance, transparency and sincerity to purpose, the Pakistani economy can recover. However it is up to the people of the country, and this includes the private sector.

We believe that investment with the spirit to create economic activity is a key service to the economy. Creating job opportunities, improving production of essential commodities, containing inflation and increasing competition will all be decisive factors in the future performance of our markets and finding long-term solutions to our sustainable development challenges. Accordingly, as one of the largest multi-sector groups in Pakistan, the Arif Habib Group has invested in financial services, microfinance, real estate as well as cement, steel, fertilizer, and energy production during our time in the operating environment of Pakistan.

Throughout our journey we have strived to ensure that we maximize any positive impacts and minimize any negative impacts we can have on the communities and environment that we operate in.It is our vision to continue contributing to the economic growth and stability in Pakistan through actively investing in its economy, its people and the sustainability of its environment.

Our Approach

At Arif Habib Group, we believe that Corporate Social Responsibility is more than just philanthropy. It is a philosophy that aims at maximizing the positive impacts and minimizing the negative impacts of our business operations on internal and external stakeholders. This is done through strategic engagement in sustainable, responsible business practice by embedding sustainability in our core activities and through active stakeholder engagement. Within our core business we are continuously striving to guarantee equal opportunity, diversity, on going training, and occupational health and safety to our people. In the marketplace we are on the forefront of maintaining standards, product quality and customer relations. We furthermore try to ensure that our supply chain also shares these values.

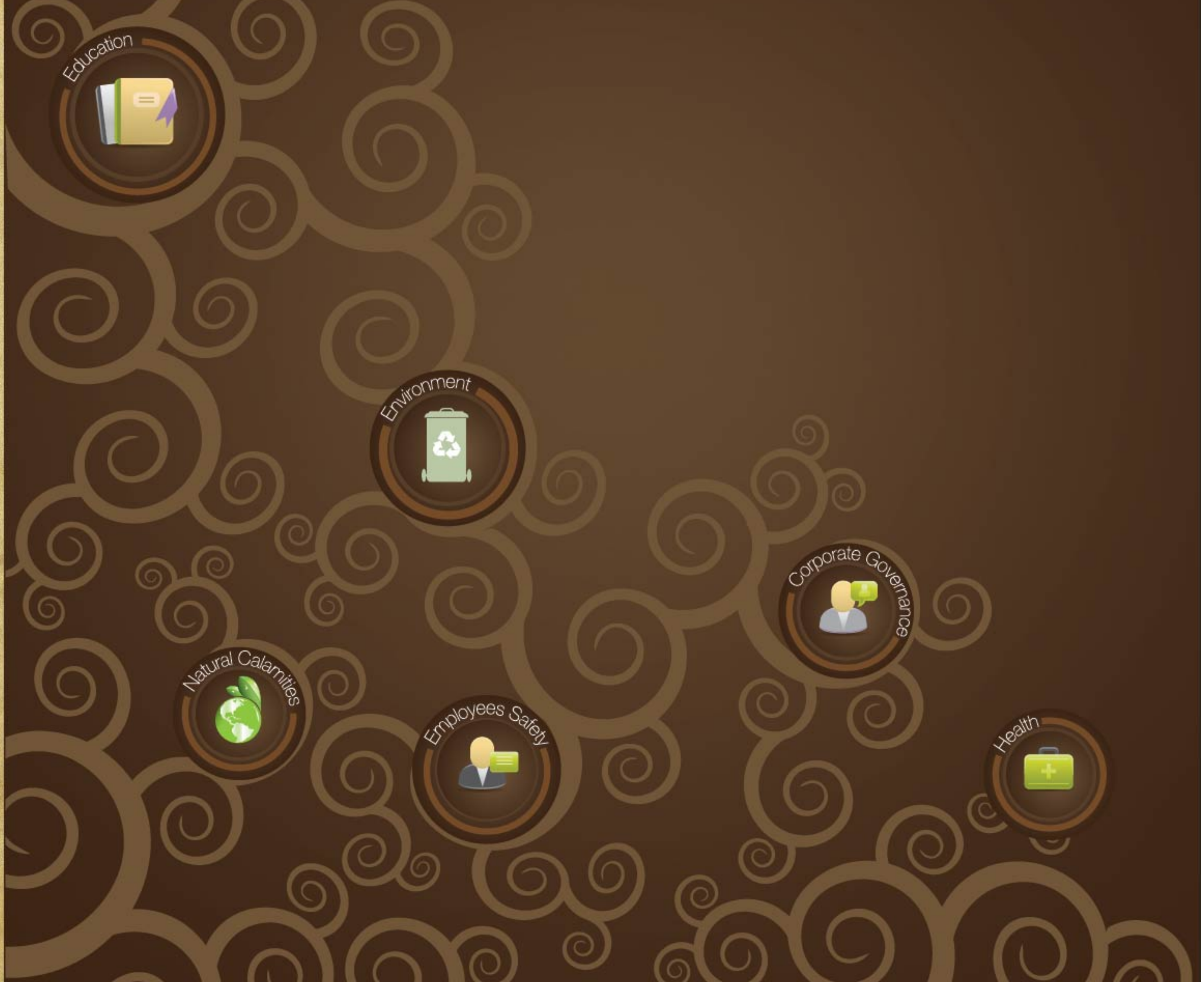
For external initiatives we work in partnership with other sectors to find lasting solutions to some of our economy's most persistent sustainable development challenges. To ensure impact we work closely with our partners to identify appropriate monitoring and evaluation procedures.

Some of the major themes we actively engage with through our initiatives include:

- Education
- Enabling operating environment
- Health
- Culture and Diversity
- The Environment

Corporate Social Responsibility (CSR)

The attitude and commitment of our Group Chairman towards the CSR has guided our Company and its people. At Arif Habib Group, CSR is a way of life and that is why we care about our communities and believe in investing in them. We work with organizations and programs with established results, improving lives around the country. In line with the Sustainability Plan, the Arif Habib Group has supported several noble causes.



Investing in Education

In our pledge to support the Pakistani economy, the Arif Habib Group is dedicated to contributing towards the improvement and development of local educational institutions in order to produce the future leaders of Pakistan.

We believe that improving institutions and providing better access to higher education will be a critical factor in further developing Pakistan's economy in the coming years. Fatima Fertilizers, a group company, has been supporting the Institute of Business Administration (IBA), one of the highest ranked Business & IT institutes in Pakistan and the oldest business school in the world outside of North America. The Group has committed to donate a total of Rs. 50 million (Rs. 25 million from FFCL) to IBA over a period of 5 years.

Arif Habib Corporation Limited has donated an amount of Rs.10 million, being the first installment of the Groups' committed contribution towards the cause of setting up an educational institution of international standard to Habib University Foundation (HUF). HUF is a not-for-profit organization which supports educational initiatives, research and innovation and was established in October 2007 by the House of Habib.

AHCL has also donated an amount of Rs.1.00 million, Rs. 0.50 million and Rs.0.25 million during the year to Lahore City University for building an Art Studio, Pakistan MemonJamaat and Institute of Business Management respectively for educational purposes.

Prior to the current financial year, AHCL had contributed to initiate the Karachi School for Business and Leadership (KSBL) project. This step was taken at a time when a group of Pakistani business and corporate leaders recognized that Karachi, the business and commercial hub of Pakistan, needed a world-class business institution. This dream started to evolve into reality with the founding of the Karachi Education Initiative (KEI), a non-profit organization registered under Section 42 of the Companies Ordinance, with the goal of establishing a top-class, international graduate business school i.e. KSBL, which is envisioned to be a graduate management school that would offer high quality leading-edge programs to the many talented young men and women of this country as well as accept graduates from abroad. For this notable cause, during 2011, AHCL's Board of Directors approved a contribution of Rs. 103 million from and on behalf of the Arif Habib Group towards the construction of this institution. The full-time MBA program commenced in the fall of 2012 and the working professional MBA program will begin in 2014.

Fatima Fertilizers also sponsors the annual Presidential Medal at the Ghulam Ishaq Khan Institute of Engineering Sciences and Technology, one the most prestigious engineering institutes of Pakistan on their Convocation Ceremony. Furthermore, in line with its mission of contributing towards building national talent the group signed a Memorandum of Understanding with the Lahore University of Management Sciences (LUMS), a leading higher education facility in Pakistan. Under the agreement, the Company provides financial support to four National Outreach Program (NOP) scholars, and has pledged to add support for four additional students per annum till the total number of beneficiaries reaches sixteen. The objective of the NOP is to extend the benefits of world-class education to talented students all over Pakistan. The program focuses on identifying financially needy students with exceptional Matriculation and Intermediate results and inducting them into the LUMS Undergraduate Programs (on merit) on full scholarship (which includes free hostel accommodation, living and books allowance).

In order to further aid the creation of superior future business leaders of Pakistan, (AHCL) donated Rs. 300,000 to the All Pakistan Memon Federation for Youth Leadership Development Program.

To demonstrate our commitment to continuously work for improvement in access to primary and secondary education for local communities, Javedan Corporation Limited (JCL), another Group company, allocated Rs. 750,000 to The Citizens' Foundation' (TCF) School. The company also extended operational support to TCF Academic by allocating Rs. 1,875,000 in funds. Fatima Fertilizer Company Limited signed an agreement in 2012 with CARE Foundation for the adoption of 3 Government Primary Schools in Sadiqabad, District Rahim Yar Khan. The foundation is a leading NGO that has pioneered a unique private public sector concept for providing free quality education to the masses. Under the agreement, Fatima Fertilizer will bear all expenses for 3 Government Primary Schools, which will include both infrastructure development and running expenses for a minimum of 15 years. The company also donated Rs. 200,000 to the Khawaja Muhammad Safdar Medical College (Formerly Sialkot Medical College), a public medical college in Sialkot, Pakistan. Fatima Group also makes an annual donation of Rs. 150,000 to the Progressive Education Network in order to assist in the provision of quality education to underprivileged children all over Pakistan.

Other group efforts include Sachal Energy Development (Pvt.) Ltd. which plans to build one school for the local community

Investing in the Enabling Environment

A supportive operating environment for business and industry is essential in creating a healthier economy. At Arif Habib Group, we believe that engagement with media and dialogue, capacity building, contributing to professional development and supporting networking opportunities for business is part of our responsibility to the country.

During the year under review AHCL contributed Rs. 150,000 in order to sponsor the IPO 2012 Conference held on 14th July 2012, organized by South Asian Federation of Exchange. The summit is designed to emerge as the premier IPO meeting place for various promotional IPO companies, financial advisors, underwriters, valuers, lawyers, corporate governance experts and regulators. Being the largest gathering of all IPO constituencies, the summit is expected to be a catalyst for kick-starting a wave of new listings in our domestic market.

AHCL also sponsored the "Investor Awareness Program" organized by The Karachi Stock Exchange Limited in order to educate participants about the stock market and its operations. A total of Rs. 125,000 was contributed for this purpose.

Additionally, the Company has invested Rs. 125,000 in the special issue of The Financial Daily Research's edition on the Karachi Stock Exchange published in 2012. The 'KSE – 100 Index Fundamental Guide' is the 3rd edition of the "Investor Awareness Program Series" of TFD publications and showcases a compilation of the companies listed in the KSE – 100 and their performance over the last five years. The book serves as a comprehensive information portal and encyclopedia for those who seek to make the most of market potential in Pakistan.

Arif Habib Commodities became an Approved Training Employer of Institute of Chartered Accountants in England & Wales (with the current CEO a qualified trainer for ICAEW) as well as and Approved Training Partner for Chartered Institute of Management Accountants in UK, ACCA. Through these efforts we hope to provide training to accountants with the aim to develop professional skills and employment generation in the financial sector. To further participate in professional development in the country the company conscientiously hires interns from renowned educational institutions and provides regular in-house training as well as through external trainers for advanced career development opportunities. The upper management also regularly contributes to business media, helping create awareness in the financial services industry including stock and commodities exchanges and to promote the savings and investment environment in Pakistan.

MCB-Arif Habib Savings and Investments Limited sponsored a car in the Bachat Car Rally (Vintage Cars) for Rs.120,000, which toured the country in January 2013 to promote savings culture in the country.

In order to create a more responsible business environment in the country the group also actively supports dialogue on Corporate Social Responsibly on a national level. The current CEO of Arif Habib Commodities is a member and assessor of the Best Corporate Reporting Committee of the Institute of Chartered Accountants of Pakistan, which conducts annual awards for listed companies based on Best Sustainability Reporting based on CSR Initiatives.

Investing in the Health Sector

We believe that a healthy population is essential to a healthy economy and over the past year the group has played its part in contributing to better health for our staff and the communities in which we work.

Fatima Fertilizer donated Rs. 1,200,000 to the Memon Medical Institute (a project of the Memon Heath & Education Foundation) to assist in achieving their vision of providing accessible and affordable quality healthcare and education to all with dignity, respect and empathy. The company also allocated Rs. 1,000,000 to support the Shaukat Khanum Memorial Cancer Hospital and Research Centre providing comprehensive care free of cost to thousands of indigent cancer patients. Fatima Fertilizer furthermore donated Rs. 48,000 to the Fatimid Foundation, a non-profit pioneer for voluntary blood transfusion services in Pakistan.

Javedan Corporation Limited donated Rs. 200,000 to the Patient's Aid Foundation in addition to investing Rs. 569,409 for the provision of a water purification system for The Citizen's Foundation school. The company also donated Rs. 78,900 to Chhipa Welfare, a local non-profit first aid and paramedic ambulance service.

MCB-Arif Habib Savings and Investments Limited donated Rs.75,000 to the Friends of the Kidney Centre for Kidney Centre Youth Initiative Program (Karachi). The company also supports the Agha Khan University Hospital's patient welfare society through exclusively outsourcing printing of Eid cards to them.

Several group companies also activity donated to Memon Health & Education Foundation during the financial year. (AHCL Rs. 5,000,000. Javedan Corp Rs. 10,000,000.)

Sachal Energy Development (Pvt.) Ltd. as part of its anticipated activities plans to contribute to community health by aiding the provision of basic health services and safe drinking water through financing a dispensary and Water Filtration Plant which will serve both onsite staff and the nearby villages.

AHCL and Aisha Steel Mills Limited (ASML) both organized Blood Donation Drives early in the year and on World Blood Donor Day.

AHCL established a Journalists Welfare Fund which will facilitate the health and education needs of the members of the Karachi Press Club. In this regard, Rs.1.5 million has been committed, of which Rs.1 million will cover the health needs and Rs. 0.5 million will cover the education needs of members of the Karachi Press Club.

Investing in Culture and Diversity

The Arif Habib Group is committed to encouraging and supporting a vibrant local culture, as we believe that it is essential to building identity and national pride.

As a Group operating across the country we have the opportunity to support various cultural and sporting events. Last year MCB-Arif Habib Savings and Investments Limited sponsored "Pawnay Chauda August", a play by Anwar Maqsood for Rs.100, 000 to promote arts and culture. Javedan Corporation Limited contributed Rs. 350,000 to the 5th Dg Rangers Nat Jr. Squash Tournament and AHCL allocated Rs. 30,000 in funds to support the Subh-e-Nau National Tennis Championship in 2012. AHCL also donated Rs. 250,000 to the Rotary Club for the Karachi Spring Festival. ASML, another Group company, allocated Rs. 10,000 to support International Women's Day held on 8th March 2013.

Corporate Governance

Investing in the Environment

We believe that sustainable use of resources lies at the heart of maintaining a healthy environment. The group continuously endeavours to support initiatives to reduce resource consumption and encourage research into renewable energy.

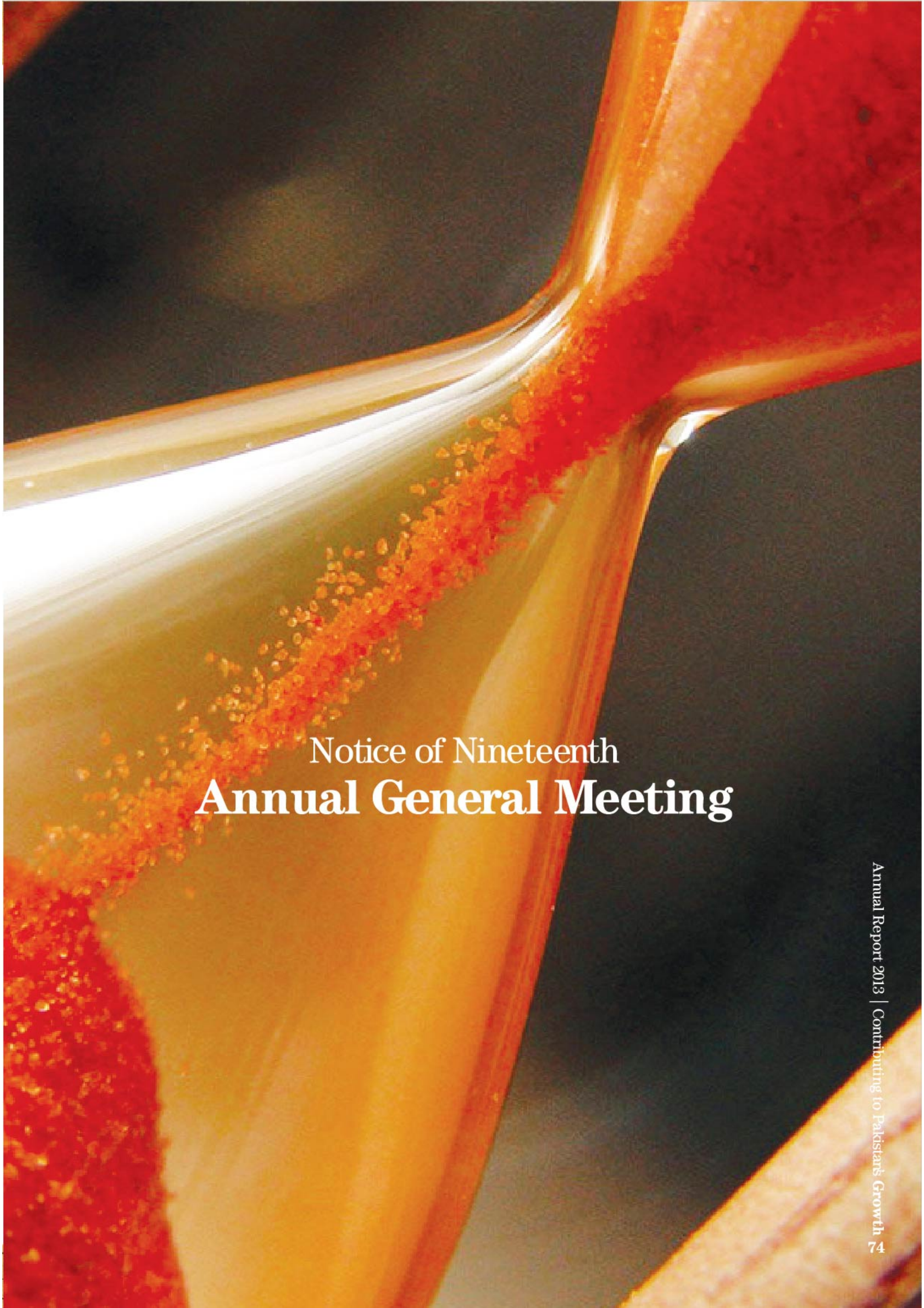
Renewable energy is the future of energy in this country and around the world. The Pakistani economy has been in persistent crisis due to ineffective energy policies and reliance on imported oil. We believe that in order to address the issue indigenous sources of power generation must be enabled and invested in. Sachal Energy Development (Pvt) Ltd (SEDPL) is a special-purpose company that has been acquired to commission and operate a 50 MW wind farm at Jhimpir, Sind on a build, own & operate basis. SEDPL, a wholly owned subsidiary of AHCL and with it we hope to contribute to a more sustainable future for the country's energy needs.
In commitment to the Group's environmental goals, MCB-Arif Habib Savings & Investments Limited has initiated and developed a paperless process within the company as well as for external communications with stakeholders and investors. The system operates through internal e-files and approvals, E-statements for clients, dissemination of monthly Fund Manager's reports through video uploading website Vimeo, uploading quarterly financial statements on the website instead of printed additions, marketing material CDs and reusing envelopes.

Raising awareness around environmental issues and sustainable resource allocation is critical to environmental sustainability. Demonstrating the Group's commitment to this purpose ASML donated Rs. 10,000 for Earth Day, held on 22nd April 2013.

Employees Safety

Targets for the Coming Year

- Continue to support our ongoing projects and commitments
- Management systems and structures put in place to ensure implementation of the strategy
- Comprehensive embedded policy across the group of companies
- Ensure a more robust monitoring and evaluation system for assessing impacts
- Engage with international partnerships and initiatives
- Ensure a more robust partnering practice



Notice of Nineteenth Annual General Meeting

Notice of Nineteenth Annual General Meeting

Notice is hereby given that the Nineteenth Annual General Meeting of the Shareholders of Arif Habib Corporation Limited ("the Company") will be held on Saturday, 21st September, 2013 at 11.00 a.m. at the Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi to transact the following business:

Ordinary Business

1) To confirm minutes of the Eighteenth Annual General Meeting held on 29th September 2012.

2) To receive, consider and adopt annual audited financial statements of the Company together with the Directors' and the Auditors' Reports thereon for the year ended 30th June 2013 together with the Audited Consolidated Financial Statements of the Company and the Auditors' Reports thereon for the year ended 30th June 2013.

3) To appoint the Auditors for the year ending 30th June 2014 and fix their remuneration. The Board of Directors have recommended for reappointment of M/s. KPMG Taseer Hadi & Co., Chartered Accountants as external auditors.

4) To consider and approve final Cash Dividend for the year ended 30th June 2013 at Rs. 2.50 per share i.e. 25% as recommended by the Board of Directors.

5) To elect directors of the Company in accordance with the provisions of Section 178 of the Companies Ordinance, 1984. The number of the directors to be elected has been fixed at seven by the Board of Directors. Names of the present seven directors retiring and eligible to file nominations are as under:

   Mr. Arif Habib, Mr. Nasim Beg, Mr. Asadullah Khawaja, Mr. Samad A. Habib, Mr. Kashif A. Habib, Mr. Muhammad Ejaz, Mr. Kashif Shah

Special Business

6) To consider and if deemed fit to pass the following Special Resolutions with or without modification(s):

Investment in Associated Companies & Associated Undertakings

"**RESOLVED THAT** the consent and approval be and is hereby accorded under Section 208 of the Companies Ordinance, 1984 and "Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012" for the following limit of additional investment in associated companies and associated undertakings subject to the terms and conditions mentioned in the annexed statement under Section 160(1)(b)."

	Rupees in million	
Name of Companies & Undertakings	**Proposed amount for Equity**	**Proposed amount for Loan / Advance**
Javedan Corporation Limited	1,250	1,250
Arif Habib Limited	-	250
Real Estate Modaraba Management Company Limited	-	300
Aisha Steel Mills Limited	750	750
Power Cement Limited (Formerly: Al-Abbas Cement Industries Limited)	300	-
Sachal Energy Development (Pvt.) Limited	1,250	-
Safe Mix Concrete Products Limited	150	150

"**FURTHER RESOLVED** THAT the consent and approval be and is hereby accorded under Section 208 of the Companies Ordinance, 1984 and "Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012" for renewal of equity investments limit upto unutilized portion for which approval had been sought in previous general meeting, in associated companies and associated undertakings as mentioned in the annexed statement under Section 160(1)(b)."

"**FURTHER RESOLVED THAT** the consent and approval be and is hereby accorded under Section 208 of the Companies Ordinance, 1984 and "Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012" for renewal of sanctioned limits of loans and advances for which approval has been sought in previous general meeting, in associated companies and associated undertakings as mentioned in the annexed statement under Section 160(1)(b), whereas the renewal of limits will be in the nature of running finance for a period of one year and shall be renewable in next general meeting(s) for further period(s) of one year."

"FURTHER RESOLVED THAT the Chief Executive Officer and/or the Company Secretary be and are hereby authorized to take and do and/or cause to be taken or done any/all necessary actions, deeds and things which are or may be necessary for giving effect to the aforesaid resolutions and to do all acts, matters, deeds, and things which are necessary, incidental and/or consequential to the investment of the Company's funds as above as and when required at the time of investment."

Any Other Business

7) To consider any other business with the permission of the Chair.

A Statement under Section 160(1)(b) of the Companies Ordinance 1984 pertaining to the special business is given from page No. 205 to 230.

By order of the Board

Karachi; 31st August 2013

Company Secretary

Notes:

1. Share transfer books of the company will remain closed from 13th September, 2013 to 21st September, 2013 (both days inclusive). Transfers received in order at the office of our registrar: M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi, by the close of business on Thursday, 12th September, 2013 will be treated in time for the determination of entitlement of shareholders to cash dividend and to attend and vote at the meeting.

2. A member entitled to attend and vote at the meeting may appoint another member as his / her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.

3. Procedure including the guidelines as laid down in Circular No. I- Reference No. 3(5-A) Misc/ARO/LES/96 dated 26th January 2000 issued by Securities & Exchange Commission of Pakistan:

(i) Members, proxies or nominees shall authenticate their identity by showing their original national identity card or original passport and bring their folio numbers at the time of attending the meeting.

(ii) In the case of corporate entity, Board of Directors' resolution/power of attorney and attested copy of the CNIC or passport of the nominee shall also be produced (unless provided earlier) at the time of meeting.

(iii) In order to be effective, the proxy forms must be received at the office of our registrar not later than 48 hours before the meeting, duly signed and stamped and witnessed by two persons with their names, address, NIC numbers and signatures.

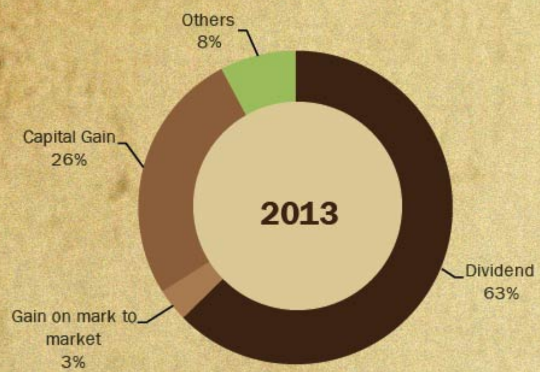
(iv) In the case of individuals, attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.

(v) In the case of proxy by a corporate entity, Board of Directors resolution/power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted alongwith proxy form.

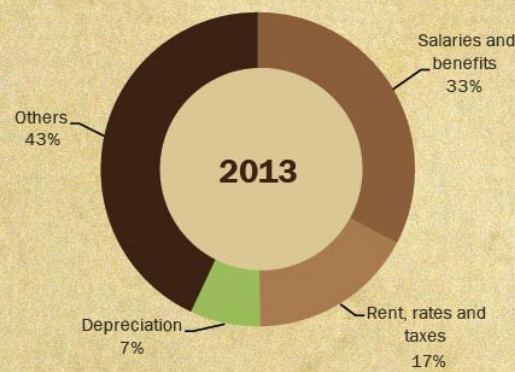
4. Members are requested to promptly notify any change in address by writing to the office of the registrar.

AHCL at a Glance

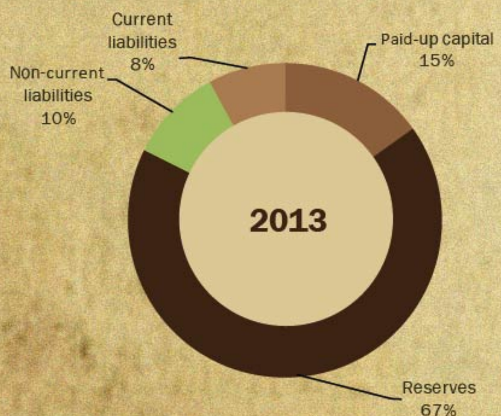
Operating Revenue



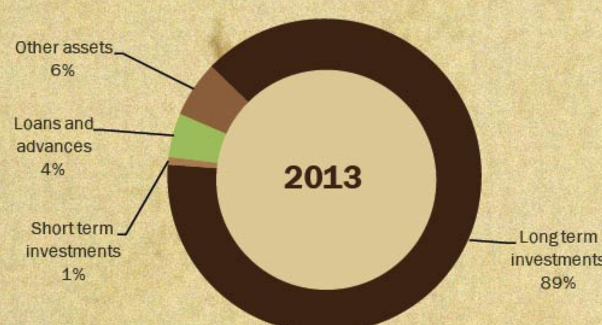
Operating and administrative expenses



Equity and Liabilities



Assets



Key Figures and Highlights

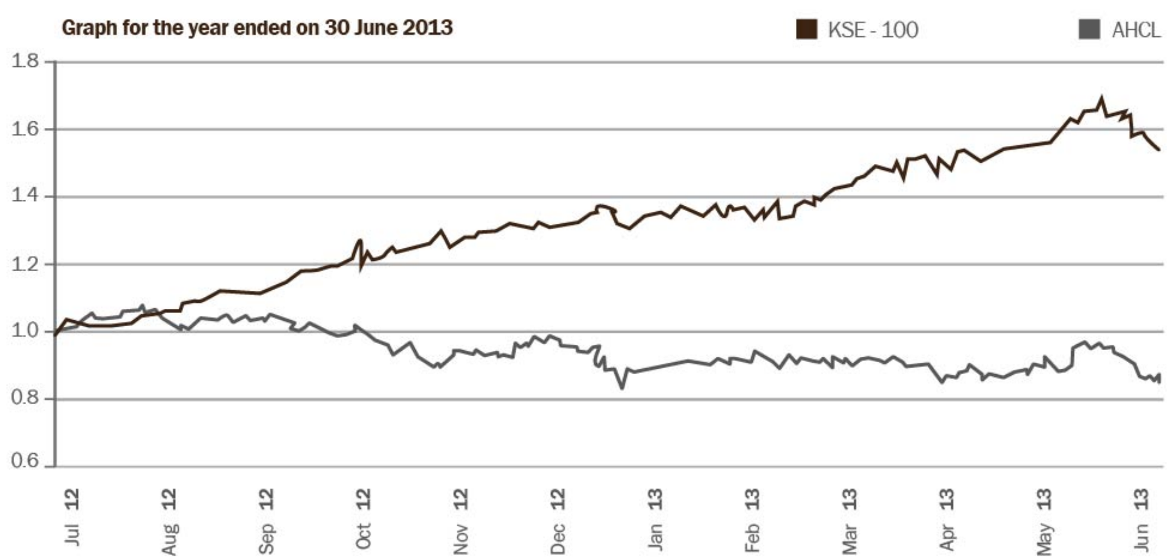
	2013	2012
Total revenue (Rs. in million)	2,033.22	4,417.37
Profit after tax (Rs. in million)	1,365.74	4,254.31
EBITDA (Rs. in million)	1,813.11	4,302.87
Total Assets (Rs. in million)	29,970.12	30,070.46
Total Equity (Rs. in million)	24,684.53	24,245.02
Net assets per share (Rs. in million)	54.40	58.78
Return on equity% (Rs. in million)	5.58%	18.76%
Dividend payout ratio (%) (Rs. in million)	83.06%	38.78%
Market capitalization (Year-end - Rs. in million)	10,055.10	12,758.63
Number of shareholders (No. of individuals)	7,198	7,581
Market price per share (year end) (Rs)	22.16	30.93
Earnings per share (Rs)	3.01	9.38

Financial & Business Highlights

six years at a glance

Year ended June 30	**2013**	2012	2011	2010	2009	2008
	Rupees in million					
Profit and Loss Account						
Total revenue	2,033.22	4,417.37	4,318.49	4,189.37	(498.42)	9,678.94
Operating & administrative expenses	(226.99)	(122.38)	(993.30)	(129.99)	(1,180.05)	(93.31)
Finance cost	(292.03)	(300.76)	(177.12)	(229.46)	(456.11)	(71.41)
Operating profit	1,806.23	4,295.00	3,303.12	3,961.96	(1,678.47)	9,585.64
Profit / (loss) before tax	1,514.20	3,994.23	3,148.07	3,732.50	(2,134.59)	9,514.23
Profit / (loss) after tax	1,365.74	4,254.31	2,840.48	3,798.47	(2,768.93)	7,970.82
EBITDA	1,813.11	4,302.87	3,334.17	3,972.39	(1,676.73)	9,586.85
Balance Sheet						
Share capital	4,537.50	4,125.00	3,750.00	3,750.00	3,750.00	3,000.00
Reserves	20,147.03	20,120.02	17,361.65	16,034.15	12,385.32	16,049.92
Property and equipment	39.59	46.21	53.33	61.15	72.16	28.30
Long term investments	26,649.85	26,596.46	23,840.73	19,535.27	16,544.54	17,343.81
Current assets	2,777.40	3,424.82	1,787.87	3,791.01	5,302.27	5,905.42
Current liabilities	2,375.15	2,336.02	1,480.77	720.69	2,833.46	1,917.48
Deferred liabilities	2,910.45	2,832.88	3,092.02	2,883.40	2,950.23	2,310.18
Total assets	29,970.12	30,070.46	25,684.45	23,388.23	21,919.00	23,277.58
Total liabilities	5,285.59	5,825.44	4,572.80	3,604.08	5,783.69	4,227.65
Ratios						
Performance						
Return on equity (%)	5.58%	18.76%	13.89%	21.15%	(15.74%)	42.94%
Return on Assets (%)	4.55%	15.26%	11.58%	16.77%	(12.25%)	36.79%
Return on capital employed (%)	6.55%	15.49%	13.74%	17.48%	(13.57%)	44.88%
Income / expense ratio (x)	5.77	36.09	1.92	12.59	1.88	5.61
Earning Asset/Total Asset Ratio (%)	96.24%	97.17%	96.96%	97.83%	88.39%	81.18%
Leverage						
Financial Leverage Ratio (%)	21.41%	24.03%	21.66%	18.22%	38.84%	22.19%
Weighted average cost of debt (%)	11.25%	12.32%	14.67%	15.93%	18.07%	18.41%
Debt: Equity ratio (%)	2.66%	2.71%	-	-	-	-
Interest cover ratio (x)	6.19	14.28	18.77	17.27	(3.68)	134.23

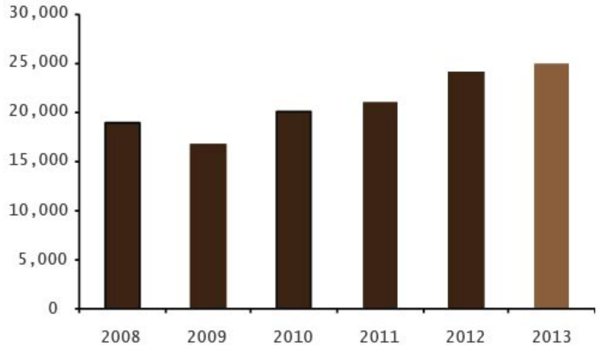
Year ended June 30	**2013**	2012	2011	2010	2009	2008
Liquidity						
Current ratio (x)	1.17	1.47	1.21	5.26	1.87	3.08
Cash to current liabilities (%)	4.09%	0.48%	0.58%	1.03%	0.66%	1.21%
Valuation						
Price earning ratio (x)	7.36	3.30	3.82	3.28	(3.64)	5.84
Break-up value per share (PKR)	54.40	58.78	56.30	52.76	43.03	63.50
Cash dividend per share (PKR)	2.5*	2.0	2.0	-	-	1.50
Specie dividend per share (PKR)	-	1.0	-	3.00	-	1.00
Dividend Declared (%)	25%	40%	30%	30%	-	25%
Dividend yield (%)	11.28%	12.93%	11.41%	9.02%	0.00%	1.55%
Dividend payout ratio (%)	83.06%	38.78%	39.61%	34.59%	0.00%	24.27%
Dividend cover ratio (x)	1.20	2.58	2.52	2.89	-	4.05
Bonus shares issued (%)	-	10.00%	10.00%	0.00%	0.00%	25.00%
Market value per share (end of year) (PKR)	22.16	30.93	26.30	33.27	26.88	161.48
High (during the year) (PKR) (KSE)	29.11	36.09	35.65	54.80	160.40	201.40
Low (during the year) (PKR) (KSE)	22.01	20.72	18.84	26.01	17.64	112.70
Earnings Per Share (PKR)	3.01	9.38	6.89	10.13	(7.38)	27.66
*Proposed						
Shareholders' Return						
Arif Habib Corporation Limited - annual total return (%)	(16.01%)	36.43%	(10.15%)	20.15%	(78.27%)	39.00%
Karachi Stock Exchange 100 Index - annual return (%)	52.20%	22.41%	28.53%	35.74%	(37.97%)	(10.00%)
Shareholders' return differential: AHCL-KSE-100 Index (%)	(68.26%)	14.02%	(38.68%)	(15.59%)	(40.30%)	49.00%



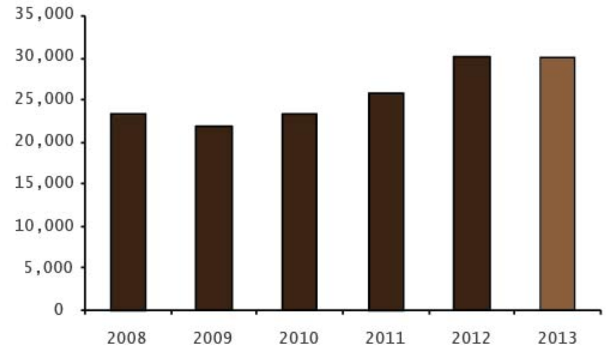
Source: Bloomberg, Arif Habib Limited, Equity Research Division

Graphical Representation

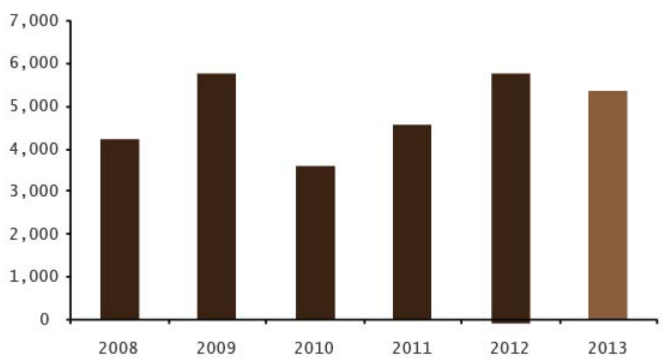
Shareholder equity **Rupees in million**



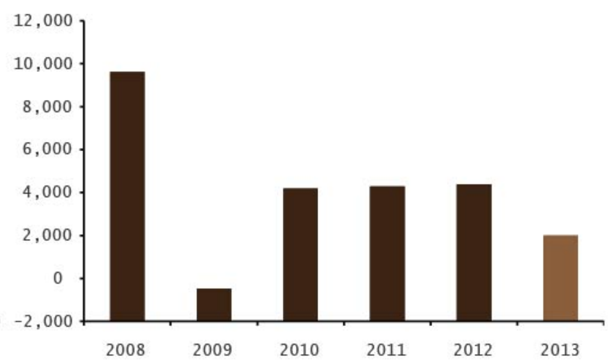
Total assets **Rupees in million**



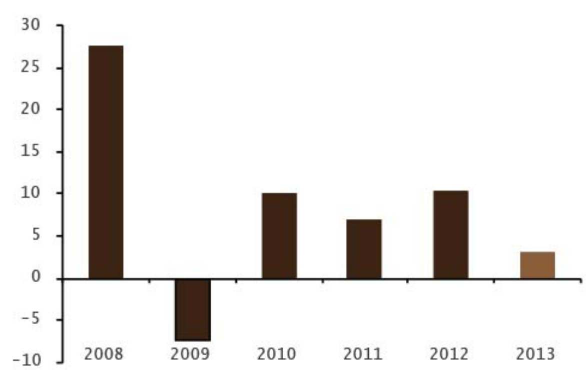
Total Liabilities **Rupees in million**



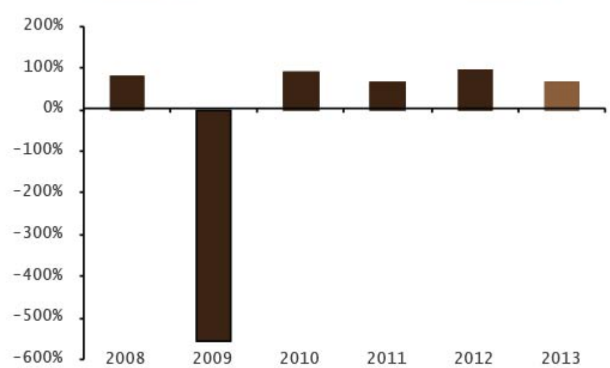
Net turnover **Rupees in million**



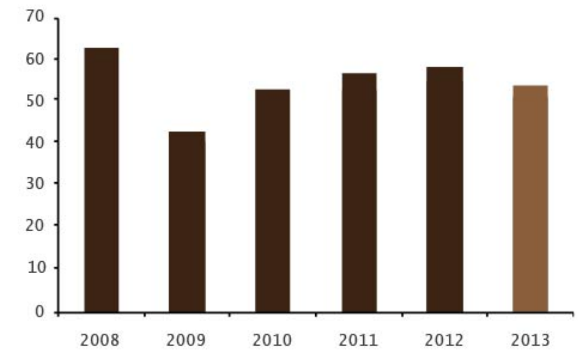
Earning per Share **Rupees**



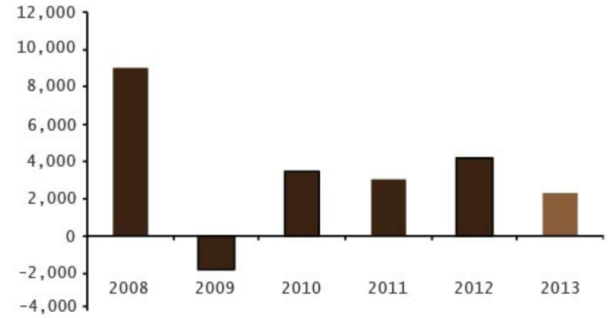
Net Margin **Percentage**



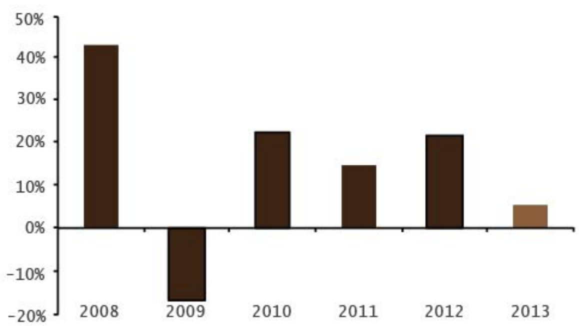
Break-up value per share **Rupees**



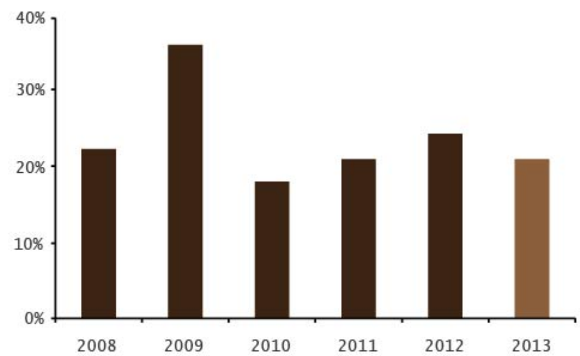
Profit after tax **Rupees in million**



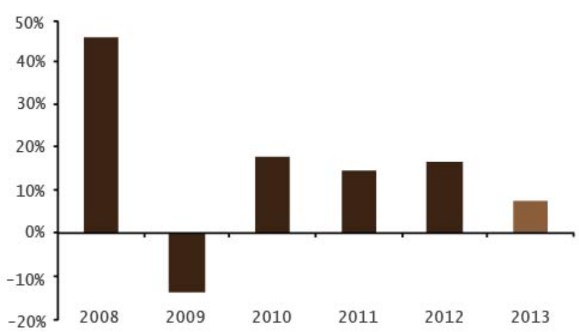
Return on equity **Percentage**



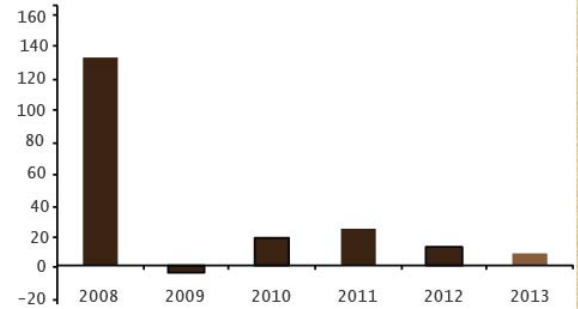
Financial leverage ratio **Percentage**



Return on capital employed **Percentage**



Interest cover ratio **Times**



Horizontal Analysis Of Financial Statements

	2013	%Δ YoY 2013-12	2012	%Δ YoY 2012-11	2011	%Δ YoY 2011-10
Balance Sheet						
Total equity	24,684.5	1.8	24,245.0	14.8	21,112.0	6.7
Total non-current liabilities	2,910.4	(16.6)	3,489.4	12.9	3,092.0	7.2
Total current liabilities	2,375.1	1.7	2,336.0	57.7	1,481.0	105.5
Total equity and liabilities	29,970.1	(0.3)	30,070.5	17.1	25,685.0	9.8
Total non-current assets	27,192.7	2.1	26,645.6	11.5	23,897.0	21.9
Total current assets	2,777.4	(18.9)	3,424.8	91.5	1,788.0	(52.8)
Total assets	29,970.1	(0.3)	30,070.5	17.1	25,685.0	9.8
Profit and Loss Account						
Total revenue	2,033.0	(54.0)	4,417.0	1.1	4,368.1	4.3
Operating and administrative expenses	(95.1)	11.4	(85.3)	22.9	(69.4)	(46.6)
Impairment reversal/(loss) on investments	125.4	-	-	-	(995.5)	-
Operating profit / (loss)	2,063.4	(52.4)	4,331.6	31.1	3,303.1	(18.6)
Other incomes / (charges) - net	(257.2)	601.8	(36.6)	(266.0)	22.1	
Finance cost	(292.0)	(2.9)	(300.8)	69.8	(177.1)	(22.8)
Profit / (loss) before tax	1,514.2	(62.1)	3,994.2	26.9	3,148.1	(17.8)
Taxation	(148.5)	(157.1)	260.1	(184.6)	(307.6)	(566.3)
Profit / (loss) after tax	1,365.7	(67.9)	4,254.3	49.8	2,840.5	(27.1)

	2010	%Δ YoY 2010-09	2009	%Δ YoY 2009-08	2008
Balance Sheet					
Total equity	19,784.2	22.6	16,135.3	3.9	19,049.9
Total non-current liabilities	2,883.4	(2.3)	2,950.2	24.8	2,310.2
Total current liabilities	720.7	(74.6)	2,833.5	(62.4)	1,917.5
Total equity and liabilities	23,388.2	6.7	21,919.0	0.5	23,277.6
Total non-current assets	19,597.2	17.9	16,616.7	12.8	17,372.2
Total current assets	3,791.0	(28.5)	5,302.3	(35.8)	5,905.4
Total assets	23,388.2	6.7	21,919.0	0.5	23,277.6
Profit and Loss Account					
Total revenue	4,189.4	(940.5)	(498.4)	(105.1)	9,678.9
Operating and administrative expenses	(130.0)	(23.0)	(168.9)	81.0	(93.3)
Impairment reversal / (loss) on investments	-	-	(1,011.2)	-	-
Operating Profit / (loss)	4,059.4	(341.8)	(1,678.5)	(117.5)	9,585.6
Other incomes / (charges) - net	-				
Finance cost	(229.5)	(49.7)	(456.1)	538.7	(71.4)
Profit / (loss) before tax	3,829.9	(279.4)	(2,134.6)	(122.4)	9,514.2
Taxation	66.0	(110.4)	(634.3)	(58.9)	(1,543.4)
Profit / (loss) after tax	3,895.9	(240.7)	(2,768.9)	(134.7)	7,970.8

Vertical Analysis Of Financial Statements

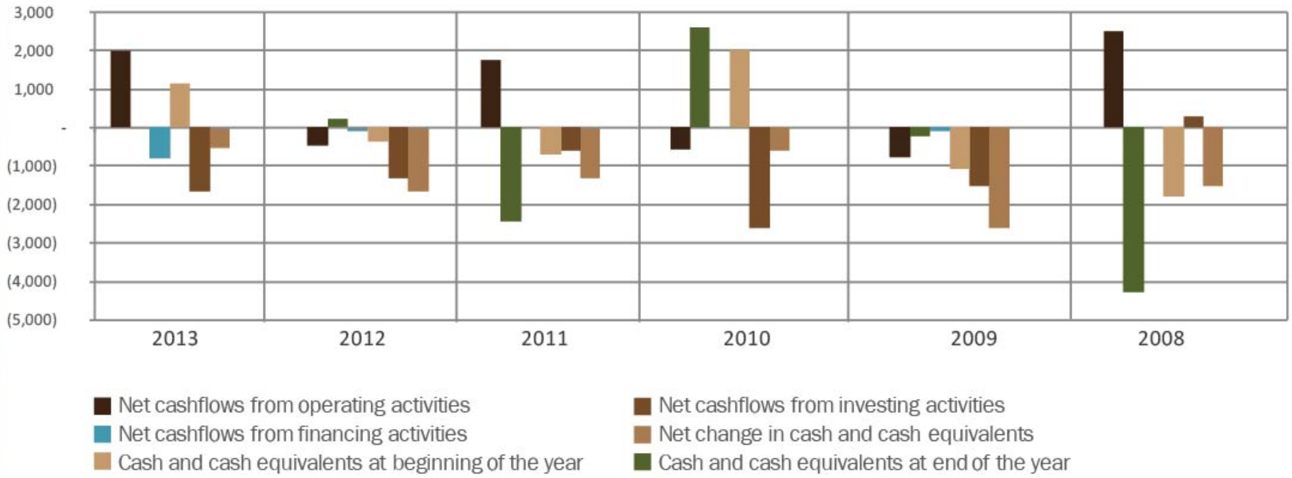
	2013		2012		2011	
	Rupees in million	%	Rupees in million	%	Rupees in million	%
Balance Sheet						
Total equity	24,684.5	82.4	24,245.0	80.6	21,112.0	82.2
Total non-current liabilities	2,910.4	9.7	3,489.4	11.6	3,092.0	12.0
Total current liabilities	2,375.1	7.9	2,336.0	7.8	1,481.0	5.8
Total equity and liabilities	29,970.1	100.0	30,070.5	100.0	25,685.0	100.0
Total non-current assets	27,192.7	90.7	26,645.6	88.6	23,897.0	93.0
Total current assets	2,777.4	9.3	3,424.8	11.4	1,788.0	7.0
Total assets	29,970.1	100.0	30,070.5	100.0	25,685.0	100.0
Profit and Loss Account						
Total revenue	2,033.0	100.0	4,417.0	100.0	4,368.1	100.0
Operating and administrative expenses	(95.1)	(4.7)	(85.3)	(1.9)	(69.4)	(1.6)
Impairment reversal / (loss) on investments	125.4	6.2	-	-	(995.6)	(22.8)
Operating profit / (loss)	2,063.4	101.5	4,331.6	98.1	3,303.1	75.6
Other incomes / (charges) - net	(257.2)	(12.6)	(36.6)	(0.8)	22.1	0.5
Finance cost	(292.0)	(14.4)	(300.8)	(6.8)	(177.1)	(4.1)
Profit / (loss) before tax	1,514.2	74.5	3,994.2	90.4	3,148.1	72.1
Taxation	(148.5)	(7.3)	260.1	5.9	(307.6)	(7.0)
Profit / (loss) after tax	1,365.7	67.2	4,254.3	96.3	2,840.5	65.0

	2010		2009		2008	
	Rupees in million	%	Rupees in million	%	Rupees in million	%
Balance Sheet						
Total equity and minority interest	19,784.2	84.6	16,135.3	73.6	19,049.9	81.8
Total non-current liabilities	2,883.4	12.3	2,950.2	13.5	2,310.2	9.9
Total current liabilities	720.7	3.1	2,833.5	12.9	1,917.5	8.2
Total equity and liabilities	23,388.2	100.0	21,919.0	100.0	23,277.6	100.0
Total non-current assets	19,597.2	83.8	16,616.7	75.8	17,372.2	74.6
Total current assets	3,791.0	16.2	5,302.3	24.2	5,905.4	25.4
Total assets	23,388.2	100.0	21,919.0	100.0	23,277.6	100.0
Profit and Loss Account						
Total revenue	4,189.4	100.0	(498.4)	100	9,678.9	100.0
Operating and administrative expenses	(130.0)	(3.1)	(168.9)	33.9	(93.3)	(1.0)
Impairment reversal / (loss) on investments	-	-	(1,011.2)	202.9	-	-
Operating profit / (loss)	4,059.4	96.9	(1,678.5)	336.8	9,585.6	99.0
Other incomes / (charges) - net	-	-	-	-	-	-
Finance cost	(229.5)	(5.5)	(456.1)	91.5	(71.4)	(0.7)
Profit / (loss) before tax	3,830.0	91.4	(2,134.6)	428	9,514.2	98.3
Taxation	66.0	1.6	(634.3)	127.3	(1,543.4)	(15.9)
Profit / (loss) after tax	3,895.9	93.0	(2,768.9)	555.5	7,970.8	82.4

Summary Of Cashflow Statement

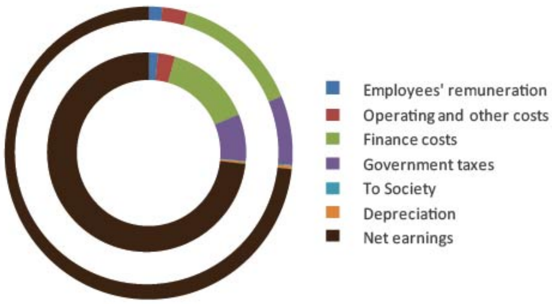
Year ended June 30

Rupees in million

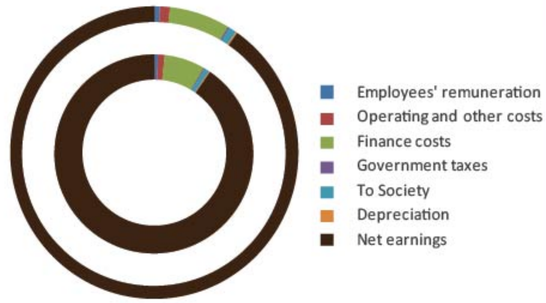


	2013	2012	2011	2010	2009	2008
	Rupees in million					
Net cashflows from operating activities	1,981.72	(464.90)	1,963.26	(588.84)	(763.37)	2,482.02
Net cashflows from investing activities	(34.08)	202.74	(2,669.35)	2,589.89	(223.84)	(4,287.02)
Net cashflows from financing activities	(825.00)	(93.45)	-	-	(110.21)	-
Net change in cash and cash equivalents	1,122.64	(355.61)	(706.08)	2,001.05	(1,097.43)	(1,805.00)
Cash and cash equivalents at beginning of the year	(1,674.50)	(1,318.89)	(612.81)	(2,613.86)	(1,516.43)	288.57
Cash and cash equivalents at end of the year	(551.86)	(1,674.50)	(1,318.89)	(612.81)	(2,613.86)	(1,516.43)

Statement Of Value Added And Its Distribution



2013

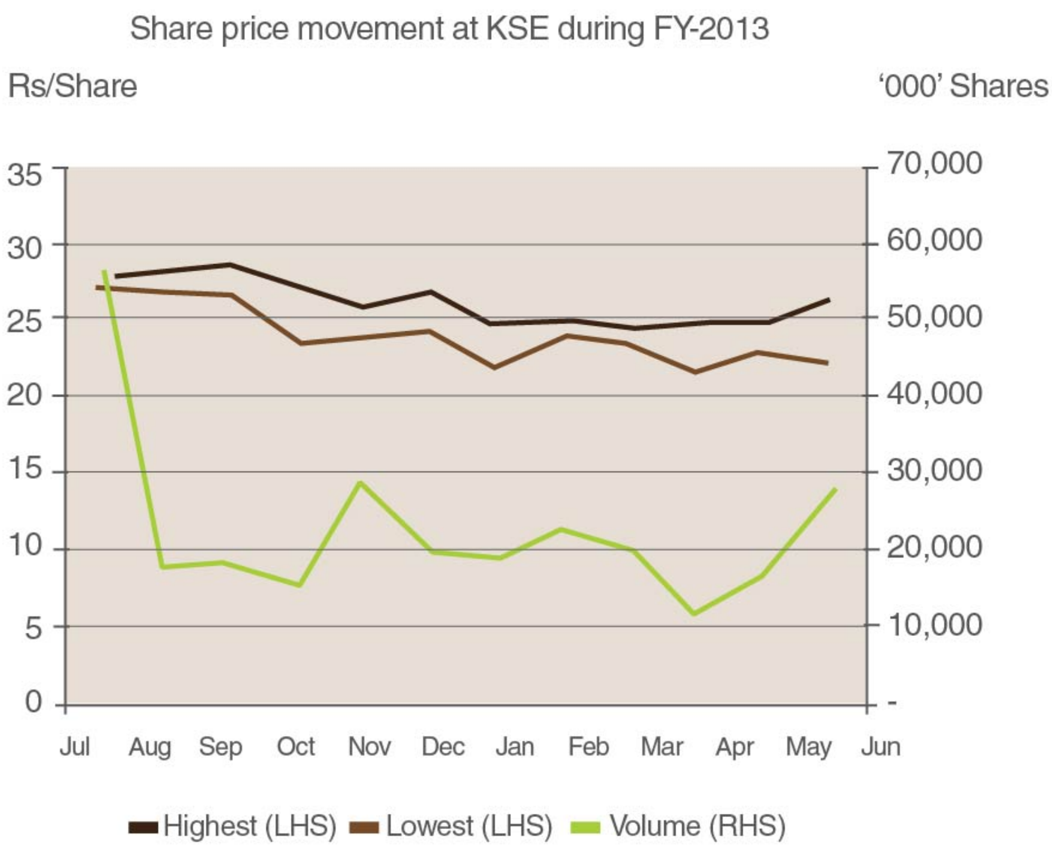


2012

	2013		2012	
	Rupees in million	%	Rupees in million	%
Value Added				
Operating revenue	2,033.02	100.00	4,416.97	100.00
Distributed As Follows				
Employees' remuneration	31.14	1.53	27.46	0.62
Operating and other costs	57.03	2.81	50.00	1.13
Finance costs	292.03	14.36	300.76	6.81
Government taxes	154.72	7.61	8.66	0.20
To Society	2.80	0.14	37.05	0.84
Retained within the business:				
Depreciation	6.88	0.34	7.87	0.18
Net earnings	1,488.42	73.21	3,985.16	90.22
	1,495.30	73.55	3,993.03	90.40
	2,033.02	100.00	4,416.97	100.00

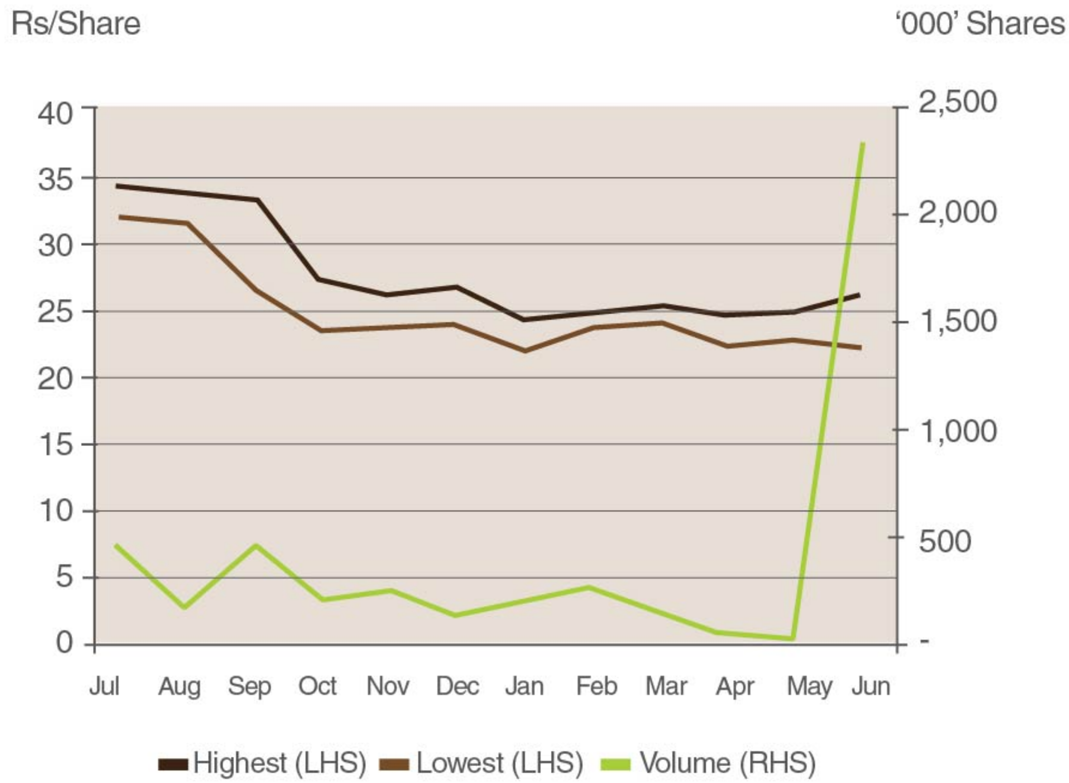
Share Price / Volume Analysis

Month	Highest	Lowest	Volume
AHCL Share Price on the KSE			
July-12	29.11	27.31	58,306,599
August-12	28.36	27.14	17,350,850
September-12	28.32	26.51	18,225,900
October-12	27.23	23.55	16,135,500
November-12	26.01	23.80	27,695,500
December-12	26.30	24.01	18,858,000
January-13	24.27	22.01	19,253,500
February-13	24.99	23.82	21,897,000
March-13	24.61	23.74	20,591,500
April-13	24.52	22.05	11,618,000
May-13	24.92	22.66	16,173,000
June-13	26.16	22.16	27,836,000



Month	Highest	Lowest	Volume
AHCL Share Price on the LSE			
July-12	34.35	32.2	468,854
August-12	33.3	31.75	157,000
September-12	33.1	26.5	483,500
October-12	27.25	23.4	209,000
November-12	25.96	23.8	239,000
December-12	26.5	23.96	138,500
January-13	24.3	22	210,500
February-13	24.95	23.8	259,500
March-13	25.2	24	126,000
April-13	24.5	22.33	35,000
May-13	25.01	22.66	24,500
June-13	26.26	22.16	2,362,000

Share price movement at LSE during FY-2013



Comments on Financial Performance

Operating Revenues

Following stability in the capital markets post 2009, the Companyachieved a stable stream of operating revenues, which increased to Rs. 4.4 billion during last financial year. However, during the current year, revenues dropped to Rs. 2.0 billion primarily owing to lower specie dividend income and lower mark to market gains. The Company has earned dividend income of Rs. 1.2 billion (including specie dividend of Rs. 312.4 million of specie dividend) during the current year vis-à-vis Rs. 2.1 billion (including specie dividend of Rs. 1,472.98 million of specie dividend) earned during the last year. Key rationale of the decline is dearth of specie dividend income from Pakarab Fertilizer during the current year.

Finance Cost & Interest Cover

Amid rally in the market during last quarter of the current year, the Company recorded a gain on short term investments and offloaded a significant portion of the market portfolio in the last quarter. Correspondingly, short term borrowings were repaid in tandem due to less short term financing requirements. Resultantly, finance cost dropped slightly to Rs. 292 million from Rs. 301 million during the last year. Despite drop in profitability, the Company has ample capacity to pay interest cost and Interest Cover stands at a decent level of 6.2x.

Profit after Tax

Impact of drop in operating revenues trickled down to the bottom line. However, the Company succeeded to post earnings of Rs. 1.4 billion during the current year translating to EPS of Rs. 3.01.

Comments on the results of financial position

Long Term Investments

The Company has invested in a mix of sound businesses diversified across the major industries of the economy. Long term investment portfolio of the Company flourished with five year CAGR (during 2008-2013) of 8.96% and currently stands at Rs. 26.6 billion. This growth is in addition of realized capital gains and dividend income earned during the same period.

Total Assets

Currently, total asset base of the Company stands at Rs. 30.0 billion, grew from Rs. 23.3 billion during last five years. This translated in to average growth rate of 5.29% during the same period.

Shareholders' Equity

With triumphant investment history of the Company, the Company exhibited healthy equity base. Shareholders' equity grew on average by 5.32% during the last five years. Reiteratively, the growth rate in equity is in addition to earnings distributed to the shareholders as dividends.

Financial Leverage

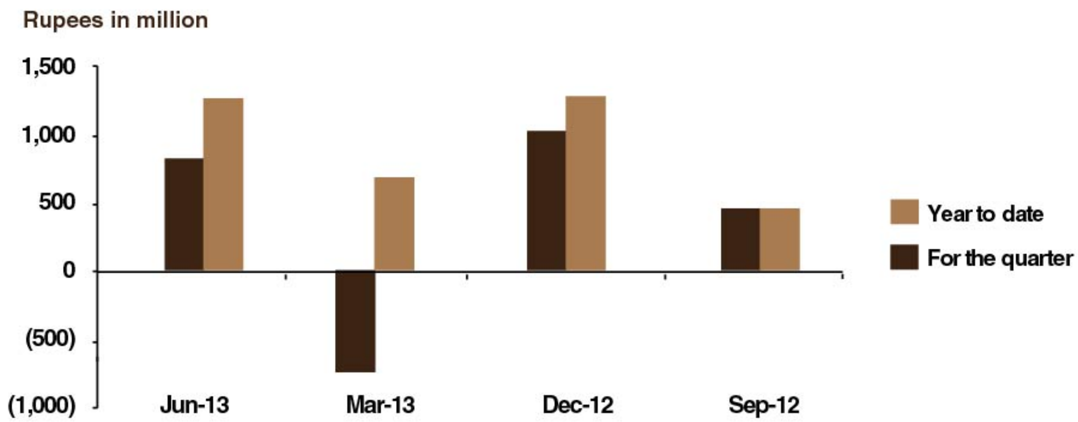
Sound balance sheet strategy of the Company has been witnessed in optimal use of financial leverage. Financial leverage ratio of the Company hovered in the range of 20-25%. At the end of current year, the ratio stands at 21.4%.

Liquidity Management

The Company has efficiently managed liquidity which reflects in sound short term solvency ratios. Current ratio of the Company has been consistently standing above 1.0x demonstrates sufficient capacity to pay short term obligations. Currently, current ratio of the Company arrives at 1.17.

Analysis of Quarterly Results

Net Profit / (Loss)				
	Jun-13	Mar-13	Dec-12	Sep-12
For the quarter	791,961,084	(790,821,835)	969,429,557	395,176,123
Year to date	1,365,744,929	573,783,845	1,364,605,680	395,176,123



Volatility in quarterly earnings is primarily due to operating revenues being dependent on capital market conditions which are beyond the control of the management. Moreover, dividend income is inherently seasonal as dividend announcements are generally made periodically and accrued as income by AHCL through a consistently followed accounting policy.

Operating revenues:

During the 1st quarter of the year under review, the company earned 28% of its operating revenue for the year primarily due to dividend income and realized capital gains. The highlight of the 2nd quarter was gain on re-measurement which constituted 97% of the operating revenue for the quarter and contributed 47% to the topline for the year. Mark to market losses on associated Fatima Fertilizer Company Limited had a significant adverse effect on the company's profitability. Despite the fact that 65% of the year's dividend income was earned during the 3rd quarter, mark to market losses led to revenues being inked in red and the quarters' contribution stood at a negative 29%. The equity market bounced back in the last quarter of the financial year which contributed 55% to the year's revenues. Mark to market gains, coupled with capital gain on sale of securities, had a cumulative contribution of 95% to operating revenues for the quarter.

Operating & other expenses:

Operating expenses were evenly spread throughout the four quarters where the 2nd quarter emerged as the most efficient, contributing 21% to operating expenses for the year while the 4th quarter had the highest contribution of 30%. Other charges were largely incurred during the 4th quarter as the management deemed it prudent to book a provision under the head of Workers Welfare Fund(Refer Note 24.1).

Finance costs:

Finance costs incurred in the last quarter were relatively lower as the company's realized capital gains on investments leading to a decline in short term borrowing. Gradual decline in interest rates through the year also contributed to sequential declines in financial costs particularly in the 2nd and the 4th quarter. That said, finance costs were largely accrued evenly during the year under review.

Profit after tax:

The company's profitability primarily followed the quarterly trends witnessed in operating revenues with 29% of net income earned during the 1st quarter. The 2nd quarter emerged as the best performing, contributing 71% to profitability as 47% of operating revenues and the lowest proportion of operating expenses were witnessed in the said quarter.

Shareholders' Information

Registered & Corporate Office

Arif Habib Centre
23, M.T. Khan Road
Karahi-74000
Tel: (021)32460717-9 Fax No: (021)32429653, 32468117
Email: info@arifhabibcorp.com
Website: www.arifhabibcorp.com

Share Registrar Office

Central Depository Company of Pakistan
Share Registrar Department
CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi
Tel: (021) 111-111-500 Toll Free:0800-23275
Fax: (021)34326053
URL: www.cdcpakistan.com
Email: info@cdcpak.com

Listing on Stock Exchanges

AHCL equity shares are listed on all stock exchanges of Pakistan i.e. Karachi Stock Exchange (KSE), Lahore Stock Exchange (LSE) and Islamabad Stock Exchange (ISE).

Stock Code

The stock code for dealing in equity shares of the Company at the stock exchanges is AHCL.

Investor Service Centre

AHCL share department is operated by Central Depository Company of Pakistan (CDC) Registrar Services. It also functions as an Investor Service Centre and has been servicing nearly 7,200 shareholders. The Investor Service Centre is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registration function. Team is headed by Mr. Abdus Samad at Registrar Office and Company Secretary at AHCL Registered Office.

For assistance, shareholders may contact either the Registered Office or the Share Registrar Office.

Contact Persons:

Mr. Manzoor Raza	Mr. Hasnain Ather
Tel:(021)32467456	Tel: (021) 111-111-500
Email: manzoor.raza@arifhabibcorp.com	Email: hasnain_athar@cdcpak.com

Statutory Compliance

During the year the Company has complied with all applicable provisions, filled all returns/forms and furnished all the relevant information as required under the Companies Ordinance, 1984 and allied laws and rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the Listing Regulations.

Cash Dividend Announcement

A final Cash Dividend for the year ended 30th June 2013 at Rs. 2.50 per share i.e. 25% has been recommended by the Board of Directors.

Book Closure Dates

The Share Transfer Books of the Company will be closed from 13th September, 2013 to 21st September, 2013 (both days inclusive). Transfers received in order at the office of our Share Registrar M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi at the close of the business on Thursday, 12th September, 2013, will be considered in time for the determination of entitlement of shareholders to cash dividend and to attend and vote at the meeting.

Dispatch of dividend warrants / Allotment of bonus shares

Subject to the approval by members in the AGM, the company expects to dispatch the final dividend warrants on or before 21st October 2013, being the statutory limit of 30 days from the date of General Meeting in which the dividend is approved.

Legal Proceedings

No case has ever been filed by shareholders against the Company for non-receipt of share / dividend.

General Meetings & Voting Rights

Pursuant to Section 158 of the Companies Ordinance, 1984, AHCL holds a General Meeting of Shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all the shareholders at least 21 days before the meeting and also published in at least one English and one Urdu newspaper having circulation in all provinces.

Proxies

Pursuant to Section 161 of the Companies Ordinance, 1984 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote a General Meeting of the Company can appoint another member as his / her proxy to attend and vote at the meeting. Every notice calling a General Meeting of the Company contains a statement that shareholder entitled to attend and vote is entitled to appoint a proxy.

The instrument appointing proxy, duly signed by the shareholder should be deposited at the office of the Share Registrar of the Company not less than 48 hours before the meeting.

Web Presence

The website of the company has been redesigned to give an investor friendly look. Further, the website has been updated in accordance with SRO 25(I)/2012 of SECP dated 16th January 2012. Updated information about the Company and its affiliates can be accessed at AHCL website, www.arifhabibcorp.com

Shareholding Pattern

The shareholding pattern of the equity share capital of the Company as on 30th June 2012 alongwith categories of shareholders are given on page No. 61 to 64 of this report.

Corporate Memberships

Enjoying the status of being one of the most diversified Corporate entities, AHCL has associated itself with some well-reputed professional bodies to further strengthen its management practices. These institutions include:

Pakistan Institute of Corporate Governance

Good corporate governance is an essential pre-requisite for the integrity and credibility of any company. It builds greater confidence and trust by ensuring transparency, fairness and accountability with respect to shareholders and other stakeholders. Giving due importance to this objective, AHCL has obtained corporate membership of the Pakistan Institute of Corporate Governance (PICG). The PICG aims to becoming the leading provider of knowledge about best practices in corporate governance to all key stakeholders involved in or affected by corporate governance with the objective of bringing about national economic and social transformations by improving the quality of corporate governance in Pakistan that are comparable with the best global practices in good governance. PICG is involved in training and education, creating awareness, undertaking research, publishing guidelines and other resource material. It also serves as a platform to provide value-added services and regular activities that in addition to other benefits also offer networking opportunities.

Being an associate member of the PICG, AHCL aims to take full advantage of these resources at PICG to implement best practices and good corporate governance throughout the Company.

Management Association of Pakistan

Management Association of Pakistan (MAP) was formed in 1964 by a small group of dedicated entrepreneurs and senior professional managers, who were keenly aware of the demands that were likely to be made on managerial talent within the country, as a result of the rapid increase in the tempo of industrial activity.

MAP offers the opportunity to network, learn and get involved through local Pakistan with an objective to improve the effectiveness of individuals and organizations in product development and management. Since its inception the Association has established itself as a major forum for training and communication of ideas in the field of management in Pakistan. Its status and contribution are widely recognized.

The Association organizes programmes covering a wide range of management principles and practices. Being an associate member of the MAP, AHCL aims to take full advantage of these resources at MAP to implement best practices of corporate excellence and good corporate governance throughout the Company.

Pakistan Centre for Philanthropy

Pakistan Centre for Philanthropy (PCP) is an independent nonprofit support organization registered under the Companies Ordinance, 1984 with a vision “to link the three sectors of society i.e government, business and civil society organizations in a synergistic partnership for development” and mission “to promote the volume and effectiveness of philanthropy for social development in Pakistan”. PCP is led by an active and effective Board, comprising of eminent citizens, representatives of civil society organizations and business leaders.

Giving due importance to this objective, AHCL has obtained corporate membership of the Pakistan Centre for Philanthropy (PCP). Furthermore, the Board of Directors of PCP has invited the Chairman of AHCL to be part of their Board.

Report of the Audit Committee

Report of the Audit Committee on Adherence to the Best Practices of Code of Corporate Governance

The audit committee has concluded its annual review of the conduct and operations of the Company during financial year ended on 30th June 2013, and reports that:

- The Company has adhered in full, without any material departure, with provisions of the listing regulation of Karachi, Lahore and Islamabad Stock Exchanges of Pakistan, Company's statement of ethics and values and the international best practices of Governance throughout the year.

- Compliance has been confirmed from the members of the Board, the Management and employees of the Company individually. Equitable treatment of shareholders has also been endured.

- The Company has issued a "Statement of Compliance with the Best Practices of Code of Corporate Governance" which has also been reviewed by the auditors of the Company.

- Appropriate accounting policies have been consistently applied. Applicable accounting standards were followed in preparation of financial statements of the Company and consolidated financial statements on a going concern assumption basis, for the financial year ended 30th June 2013, which present fairly the state of affairs, results of operations, profits, cash flows and changes in equitiy of the Company and it's subsidiaries for the year under review.

- The Chief Executive Officer and the Chief Financial Officer have reviewed the financial statements of the Company, consolidated financial statements and the Directors' Report and presented the financial statements, duly endorsed under their respective signatures, for consideration and approval of the Board of Directors. They acknowledge their responsibility for true and fair presentation of the financial statements, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and system of the Company.

- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with Companies Ordinance, 1984.

- The financial statements comply with the requirements of the Fourth Schedule to the Companies Ordinance, 1984 and applicable "International Accounting Standards (IAS) / International Financial Reporting Standards (IFRS)" notified by SECP.

- All direct and indirect trading and holdings of the Company's shares by Directors & Executives or their spouse were notified in writing to the Company Secretary along with the price, number of shares, form of share certificate and nature of transaction which were notified by the Company Secretary to the Board with in the stipulated time. All such holdings have been disclosed in the pattern of Shareholdings.

- **INTERNAL AUDIT**

o The internal control framework has been effectively implemented through an independent in-house Internal Audit function established by the Board.

o The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy.

o The Audit Committee has ensured the achievements of operational, compliance and financial reporting objectives, safeguarding of the assets of the Company and the shareholders wealth through effective financial operational and compliance controls and risk management at all levels within the Company.

o The Head of Internal Audit has direct access to the Chairman of the Audit Committee and the Committee has ensured staffing of personnel with sufficient internal audit acumen.

o Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

EXTERNAL AUDITORS

- The statutory Auditors of the Company, M/s. KPMG Taseer Hadi & Co., Chartered Accountants, have completed their audit assignments of the "Company's Separate Financial Statements", the "Consolidated Financial Statements" and the "Statement of Compliance with the Code of Corporate Governance" for the financial year ended 30th June 2013 and shall retire on the conclusion of the 19th Annual General Meeting.

- The Audit Committee has reviewed and discussed Audit observation and Draft Audit Management Letter with the External Auditors. Final Management Letter is required to be submitted within 45 days of the date of Auditors' Report on financial statements under the listing regulations and shall thereof accordingly be discussed in the next Audit Committee Meeting.

- The Audit Firm has been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully complaint with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by the ICAP. The Auditors attended the general meetings of the Company during the year and have confirmed attendance of the Annual General Meeting scheduled on 21st September 2013.

- Being eligible for re-appointment as Auditors of the Company, the Audit Committee recommends reappointment of M/s. KPMG Taseer Hadi & Co., Chartered Accountants for the financial year ending on 30th June 2014.

Karachi: 26th August 2013

Chairman – Audit Committee

Statement of Compliance with the Code of Corporate Governance

ARIF HABIB CORPORATION LIMITED
FOR THE YEAR ENDED 30th JUNE 2013

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.35(xl) of listing regulations of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the board includes:

Category	Names
Executive Director	Mr. Arif Habib
Non-Executive Directors	Mr. Asadullah Khawaja Mr. Nasim Beg Mr. Samad A. Habib Mr. Kashif A. Habib Mr. Muhammad Ejaz Mr. Kashif Shah

2. The directors have confirmed that none except one of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies). Compliance has been made subsequent to the reporting period, before the forthcoming election of directors, in line with requirements of CCG.

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy has occurred on the board during the reporting period.

5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board / shareholders.

8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Except for the emergency meetings where the notice period was waived or reduced, written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated within stipulated time.

9. The board arranged 1 (One) in-house training session for its directors during the year. The Board already consists of certain directors who are exempted from the directors' training program in accordance with regulation No.35(xi) of Listing Regulations of the Stock Exchanges due to having minimum of 14 years of education and 15 years of experience on the board of a listed company. The Company is committed to get all those directors of its Board acquire the certification under the directors' training program by 30th June 2016 which require such certification in accordance with the subject Regulation. Further, the Board has approved the participation of Mr. Muhammad Ejaz and Mr. Samad A. Habib, to have certification under the directors' training program in the upcoming session of an approved institution.

10. No new appointment of CFO, Company Secretary and Head of Internal Audit has been made after the revised CCG has taken effect. However, the board has approved their remuneration and terms and conditions of employment.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises of 3 members, of whom all are non-executive directors. Composition of the Audit Committee will be made in line with requirements of CCG at the time of next election of directors in accordance with the 'Implementation deadlines of Code of Corporate Governance 2012'.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed an HR and Remuneration Committee. It comprises 3 members, of whom 2 are non-executive directors and the chairman of the committee is a non-executive director.

18. The board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

23. We confirm that all other material principles enshrined in the CCG have been complied with except for the requirements pertaining to change in composition of Board of Directors or some of its committees which will be made in line with requirements of CCG at the time of upcoming election of directors in accordance with the 'Implementation deadlines of Code of Corporate Governance 2012'.

ARIF HABIB
Chairman & Chief Executive Officer

Karachi, 26th August 2013

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

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Review report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Arif Habib Corporation Limited** ("the Company") to comply with the Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, the Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges require the Company to place before the Board of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevailed in arm's length transactions and transaction which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June 2013.

KPMG T—H—

Date: 26 August 2013

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Mohammad Mahmood Hussain

Audited Financial Statements

Arif Habib Corporation Limited

For the year ended June 30, 2013

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
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Auditors' Report to the Members

We have audited the annexed balance sheet of **Arif Habib Corporation Limited** ("the Company") as at 30 June 2013 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion, and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2013 and of the profit, other comprehensive income, its cash flows and changes in equity for the year then ended; and

d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

KPMG [signature]

Date: 26 July 2013

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Mohammad Mahmood Hussain

Balance Sheet
as at 30 june 2013

	Note	2013	2012
		(Rupees)	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital		10,000,000,000	10,000,000,000
Issued, subscribed and paid up share capital	4	4,537,500,000	4,125,000,000
Reserves	5	20,147,031,615	20,120,018,064
		24,684,531,615	24,245,018,064
Non-current liabilities			
Deferred taxation	6	2,910,445,107	2,832,876,106
Long term loan - secured	7	-	656,550,000
		2,910,445,107	3,489,426,106
Current liabilities			
Trade and other payables	8	835,484,461	473,424,311
Interest / mark-up accrued on borrowings		64,734,006	77,088,375
Short term borrowings	9	649,062,344	1,685,677,935
Current maturity of long term loan	7	656,550,000	-
Provision for taxation		169,316,957	99,826,284
		2,375,147,768	2,336,016,905
		29,970,124,490	30,070,461,075
Contingencies and commitments	10		

Balance Sheet
as at 30 june 2013

	Note	2013	2012
		(Rupees)	
ASSETS			
Non-current assets			
Property and equipment	11	**39,593,712**	46,214,078
Long term investments	12	**26,649,847,252**	26,596,464,379
Loan to subsidiary	13	**500,000,000**	-
Long term deposits	14	**3,280,290**	2,958,090
		27,192,721,254	26,645,636,547
Current assets			
Loans and advances	15	**1,357,838,113**	1,052,207,362
Prepayments		**14,308,813**	1,141,292
Advance tax		**247,474,296**	92,581,087
Markup receivable	16	**130,497,326**	189,857,883
Other receivables	17	**579,492,974**	565,771,308
Short term investments	18	**238,778,546**	1,512,085,623
Cash and bank balances	19	**97,200,299**	11,179,973
Asset held for sale	20	**111,812,869**	-
		2,777,403,236	3,424,824,528
		29,970,124,490	30,070,461,075

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chairman & Chief Executive	Director	Chief Financial Officer

Profit and loss Account
for the year ended 30 june 2013

	Note	2013	2012
		(Rupees)	
Operating revenue	21	**2,033,021,478**	4,416,965,152
Reversal of impairment on subsidiary	12.1.2	**125,420,286**	-
Operating and administrative expenses	22	**(95,059,292)**	(85,325,859)
Other income		**194,924**	407,015
Finance cost	23	**(292,026,868)**	(300,761,625)
Other charges	24	**(257,349,451)**	(37,050,000)
Profit before tax		**1,514,201,077**	3,994,234,683
Taxation	25	**(148,456,148)**	260,071,394
Profit after tax		**1,365,744,929**	4,254,306,077
Earnings per share - basic and diluted	26	**3.01**	9.38

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chairman & Chief Executive | **Director** | **Chief Financial Officer**

Statement of Comprehensive Income

for the year ended 30 june 2013

	Note	2013	2012
		(Rupees)	
Profit for the year		**1,365,744,929**	4,254,306,077
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Unrealized (diminution) / appreciation during the year on remeasurement of investments classified as 'available for sale'		**(63,702,893)**	42,957,493
Reclassification adjustments relating to gain realized on disposal of investments		**(38,924,959)**	-
Effect of deferred taxation		**1,396,474**	(1,396,474)
Other comprehensive (loss) / income for the year		**(101,231,378)**	41,561,019
Total comprehensive income for the year		**1,264,513,551**	4,295,867,096

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chairman & Chief Executive **Director** **Chief Financial Officer**

Cash Flow Statement

for the year ended 30 june 2013

	Note	2013	2012
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	28	**719,752,146**	(337,220,152)
Income tax paid		**(154,718,369)**	(8,663,864)
Dividend received		**1,525,298,953**	79,876,258
Interest received		**195,766,544**	76,352,977
Finance cost paid		**(304,381,237)**	(275,243,500)
Net cash generated from / (used in) operating activities		**1,981,718,037**	(464,898,281)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		**(567,570)**	(984,469)
Proceeds from sale of property and equipment		**96,922**	231,374
Acquisition of long term investments		**(360,270,852)**	(266,313,921)
Proceeds from sale of long term investments		**826,981,580**	470,247,868
Long term loan to subsidiary		**(500,000,000)**	-
Long term deposits		**(322,200)**	(443,500)
Net cash (used in) / generated from investing activities		**(34,082,120)**	202,737,352
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term loan		**-**	656,550,000
Dividend paid		**(825,000,000)**	(750,000,000)
Net cash used in financing activities		**(825,000,000)**	(93,450,000)
Net increase / (decrease) in cash and cash equivalents		**1,122,635,917**	(355,610,929)
Cash and cash equivalents at beginning of the year		**(1,674,497,962)**	(1,318,887,033)
Cash and cash equivalents at end of the year	29	**(551,862,045)**	(1,674,497,962)

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chairman & Chief Executive **Director** **Chief Financial Officer**

Statement of Changes in Equity
for the year ended 30 june 2013

	Share capital	Reserves				Total
	Issued, subscribed and paid up	Unrealized appreciation/ (diminution) on remeasurement of investments classified as 'available for sale'	General reserve	Unappropriated profit	Sub total	
Balance as at 1 July 2011	**3,750,000,000**	**(436,042,975)**	**4,000,000,000**	**13,797,693,943**	**17,361,650,968**	**21,111,650,968**
Total comprehensive income for the year						
Profit for the year	-	-	-	4,254,306,077	4,254,306,077	4,254,306,077
Unrealized appreciation during the year on remeasurement of investments classified as 'available for sale' - net of tax	-	41,561,019	-	-	41,561,019	41,561,019
	-	41,561,019	-	4,254,306,077	4,295,867,096	4,295,867,096
Transactions with owners of the Company, recognised directly in equity						
Issue of 37.5 million bonus shares (1 for every 10 shares held) for the year ended 30 June 2011	375,000,000	-	-	(375,000,000)	(375,000,000)	-
Final dividend for the year ended 30 June 2011 - Rs. 2.00 per share	-	-	-	(750,000,000)	(750,000,000)	(750,000,000)
Distribution of 41.250 million (1 preference share for every 10 shares held) preference shares of Aisha Steel Mills Limited as interim specie dividend for the year ended 30 June 2012	-	-	-	(412,500,000)	(412,500,000)	(412,500,000)
	375,000,000	-	-	(1,537,500,000)	(1,537,500,000)	(1,162,500,000)
Balance as at 30 June 2012 Rupees	**4,125,000,000**	**(394,481,956)**	**4,000,000,000**	**16,514,500,020**	**20,120,018,064**	**24,245,018,064**
Total comprehensive income for the year						
Profit for the year	-	-	-	1,365,744,929	1,365,744,929	1,365,744,929
Unrealized diminution during the year on remeasurement of investments classified as 'available for sale'	-	(63,702,893)	-	-	(63,702,893)	(63,702,893)
Reclassification adjustments relating to gain realized on disposal of investments - net of tax	-	(37,528,485)	-	-	(37,528,485)	(37,528,485)
	-	**(101,231,378)**	**-**	**1,365,744,929**	**1,264,513,551**	**1,264,513,551**
Transactions with owners of the Company, recognised directly in equity						
Issue of 41.25 million bonus shares (1 share for every 10 shares held) for the year ended 30 June 2012	412,500,000	-	-	(412,500,000)	(412,500,000)	-
Cash dividend for the year ended 30 June 2012 (Rs. 2 per share)	-	-	-	(825,000,000)	(825,000,000)	(825,000,000)
	412,500,000	**-**	**-**	**(1,237,500,000)**	**(1,237,500,000)**	**(825,000,000**
Balance as at 30 June 2013 Rupees	**4,537,500,000**	**(495,713,334)**	**4,000,000,000**	**16,642,744,949**	**20,147,031,615**	**24,684,531,615**

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chairman & Chief Executive **Director** **Chief Financial Officer**

1. 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. 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 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.

These 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 financial statements are prepared separately.

The Company has following long term investments:

Name of Company	Shareholding
Subsidiaries	
- Arif Habib Limited, a brokerage house	79.03%
- Power Cement Limited (Formerly Al-Abbas Cement Industries Limited), a cement manufacturing company	69.81%
- Arif Habib DMCC, a UAE incorporated member company of Dubai Gold and Commodities Exchange	100.00%
- Serendib Stock Brokers (Private) Limited (Formerly SKM Lanka Holdings (Private) Limited), a Srilankan incorporated brokerage house at Colombo Stock Exchange	58.12%
- Pakistan Private Equity Management Limited, a venture capital company	85.00%
- Sachal Energy Development (Private) Limited, a wind power generation company	99.99%
- Sweetwater Dairies Pakistan (Private) Limited, a dairy farming company	85.20%
Associates	
- Pakarab Fertilizers Limited	30.00%
- Aisha Steel Mills Limited	35.96%
- Fatima Fertilizer Company Limited	17.91%
- MCB - Arif Habib Savings and Investments Limited (Formerly Arif Habib Investments Limited)	30.09%
- Crescent Textile Mills Limited	24.72%
Others	
- Takaful Pakistan Limited	10.00%
- Sunbiz (Private) Limited	4.65%
- Javedan Corporation Limited	7.90%
- Khabeer Financial Services (Private) Limited	5.00%

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 **Basis of measurement**

These financial statements have been prepared under the historical cost convention, except otherwise disclosed.

2.3 **Functional and presentation currency**

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. All financial information presented in Pak Rupees has been rounded to the nearest rupee.

2.4 **Use of estimates and judgments**

The preparation of financial statements 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 and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates and assumptions with a significant risk of material adjustment in the future periods are included in following notes:

- Provision for taxation (note 3.2)
- Useful lives and residual values of property and equipment (note 3.3)
- Impairment of investments (note 3.4)
- Classification of investments (note 3.5 - 3.5.3)
- Fair value of investments (note 3.5 - 3.5.3)

2.5 **Amendments / interpretation to existing standard and forthcoming requirements**

Standards, amendments or interpretations which became effective during the year

During the year certain amendments to Standards or new interpretations became effective, however, the amendments or interpretation did not have any significant impact on the Company's financial statements.

New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2013:

- IAS 19, 'Employee Benefits' (Amended 2011) effective for annual periods on or after 1 January 2013. IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognized immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation. These changes will not have any impact on the Company's financial statements.

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments are not expected to have significant impact on financial statements of the Company.

- IAS 28, 'Investments in Associates and Joint Ventures (2011) effective for annual periods beginning on or after 1 January 2013. IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Company.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.

- Annual Improvements 2009–2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following four standards, with consequential amendments to other standards and interpretations.

- IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the 'third statement of financial position', when required, is only required if the effect of restatement is material to statement of financial position.

- IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories. These changes will not have any impact on the Company's financial statements.

- IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.

- IAS 39 Financial Instruments: Recognition and Measurement- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (effective for annual periods beginning on or after 1 January 2014). The narrow-scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

- IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

- The amendments in IAS 16 would result in reclassification of property, plant and equipment when the amended standard becomes applicable. The other amendments have no impact on financial statements of the Company.

- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Company.

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. These are not expected to have any impact other than increased disclosures.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented.

3.1 Staff retirement benefits

Defined contribution plan

The Company operates a recognized provident fund for all its eligible permanent employees. Equal monthly contributions are made by the Company and employees to the fund at the rate of 12.50% of basic salary.

3.2 Taxation

Income tax expense comprises of current, prior year and deferred tax. Income tax expense is recognized in profit and loss account except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of prior years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the balance sheet date between the tax base and carrying amount of assets and liabilities for financial reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carry forward of unused tax losses can be utilized. Carrying amount of all deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

3.3 Property and equipment

Owned

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and its cost can be measured reliably. Cost incurred to replace a component of an item of property and equipment is capitalized, the asset so replaced is retired from use and its carrying amount is derecognized. Normal repairs and maintenance are charged to profit and loss account during the period in which they are incurred.

Depreciation on all property and equipment is charged to profit and loss account using the reducing balance method over the asset's useful life at the rates stated in note 11.

The depreciation on property and equipment is charged full in the month of acquisition and no depreciation is charged in the month of disposal.

Further, when the written down value of the asset falls below Rs.10,000 the same is charged directly to profit and loss account.

Gains or losses on disposal of an item of property and equipment are recognized in the profit and loss account currently.

The assets' residual value and useful life are reviewed at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of residual value of property and equipment as at 30 June 2013 did not require any adjustment.

Leased

Leased assets which are obtained under Ijarah agreement are not recognized in the Company's balance sheet and are treated as operating lease based on Islamic Financial Accounting Standard (IFAS) 2 issued by the Institute of Chartered Accountants of Pakistan and notified by Securities and Exchange Commission of Pakistan vide S.R.O. 43(1) / 2007 dated 22 May 2007. Payments made under operating lease are charged to profit and loss account on a straight line basis over the lease term.

3.4 Impairment

A financial asset, other than that carried at fair value through profit or loss, is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred and that the loss event has a negative effect on the estimated future cash flows of that asset.

In case of investment in equity securities classified as available for sale and measured at fair value, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists, the cumulative loss measured as a difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized, is transferred from other comprehensive income to profit and loss account. Such impairment losses are not subsequently reversed through the profit and loss account.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in profit and loss account.

The carrying amount of the Company's non-financial assets and investment carried at cost are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment losses are recognized in profit and loss account.

3.5 Investments

All investments are initially recognized at fair value, being the cost of the consideration given including transaction costs associated with the investment, except for those classified as fair value through profit or loss, in which case the transaction costs are charged to the profit and loss account.

All "regular way" purchases and sales of financial assets are recognized on the trade date, that is the date on which the Company commits to purchase / sell an asset. Regular way purchases or sales of financial assets are the contracts which require delivery of assets within the time frame generally established by regulations or market convention.

The management determines appropriate classification of investment in accordance with the requirements of approved accounting standards as applicable in Pakistan.

The Company classifies its investments in the following categories:

3.5.1 Subsidiaries and associates

The Company considers its subsidiary companies to be such enterprise in which the Company has control and / or ownership of more than half or fifty percent, of the voting power.

The Company considers its associates to be such entities in which the Company has ownership, of not less than twenty percent but not more than fifty percent, of the voting power and / or has significant influence through common directorship, but not control.

Investment in subsidiaries are carried at cost in accordance with IAS 27 - 'Consolidated and Separate Financial Statements'.

Investments in associates are accounted for under 'IAS 39 - Financial instruments Recognition and Measurement' considering each investment individually.

Company manages its investment in associates classified at fair value through profit or loss upon initial recognition, with an intention to sell them in future upon receiving its fair value in accordance with the Company's documented investment strategy.

Associates classified as at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit and loss account. Whereas, in the case of available for sale, such gain or loss is recognized directly in equity. Where active market of the quoted investment exists, fair value is determined through Karachi Stock Exchange daily quotation. In case of unquoted investment, where active market does not exists, fair value is determined using valuation techniques. The investments in equity instruments that do not have a market / quoted price in an active market and whose fair value cannot be reliably measured are carried at cost.

3.5.2 At fair value through profit or loss - held for trading

Investments which are acquired principally for the purpose of selling in the near term or the investments that are part of a portfolio of financial instruments exhibiting short term profit taking are classified at fair value through profit or loss - held for trading. These are stated at fair values with any resulting gains or losses recognized in the profit and loss account. The fair value of such investments, representing listed equity securities are determined on the basis of prevailing market prices at the Karachi Stock Exchange and on market based redemption / repurchase prices, whichever is applicable, in case of other securities.

3.5.3 Available for sale

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity.

At each balance sheet date, these investments are remeasured at fair value and the resulting gains or losses are recognized directly in equity until the investment is disposed off or impaired at which time these are transferred to profit and loss account.

Where active market of the quoted investment exists, fair value of quoted investments is determined using quotations of Karachi Stock Exchange. The investments for which a quoted market price is not available, are measured at cost, unless fair value can be reliably measured. Such fair value estimates are subjective in nature, and therefore, cannot be determined with precision.

3.5.4 Assets held for sale

Assets and groups of assets and liabilities which comprise disposal groups are classified as 'held for sale' when all of the following criteria are met: a decision has been made to sell, the assets are available for sale immediately, the assets are being actively marketed, and a sale has been or is expected to be concluded within twelve months of the balance sheet date.

3.6 Purchase under resale agreement

Transactions of purchase under resale (Reverse-repo) of marketable securities are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resale at a specified future date (Reverse-repo) are not recognized in the balance sheet. Amounts paid under these agreements in respect of reverse repurchase transactions are included in assets. The difference between purchase and resale price is treated as income from reverse repurchase transactions in marketable securities and accrued on a time proportion basis over the life of the reverse repo agreement.

3.7 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value with resulting fair values changes recognized in profit and loss account. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

3.8 Trade and other receivables

Trade and other receivables are carried at cost, which is the fair value of the consideration to be received, less provision for doubtful debts, if any.

3.9 Trade and other payables

Trade and other payables are carried at cost, which is the fair value of the consideration to be paid, in the future for goods and services received.

3.10 Short term borrowings

Mark-up bearing borrowings are recognized initially at fair value, less any directly attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in profit and loss account over the period of the borrowings on an effective interest basis.

3.11 Revenue recognition

- Gain / loss on sale of investments are recognized on the date of transaction and charged to profit and loss account in the period in which they arise.
- Dividend income is recognized when the Company's right to receive such dividend is established.
- Put Option fee is recognized on time proportion basis over the period of its tenor.
- Interest income on bank deposits and loans are recognized on time proportion basis that takes into account the effective yield.

3.12 Provisions

Provision is recognized when, as a result of past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Subsequently, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.13 Financial instruments

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument and are measured initially at fair value. Financial assets are derecognized when the contractual right to the cash flow from the financial assets expires or is transferred. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. Financial instruments carried on the balance sheet include investments, trade debts and other receivables, loans and advances, cash and bank balances, deposits, borrowings, trade and other payables and accrued and other liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet only when the Company has a legally enforceable right to offset the recognized amount and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

When available, the Company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for financial instrument is not active, the Company establishes fair value using a valuation technique. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Company, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The Company calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

3.14 Foreign currency

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the date of the transactions. All the monetary assets and liabilities in foreign currencies, at the balance sheet date, are translated into Pak Rupees at the exchange rates prevailing on that date. Foreign exchange gains and losses on translation are recognized in the profit and loss account. Non-monetary assets and liabilities, denominated in foreign currency that are measured at fair value are translated using exchange rate prevailing at the date the fair values are determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3.15 Borrowing costs

Borrowing costs incurred on short term and long term borrowing are recognized as an expense in the period in which these are incurred.

3.16 Cash and cash equivalents

Cash and cash equivalent for the purpose of cash flow statement comprises of cash in hand, share transfer stamps, cash at bank and short term running finance.

3.17 Dividend and appropriation to reserve

Dividend distribution to the Company's shareholders and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

The Company measures the liability to distribute non-cash assets as a dividend to the shareholders at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date. On settlement of the transaction, the Company recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

3.18 Expenses

All expenses are recognized in the profit and loss account on an accrual basis.

4. SHARE CAPITAL

4.1 Authorized share capital

2013	2012			2013	2012
(Number of shares)					
1,000,000,000	1,000,000,000	Ordinary shares of Rs. 10 each	Rupees	10,000,000,000	10,000,000,000

4.2 Issued, subscribed and paid up share capital

2013	2012			2013	2012
5,000,000	5,000,000	Ordinary shares of Rs. 10 each fully paid in cash		50,000,000	50,000,000
450,750,000	409,500,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares		4,507,500,000	4,095,000,000
455,750,000	414,500,000			4,557,500,000	4,145,000,000
(2,000,000)	(2,000,000)	Ordinary shares of Rs. 10 each bought back at Rs. 360 per share	4.2.1	(20,000,000)	(20,000,000)
453,750,000	412,500,000		Rupees	4,537,500,000	4,125,000,000

4.2.1 During financial year 2005-2006, Company bought back two million shares of Rs. 10 each form its shareholders through tender notice at a price of Rs. 360 per share in accordance with section 95-A of the Companies ordinance,1984 and Company (Buy-back of shares) Rules, 1999. The acquistion resulted in reduction of Capital and unappropriated profit by Rs. 20 million and Rs. 700 milllion respectively, in the relevent year.

4.2.2 At the year end, Mr. Arif Habib held 57.69% and Mrs. Zaitun Arif held 16.95% of shares in the Company.

5. RESERVES

		2013	2012
General reserve		4,000,000,000	4,000,000,000
Unappropriated profit		16,642,744,949	16,514,500,020
Deficit on remeasurement of 'available for sale' investments		(495,713,334)	(394,481,956)
	Rupees	20,147,031,615	20,120,018,064

6. DEFERRED TAXATION

		2013	2012
The liability for deferred taxation comprises of temporary differences relating to:			
- Accelerated tax depreciation		2,673,399	4,369,659
- Investment in associates classified as at fair value through profit or loss		3,078,812,350	2,907,991,237
- Available for sale investments		-	1,396,474
- Dividend receivable		-	11,281,026
Deferred tax asset comprises of temporary differences relating to:			
- Unrealized capital loss on short term investments		-	(7,805,152)
- Unused tax credits		(89,093,708)	-
- Investment in associates classified as at fair value through profit or loss		(65,856,789)	(67,793,753)
- Impairment loss on long term investment - unquoted		(16,090,145)	(16,563,385)
	Rupees	2,910,445,107	2,832,876,106

7. LONG TERM LOAN - Secured

	Note	2013	2012
Term finance loan	7.1	656,550,000	656,550,000
Less: Current portion of term finance loan		(656,550,000)	-
	Rupees	-	656,550,000

7.1 This represents term finance facility obtained by the Company from a commercial bank under mark-up arrangement at the rate of 3 months KIBOR +1% to be charged quarterly having maturity upto 31 December 2013. The effective markup ranges from 10.31% to 12.99%. The fair value of shares of associated company pledged as collateral against long term loan amount to Rs. 1,281.228 million (2012: Rs. 1,272.972 million).

8. TRADE AND OTHER PAYABLES

	Note	2013	2012
Creditors	8.1	-	471,345,862
Accrued liabilities	8.2	1,777,927	1,454,026
Other liabilities		3,676,431	624,423
Provision for Workers' Welfare Fund	24.1	254,553,451	-
Fair value of written put option	21.2	575,476,652	-
	Rupees	835,484,461	473,424,311

8.1 This represents amount payable to Arif Habib Limited, a subsidiary of the Company, for purchase of listed securities from stock exchange under T+2 settlement method.

8.2 This includes sum of Rs. 277,927 (2012: Rs. 491,728) accrued on account of utilities and maintenance and is payable to Rotocast Engineering Company (Pvt) Limited.

9. SHORT TERM BORROWINGS - secured

	Note		2013	2012
From banking companies other than related parties				
- Short term running finance	9.1,9.2, 9.3	Rupees	649,062,344	1,685,677,935

9.1 Short term running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 3,830 million (2012: Rs. 3,130 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 June 2014. These arrangements are secured against pledge of marketable securities with minimum 30% margin (2012: 30% margin). These running finance facilities carry mark-up ranging from 1 month KIBOR+1% to 3 month KIBOR+2.5% per annum (2012: 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. 3,180.938 million (2012: Rs. 1,444.322 million).

9.2 The fair value of shares of associated companies and shares held for trading pledged as collateral against short term borrowings amount to Rs. 2,223.875 million (2012: Rs. 3,176.757 million).

9.3 This includes sum of Rs. Nil (2012: 13.875 million) payable to Summit Bank Limited, an associated company.

10. CONTINGENCIES AND COMMITMENTS

10.1 The Company is contesting along with other defendants four suits filed by Diamond Industries Limited, Mr. Iftikhar Shafi, Shafi Chemicals Industries Limited and Mr. Nisar Elahi (The Plaintiffs) in the year 2002-2003, for damages jointly against Mr. Saleem Chamdia, Mr. Arif Habib, Mr. Aqeel Karim Dedhi, Mr. A. Ghaffar Usman Moosani, Mr. Shahid Ghaffar, the Karachi Stock Exchange (Guarantee) Limited (KSE), the Securities and Exchange Commission of Pakistan (SECP), the Central Depository Company of Pakistan Limited (CDC), Saleem Chamdia Securities (Private) Limited, Arif Habib Corporation Limited, Moosani Securities Limited and Aqeel Karim Dedhi Securities Limited.

The suits are for recovery of damages amounting to Rs. 10,989,948,199, Rs. 5,606,611,760, Rs.1,701,035,843 and Rs. 428,440,971 respectively against the decision of the Karachi Stock Exchange in respect of Risk Management System of its Clearing House during the year 2000. The Chairman and Chief Executive of the Company was the Chairman of the Board of Directors of KSE during 2000. The Company has been made party to the suits by the plaintiffs. All the suits at present are pending before the honorable Sindh High Court, Karachi. Individual liability of respective individuals and undertakings is not quantifiable.

The legal advisor of the Company is of the opinion that there are reasonable grounds for a favorable decision and that the suits are likely to be dismissed as these are not based on factual or legal basis and no financial liability is expected to accrue as a consequence of the said suits against the Company. Therefore, Company has not made any provision in this respect in the financial statements.

10.2 During the year ended 30 June 2012, the Securities and Exchange Commission of Pakistan ("SECP") issued an order u/s 22 of the Securities and Exchange Ordinance, 1969 ("the Ordinance") regarding non compliance of orders passed by SECP u/s 18A of the Ordinance for depositing confiscated subscription money amounting to Rs. 3.14 million relating to fictitious applications received by the Company for subscription of shares of Summit Bank Limited that were offered to general public by the Company in 2007. On 02 November 2012, Appellate bench of SECP dismissed the appeal filed by the Company against the order. The Company has filed a constitutional petition challenging the orders passed by SECP before Honourable High Court of Sindh. The petition is being contested vigorously and the management is confident that the petition will be decided in the Company's favour.

10.3 Income tax assessments of the Company have been finalised upto Tax Year 2005 (Accounting year 2005). However, deemed assessments made u/s 120 of the Income Tax Ordinance, 2001 relating to Tax Years 2006 to 2008 have been subsequently amended u/s 122 of the Income Tax Ordinance, 2001. The Company has filed appeals before the Appellate Tribunal Inland Revenue, in respect of each of the said amendments which are still pending. As per the management there is no potential financial exposure to the Company and does not expect unfavourable outcome for the Company. Income tax assessment for the Tax Year 2010, taken as deemed assessment u/s 120 of the Income Tax Ordinance, 2001 was subsequently amended twice u/s 122 (5A) of the Income Tax Ordinance, 2001. The appeals filed by the Company with Commissioner Inland Revenue (Appeals-1) against these amendments were decided in favour of the Company.

During the year, Income tax assessment for the Tax Year 2011, taken as deemed assessment u/s 120 of the Income Tax Ordinance, 2001 was subsequently amended twice u/s 122 (5A) of the Income Tax Ordinance, 2001. The appeals filed by the Company with Commissioner Inland Revenue (Appeals) against these amendments were decided in favor of the Company.

Income tax assessment for Tax Year 2012 is deemed to have been finalised u/s 120 of the Income Tax Ordinance, 2001.

10.4 There were no significant commitments at the balance sheet date.

11. PROPERTY AND EQUIPMENT

		Vehicles	Furniture and office equipment	Computer and allied equipment	Leasehold improvements	Total
Cost						
Balance as at 01 July 2011		3,768,179	744,785	2,917,662	67,750,472	75,181,098
Additions during the year		140,000	249,479	594,990	-	984,469
Disposals		(700,000)	-	(56,927)	-	(756,927)
Balance as at 30 June 2012	Rupees	3,208,179	994,264	3,455,725	67,750,472	75,408,640
Balance as at 01 July 2012		3,208,179	994,264	3,455,725	67,750,472	75,408,640
Additions during the year		120,000	53,640	393,930	-	567,570
Disposals		(67,500)	-	(466,455)	-	(533,955)
Written off		-	(283,875)	(1,158,553)	-	(1,442,428)
Balance as at 30 June 2013	Rupees	**3,260,679**	**764,029**	**2,224,647**	**67,750,472**	**73,999,827**
Depreciation						
Balance as at 01 July 2011		1,355,300	273,011	1,938,792	18,280,697	21,847,800
Charge for the year		408,583	88,430	444,322	6,930,980	7,872,315
Disposals		(510,970)	-	(14,583)	-	(525,553)
Balance as at 30 June 2012	Rupees	1,252,913	361,441	2,368,531	25,211,677	29,194,562
Balance as at 01 July 2012		1,252,913	361,441	2,368,531	25,211,677	29,194,562
Charge for the year		375,388	90,650	456,552	5,959,912	6,882,502
Disposals		(6,475)	-	(437,033)	-	(443,508)
Written off		-	(207,388)	(1,020,053)	-	(1,227,441)
Balance as at 30 June 2013	Rupees	**1,621,826**	**244,703**	**1,367,997**	**31,171,589**	**34,406,115**
Written down value as at 30 June 2012	Rupees	1,955,266	632,823	1,087,194	42,538,795	46,214,078
Written down value as at 30 June 2013	Rupees	**1,638,853**	**519,326**	**856,650**	**36,578,883**	**39,593,712**
Annual rates of depreciation		**20%**	**15%**	**33%**	**15%**	-

11.1 During the year vehicles having an aggregate cost of Rs. 0.0375 million (2012: Nil) and accumulated depreciation of Rs. 0.0375 million (2012: Nil), Computer and Allied Equipment having a cost of Rs. 0.146 million (2012: Rs. 0.53 million) and accumulated depreciation of Rs. 0.146 million (2012: Rs. 0.53 million) and Furniture and Office equipment having a cost of Rs. 0.005 million (2012: Rs. 0.04 million) and accumulated depreciation of Rs. 0.005 million (2012: Rs. 0.04 million) have been fully charged to profit and loss account as their written down value falls below Rs. 10,000 as per Company's Policy.

11.2 Disposal of property and equipment

Particulars of the assets	Sold to	Cost	Accumulated depreciation	Written down value	Sale proceeds	Mode of disposal
		(Rupees)				
Computer and allied equipment	Miscellaneous vendors	436,455	424,945	11,510	11,510	Scrap Sales
Cell phone	Manzoor Raza	15,000	5,919	9,081	9,081	Company policy
Cell phone	M. Danish	15,000	6,169	8,831	8,831	Company policy
Honda Motorcycle 70cc	-	67,500	6,475	61,025	67,500	Insurance claim

12. LONG TERM INVESTMENTS

		2013	2012
Subsidiaries - at cost	12.1	**3,351,878,288**	2,943,048,831
At fair value through profit or loss	12.2	**22,053,934,621**	22,202,652,951
Available for sale	12.3	**1,244,034,343**	1,450,762,597
	Rupees	**26,649,847,252**	26,596,464,379

12.1 Subsidiaries - at cost

		Cost	Provision for impairment	Carrying amount 2013	Carrying amount 2012
Arif Habib Limited (AHL)	12.1.2	2,721,235,627	(820,850,545)	1,900,385,082	1,735,367,496
Arif Habib DMCC (AHD)	12.1.3	29,945,898	-	29,945,898	29,945,898
Pakistan Private Equity Management Limited (PPEML)	12.1.4	42,500,000	(25,500,000)	17,000,000	17,000,000
Serendib Stock Brokers (Private) Limited (Formerly SKM Lanka Holdings (Private) Limited) (SBPL)	12.1.5	91,893,357	(21,598,608)	70,294,749	21,598,608
Power Cement Limited (Formerly Al-Abbas Cement Industries Limited) (PCL)	12.1.6	999,778,831	-	999,778,831	869,663,101
Sachal Energy Development (Private) Limited (SEDPL)	12.1.7	250,000,060	-	250,000,060	185,000,060
Sweetwater Dairies Pakistan (Private) Limited (SDPL)	12.1.8	84,473,668	-	84,473,668	84,473,668
	Rupees	4,219,827,441	(867,949,153)	3,351,878,288	2,943,048,831

12.2 At fair value through profit or loss

		Cost	Unrealized appreciation / (diminution) on remeasurement of investments	Carrying amount 2013	Carrying amount 2012
Associates:					
MCB - Arif Habib Savings and Investments Limited (Formerly Arif Habib Investments Ltd) (MCB-AH)	12.2.1	477,694,882	(128,468,510)	349,226,372	344,026,972
Pakarab Fertilizers Limited (PFL)	12.2.2	1,324,332,073	10,825,667,927	12,150,000,000	12,150,000,000
Fatima Fertilizer Company Limited (FFCL)	12.2.3	4,141,933,230	5,197,479,104	9,339,412,334	9,599,940,861
Crescent Textile Mills Limited (CTML)	12.2.4	291,404,365	(76,108,450)	215,295,915	108,685,118
	Rupees	6,235,364,550	15,818,570,071	22,053,934,621	22,202,652,951

12.3 Available for sale

		Cost	Unrealized appreciation on remeasurement of investments	Provision for impairment	Carrying amount 2013	Carrying amount 2012
Associate:						
Thatta Cement Company Limited (THCCL)		-	-	-	-	189,979,763
Aisha Steel Mills Limited (ASML)	12.3.1	800,082,500	(76,807,920)	-	723,274,580	800,082,500
Aisha Steel Mills Limited - Convertible Preference shares ASML-PS)	12.3.1	427,345,747	(77,903,834)	-	349,441,913	345,700,580
		1,227,428,247	(154,711,754)	-	1,072,716,493	1,335,762,843
Other investments:						
Takaful Pakistan Limited (TPL)	12.3.2	30,000,000	-	(15,000,000)	15,000,000	15,000,000
Javedan Corporation Limited (JCL)	12.3.3	92,620,761	62,697,089	-	155,317,850	99,999,754
Sun Biz (Private) Limited (SBL)	12.3.4	1,000,000	-	(1,000,000)	-	-
Al-Khabeer Financial Services (Pvt) Limited	12.3.5	1,000,000	-	-	1,000,000	-
		124,620,761	62,697,089	(16,000,000)	171,317,850	114,999,754
	Rupees	1,352,049,008	(92,014,665)	(16,000,000)	1,244,034,343	1,450,762,597

12.1.1 Fair value of long term investments pledged with banking companies against various financing facilities amounts to Rs. 2,861.91 million (2012: Rs.3,228.02 million).

12.1.2 Investment in AHL (quoted) represents 39.52 million (2012: 34.51 million) fully paid ordinary shares of Rs. 10 each, representing 79.03% (2012: 76.69%) of AHL's paid up share capital as at 30 June 2013. During the year, the Company purchased 1.35 million ordinary shares (2012: 0.69 million) at an average price of Rs. 35.2 (2012: 15.3) per share and disposed off 0.175 million shares at an average price of Rs. 41.40. The Company also received 3.8 million bonus shares during the year. Market value per share as at 30 June 2013 is Rs. 38.93 (2012: Rs. 34.26), whereas book value based on net assets, as per unaudited financial statements, as at 30 June 2013 is Rs. 26.87 per share (as per audited financial statements, as at 30 June 2012: Rs. 24.35 per share).

Impairment amounting to Rs. 125.42 million, pertaining to AHL that was recognized in profit and loss account was reversed as AHL's recoverable amount (value in use) was higher than its carrying value at the year end. The higher value in use is supported mainly by increased number of trades handled by AHL. The recoverable amount was computed using valuation model with a discount rate of 16% per annum.

12.1.3 Investment in AHD (unquoted) represents 1,836 (2012: 1,836) fully paid ordinary shares of Rs. 16,310.40 (2012: Rs. 16,310.40) each (equivalent UAE Dirham 1,000 each), representing 100% (2012: 100%) of AHD's paid up share capital as at 30 June 2013. Book value based on net assets, as per audited financial statements, as at 31 December 2012 is Rs. 28,656 per share (unaudited financial statements as at 30 June 2012: Rs. 29,082 per share). The subsidiary 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.

12.1.4 Investment in PPEML (unquoted) represents 4.25 million (2012: 4.25 million) fully paid ordinary shares of Rs. 10 each, representing 85% (2012: 85%) of PPEML's paid up share capital as at 30 June 2013. Book value based on net assets, as per unaudited financial statements, as at 30 June 2013 is Rs. 0.63 per share (audited financial statements, as at 30 June 2012: Rs.1.22 per share).

12.1.5 Investment in SBPL (unquoted) represents 13.88 million (2012: 7.50 million) fully paid ordinary shares of Rs. 6.62 (2012: Rs. 5.76) each (equivalent US$ 0.067 each). During the year, the Company subscribed for 6.38 million ordinary shares of Serendib Stock Brokers (Private) Limited (SBPL) (Formerly SKM Lanka Holdings (Private) Limited). Further, Arif Habib DMCC, a subsidiary of the Company, converted 7,500 preference shares into 7,500,000 ordinary shares of SBPL, resulting in a decrease in the Company's direct holding from 75.00% to 58.12%. Whereas, the Company's indirect holding increased to 89.53%. Book value based on net assets, as per unaudited financial statements, as at 30 June 2013 is Rs. 2.91 per share (audited financial statements, as at 31 March 2012: Rs. (0.58) per share).

12.1.6 Investment in PCL (quoted) represents 255.29 million (2012: 237.79 million) fully paid ordinary shares of Rs. 10 each, representing 69.81% (2012: 65.03%) of PCL's share capital as at 30 June 2013, having historical cost of Rs. 1,558.39 million (2012: Rs. 1,428.27 million). 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 resulting fair value was made as deemed cost. During the year, the Company purchased 17.50 million (2012: 14.24 million) ordinary shares from market at an average cost of Rs. 7.43 (2012: Rs. 3.19) per share. Market value per share as at 30 June 2013 is Rs. 8.74 (2012: Rs. 4.8), whereas book value based on net assets, as per unaudited financial statements, as at 30 June 2013 is Rs. 4.12 per share (audited financial statements, as at 30 June 2012: Rs. 3.08 per share).

12.1.7 Investment in SEDPL (unquoted) represents 25 million (2012: 18.5 million) fully paid ordinary shares of Rs. 10 each, representing 99.99% (2012: 99.99%) of SEDPL's paid up share capital as at 30 June 2013. Book value based on net assets, as per unaudited financial statements, as at 30 June 2013 is Rs. 7.10 per share (audited financial statements, as at 30 June 2012 : Rs.6.93 per share). During the year the Company subscribed 6.5 million (2012: 5.5 million) right shares of Rs. 10 (2012: Rs. 10) each.

12.1.8 Investment in SDPL (unquoted) represents 52.95 million (2012: 52.95 million) fully paid ordinary shares of Rs. 10 each, representing 85.2% (2012: 85.2%) of SDPL's paid up share capital as at 30 June 2013, having an aggregate historical cost of Rs. 342.74 million (2012: Rs. 342.74 million). Before acquisition of control, SDPL was classified as 'at fair value through profit or loss' category in accordance with IAS 39. On control acquisition date, previously held equity interest was remeasured and resulting fair value was made as deemed cost. The book value based on net assets, as per unaudited financial statements, as at 30 June 2012 is Rs. 2.08 per share. Latest available financial statements of SDPL are not available.

12.2.1 Investment in MCB-AH (quoted) represents 21.66 million (2012: 21.66 million) fully paid ordinary shares of Rs. 10 each, representing 30.09% (2012: 30.09%) of MCB-AH's paid up share capital as at 30 June 2013, having historical cost of Rs. 81.95 million (2012: Rs. 81.95 million). However, during 2011, the Company lost control over MCB-AH and designated the investment 'at fair value through profit or loss' and accordingly fair value on the date of loss of control was considered as deemed cost. Fair value per share as at 30 June 2013 was Rs. 16.12 (2012: Rs. 15.88), whereas book value based on net assets, as per unaudited financial statements, as at 30 June 2013 is Rs. 17.68 per share (audited financial statements, as at 30 June 2012: Rs. 17.80 per share).

12.2.2 Investment in PFL (unquoted) represents 135 million (2012: 135 million) fully paid ordinary shares of Rs. 10 each, representing 30% (2012: 30%) of PFL's paid up share capital as at 30 June 2013, having cost of Rs. 1,324.33 million (2012: Rs. 1,324.33 million). Fair value per share as at 30 June 2013 is Rs. 90 (2012: Rs. 90). Book value based on net assets, as per unaudited financial statements, as at 30 June 2013 is Rs. 41.15 per share (unaudited financial statements, as at 30 June 2012: Rs. 49.53 per share).

12.2.3 Investment in FFCL (quoted) represents 376.13 million (2012: 389.13 million) fully paid ordinary shares of Rs. 10 each, representing 17.91% (2012: 18.53%) of FFCL's paid up share capital as at 30 June 2013. During the year, the Company has disposed off 26.5 million (2012: 20 million) shares at an average price of Rs. 25.06. The Company also received 13.5 million (2012: 81 million) shares as specie dividend from Pakarab Fertilizers Limited. Fair value per share as at 30 June 2013 is Rs. 24.83 (2012: Rs. 24.67). Book value based on net assets as per unaudited financial statements as at 30 June 2013 is Rs. 13.39 per share (unaudited financial statements, as at 30 June 2012: Rs. 12.11 per share).

12.2.4 Investment in CTML (quoted) represents 12.16 million (2012: 12.21 million) fully paid ordinary shares of Rs. 10 each, representing 24.71% (2012: 24.82%) of CTML's paid up share capital as at 30 June 2013, having an aggregate cost of Rs. 291.40 million (2012: Rs. 292.57 million). During the year, the Company disposed off 0.05 million (2012: nil million) shares . Fair value per share as at 30 June 2013 is Rs. 17.70 (2012: Rs. 8.90). Book value based on net assets, as per unaudited financial statements, as at 31 March 2013 is Rs. 87.48 per share (audited financial statements, as at 30 June 2012: Rs. 82.95 per share).

12.3.1 Investment in ASML (unquoted) represents 80.01 million (2012: 80.01 million) fully paid ordinary shares of Rs. 10 each and 43.63 million (2012: 34.57 million) irredeemable and convertible preference shares carrying preferential dividend at 6 month KIBOR + 3%, representing 35.96% (2012: 33.33%) of ASML's total paid up share capital as at 30 June 2013. Book value based on net assets, as per unaudited financial statements, as at 30 June 2013 is Rs. 6.21 per share (audited financial statements, as at 30 June 2012: Rs. 8.72 per share). During the period the company purchased 9.06 million (2012: nil million) irredeemable and convertible preference shares at average price of Rs. 9.02 (2012: Rs. Nil).

12.3.2 Investment in TPL (unquoted) represents 3 million (2012: 3 million) fully paid ordinary shares of Rs.10 each, representing 10% (2012: 10%) of TPL's paid up share capital as at 30 June 2013. Book value based on net assets, as per audited financial statements, as at 31 December 2012 is Rs. 4.78 per share (2012: Rs. 4.48 per share).

12.3.3 Investment in JCL (qouted) represents 13.51 million (2012: 14.58 million) non-voting, unlisted, cumulative, convertible, redeemable and non-participatory 12% preference shares of Rs. 6.86 (2012: Rs. 6.86) each, representing 7.90% (2012: 8.53%) of JCL's total share capital as at 30 June 2013. During the year, the Company disposed off 1.076 million preference shares through offer for sale at the price of Rs. 10 per share. Book value based on net assets, as per unaudited financial statements, as at 31 December 2012 is Rs. 29.52 per share (audited financial statements, as at 30 June 2012: Rs. 27.75 per share).

12.3.4 Investment in SBL (unquoted) represents 0.01 million (2012: 0.01 million) fully paid ordinary shares of Rs. 100 each, representing 4.65% (2012: 4.65%) of SBL's paid up share capital as at 30 June 2013.

12.3.5 During the year, the Company has purchased 5,000 fully paid ordinary shares in Al-Khabeer Financial Services (Pvt) Limited for Rs. 1 million, representing 5% of the total share capital of the Company as at 30 June 2013.

12.4 Movement in provision for impairment

		2013	2012
- Balance as at 1 July		(1,013,547,974)	(1,032,557,974)
- Reversal during the year		129,598,821	19,010,000
- Provision made during the year		-	-
- Balance as at 30 June	Rupees	(883,949,153)	(1,013,547,974)

12.4.1 Subsidiaries - at cost

		2013	2012
- Balance as at 1 July		(997,547,974)	(997,547,974)
- Provision reversal during the year		129,598,821	-
- Balance as at 30 June	Rupees	(867,949,153)	(997,547,974)

12.4.2 Available for sale

		2013	2012
Associate:			
- Balance as at 1 July		-	(19,010,000)
- Reversal during the year RMFBL		-	19,010,000
- Balance as at 30 June		-	-
Other investments:			
- Balance as at 1 July		(16,000,000)	(16,000,000)
- Provision during the year		-	-
- Balance as at 30 June		(16,000,000)	(16,000,000)
Total balance as at 30 June	Rupees	(16,000,000)	(16,000,000)

12.5.1 The Company also measures unquoted equity instruments at fair value using valuation techniques under the guidelines of IAS 39 - "Financial Instruments: Recognition and Measurement". The investments in other unquoted equity instruments that do not have a market/quoted price in an active market and whose fair value cannot be measured reliably, due to non availability of market specific inputs and other related factors are measured at cost. These are Company's strategic investments and Company does not intend to dispose them off in near future.

12.5.2 Valuation techniques and key assumptions used for the remeasurement of following unquoted investments at fair value are as under. Management estimates that changing any such assumptions to a reasonably possible alternative, would not result in significantly different fair values:

Name of investee company	Year	Key assumptions: Long term growth rate	Long term return on equity	Weighted average cost of capital	Projection period (years)	Valuation techniques	Other assumptions used
Pakarab Fertilizers Limited	**2013**	**5.00%**	**15.88%**	**10.44%**	**7**	**Discounted cash flows (DCF)**	**Market based operational assumptions**
	2012	5.00%	17.70%	13.62%	7	Discounted cash flows (DCF)	Market based operational assumptions

13. LOAN TO SUBSIDIARY

The Company has entered into a long term financing agreement with PCL on 1 October 2012. The loan is unsecured and repayable at the end of fifth year from the date of first draw down with the option to repay early to the PCL. The markup rate on said loan is 3 month KIBOR plus 2.5%, payable on semi annual basis. The effective mark-up charged during the year was 11.81% to 12.03% per annum.

14. LONG TERM DEPOSITS

		2013	2012
Security deposit with Central Depository Company of Pakistan Limited		4,090	4,090
Security deposits with cellular phone companies		58,500	40,500
Security deposits with Pakistan State Oil - for fuel card		45,000	45,000
Security deposit for employees car		3,172,700	2,868,500
	Rupees	3,280,290	2,958,090

15. LOANS AND ADVANCES

		2013	2012
Unsecured			
Considered good			
Advance for new investment	15.1	295,324,937	60,000,000
Advance against expenses		-	635,000
Advance against salaries		932,581	1,301,000
To related parties:			
Serendib Stock Brokers (Private) Limited (Formerly SKM Lanka Holdings (Private) Limited) (SBPL) - Advance against equity		-	13,621,362
Power Cement Limited (Formerly Al-Abbas Cement Industries Limited)	15.2	87,500,000	500,000,000
		383,757,518	575,557,362
Secured			
Considered good			
Receivable against reverse repurchase agreement (Reverse repo)	15.3	200,007,031	-
To related parties:			
Aisha Steel Mills Limited	15.4	16,650,000	16,650,000
Javedan Corporation Limited	15.5	757,423,564	460,000,000
		774,073,564	476,650,000
	Rupees	1,357,838,113	1,052,207,362

15.1 This represents amount paid as deposit money for acquisition of shares of a company in dairy farming industry.

15.2 The Company has entered into a loan agreement with 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 year was 11.58% to 14.49% (2012: 14.41% to 14.42%) per annum.

15.3 On 20 March 2013, the Company entered into an Agreement for Purchase and Sale of Securities (Reverse repo) with a financee. The effective rate between purchase and resale price is 15% per annum. The fair value of the securities as at the balance sheet date is Rs. 470.819 million. As per the agreement, all transaction costs relating to purchase and sale of securities shall be borne by the financee.

15.4 The Company has entered into an agreement with said associate 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 prevailing on the base rate setting date plus 3.25% per annum. Mark-up is payable on quarterly basis. The effective mark-up charged during the year ranged between 12.37% to 15.29% (2012: 15.20% to 16.45%) per annum.

15.5 The Company has entered into an arrangement with said company on 20 November 2010. Under the arrangement, the Company shall disburse loan to the said company in one or more tranches on a short term basis and is secured against REIT units to be issued by the borrower to the Company in the proposed REIT scheme of the borrower which is in the process of getting permissions from Securities and Exchange Commission of Pakistan (SECP). In case where REIT Scheme is not approved by the SECP, the borrower, as an alternate shall provide a registered mortgage deed in favour of the Company over its immovable property located in Deh Manghopir and Gadap Town, Karachi, totalling 166 acres. The loan is repayable on demand.

The mark-up rate on the said loan is three months KIBOR prevailing on the base rate setting date plus 3% per annum. Mark-up is payable on a quarterly basis. The effective mark-up charged during the year ranged between 12.28% to 14.95% (2012: 14.91% to 16.54%) per annum.

15.6 Maximum balance due from related parties is Rs. 878.223 million.

16. MARKUP RECEIVABLE

		2013	2012
Considered good:			
From Suroor Investments Limited	16.1	**108,244,291**	108,244,291
From Princely Jets (Private) Limited		**10,289,176**	14,289,176
Receivable against reverse repurchase agreement (Reverse repo)	15.3	**8,069,679**	-
From related parties:			
Javedan Corporation Limited	15.5	**1,340,677**	36,101,837
Aisha Steel Mills Limited	15.4	**1,975,838**	5,955,730
Power Cement Limited (Formerly Al-Abbas Cement Industries Limited)	13 & 15.2	**577,665**	25,266,849
	Rupees	**130,497,326**	189,857,883

16.1 The mark-up pertains to the amount that was due on disposal of the Company's former subsidiary, Summit Bank Limited (formerly Arif Habib Bank Limited). The bank was sold to Suroor Investment Limited at Rs. 9 per share. The Company has received sales proceeds in full.

17. OTHER RECEIVABLES

		2013	2012
Considered good:			
Receivable under guarantee	21.2	575,476,652	-
Trade receivable	17.1	1,227,495	-
Dividend receivable from FFCL		-	563,451,308
Others		2,788,827	2,320,000
	Rupees	579,492,974	565,771,308

17.1 This represents amount receivable from Arif Habib Limited, a subsidiary of the Company, for sale of listed securities from stock exchange under T+2 settlement method.

18. SHORT TERM INVESTMENTS

		2013	2012
At fair value through profit or loss - held for trading			
Investment in quoted equity securities	18.1	238,778,546	1,474,455,723
Available for sale			
Rozgar Microfinance Bank Limited		-	37,629,900
	Rupees	238,778,546	1,512,085,623

18.1 Fair value of these investments is determined using quoted market prices prevailing at the balance sheet date. Short term investments include equity securities pledged with various banking companies against short term running finance facilities having a market value of Rs. 231.47 million (2012: Rs. 1,221.70 million).

18.2 Reconciliation of gain / (loss) on remeasurement of investments at fair value through profit or loss - held for trading

		2013	2012
Cost of investment		761,469,481	2,234,673,161
Unrealised (loss) / gain:			
Balance as at 1 July		(760,217,438)	(1,204,264,467)
Unrealised gain for the year		237,526,503	444,047,029
		(522,690,935)	(760,217,438)
Balance as at 30 June	Rupees	238,778,546	1,474,455,723

19. CASH AND BANK BALANCES

		2013	2012
With banks in:			
Current accounts			
- In local currency		9,473,304	2,800,848
- In foreign currency		4,039,631	3,851,181
		13,512,935	6,652,029
Deposit accounts	19.1	83,687,269	4,522,894
		97,200,204	11,174,923
Cash in hand		95	5,050
	Rupees	97,200,299	11,179,973

19.1 The balance in deposit accounts carry markup ranging from 6% to 8% per annum (2012: 5% to 8% per annum).

20. ASSET HELD FOR SALE

On 07 March 2013, the Company entered into four separate Share Purchase Agreements (SPAs) with four buyers for sale of its entire shareholding in THCCL, an associate, for a consideration of Rs. 24.16 per share. During the year 4.4 million shares were transferred to two buyers, the sale of remaining shares will complete shortly once all formalities are finalized.

As per the latest available un-audited financial information of the company as of 31 March 2013, the revenues for the nine month period ended amounts to Rs. 1,700.46 million and the total assets and total liabilities as of 31 March 2013 amounts to Rs. 2,307.56 million and Rs. 1,267.19 million respectively.

21 OPERATING REVENUE

		2013	2012
Dividend income	21.1	1,273,637,645	2,127,794,318
Mark-up on loans and advances		128,511,147	133,387,229
Mark-up on bank deposits		229,689	184,756
Income from reverse repurchase transaction		8,069,679	-
Put Option fee	21.2	21,234,783	-
Underwriting commission		-	4,112,014
Gain on sale of securities - net	21.3	531,944,436	114,795,858
Gain on remeasurement of investments - net	21.4	69,394,099	2,036,690,977
	Rupees	2,033,021,478	4,416,965,152

21.1 This represents dividend received from Pakarab Fertilizers Limited, in the form of shares of Fatima Fertilizer Company Limited, amounting to Rs. 312.39 million (2012: Rs 1,472.98 million).

21.2 During the year, the Company has entered into a put option agreement with Silk Bank Limited (SBL) and preference shareholders of SBL whereby SBL has issued 880 million preference shares at the rate of Rs. 2.5 per share to these shareholders. Further, under the agreement, the preference shareholders have the option to sell their respective preference shares at a strike price of Rs 3.70 per share to the Company, at the end of a tenor of 3 years from the date of issue of preference shares provided SBL has not exercised its call option to redeem the preference shares. Silk Bank Limited will pay the Company a put option fee calculated quarterly at the rate of 2.5 % per annum on the outstanding preference shares, based on the price at which the Put option will be exercised. The said fees is guaranteed by United Bank Limited.

The Company has entered into arrangements including financial guarantee with major sponsor of SBL to indemnify the Company for any loss, liability or damage arising out of exercise of the Put Option by preference shareholders. The Company has recognized liability of Rs. 575.5 million resulting from Put option at the year end and receivable under the financial guarantee under 'trade and other payables' and 'other receivables' respectively. The Put Option has been valued using Black Scholes model with discount rate of 10.51%.

21.3 Gain / (loss) on sale of securities - net

		2013	2012
Gain on sale of securities		636,728,880	341,951,057
Loss on sale of securities		(104,784,444)	(227,155,199)
	Rupees	531,944,436	114,795,858

21.4 Gain on remeasurement of investments - net

		2013	2012
(Loss) / gain on remeasurement of investment in associates - at fair value through profit or loss		(168,132,404)	1,592,643,948
Gain on remeasurement of investments - at fair value through profit or loss (held for trading)	18.2	237,526,503	444,047,029
	Rupees	69,394,099	2,036,690,977

21.5 Operating revenue is not subject to trade or any other type of discount.

22. OPERATING AND ADMINISTRATIVE EXPENSES

		2013	2012
Salaries and benefits	22.1	31,142,202	27,459,582
Printing and stationery		4,694,146	4,889,704
Communication		1,230,878	1,291,251
Rent, rates and taxes		16,182,358	12,455,005
Electricity		2,308,953	2,062,266
Legal and professional charges		7,911,659	3,083,735
Custody and settlement charges		1,313,433	2,159,295
Entertainment		831,293	613,417
Travelling and conveyance		3,891,550	5,191,705
Advertisement and business promotion		6,216,109	2,748,660
Depreciation	11	6,882,502	7,872,315
Property and equipment written off		214,986	-
Repairs and maintenance		2,413,271	1,578,571
Insurance		1,222,439	1,032,324
Auditors' remuneration	22.2	1,380,072	1,164,500
Fees and subscription		2,596,561	2,131,550
Directors' meeting fees		100,000	110,000
Ujrah payments	22.3	1,645,196	1,954,475
Others		2,881,684	7,527,504
	Rupees	95,059,292	85,325,859

22.1 This includes Company's contribution to defined contribution plan amounting to Rs. 1.624 million (2012: Rs. 2.115 million). The Company has set up provident fund for its employees and the contributions were made by the Company to the Trust in accordance with the requirement of Section 227 of the Companies Ordinance, 1984. The entire fund balance amounting to Rs. 6.32 million as of 30 June 2012 is placed with bank under deposit account in accordance with the requirement of Section 227 of the Companies Ordinance, 1984.

22.2 Auditors' remuneration

		2013	2012
Audit fee		875,000	825,000
Certification including interim review		355,000	300,000
Out of pocket		150,072	39,500
	Rupees	1,380,072	1,164,500

22.3 Ujrah payments

The Company has entered into various Ijarah arrangements with First Habib Modaraba for lease of 4 vehicles having various monthly rentals for total period of 4 years. Following are the future ujrah payments under the agreement:

		Not later than one year	Later than one year but not later than five years	Later than five years
Total of future ujrah payments under the agreement	Rupees	1,880,124	302,681	-

23. FINANCE COST

		2013	2012
Mark-up on short term borrowings		208,826,550	246,962,405
Mark-up on long term loan		73,848,914	51,576,479
Finance cost under marginal trading system		9,269,037	2,051,058
Bank charges		82,367	171,683
	Rupees	292,026,868	300,761,625

24. OTHER CHARGES

		2013	2012
Workers' Welfare Fund	24.1	254,553,451	-
Donations		2,796,000	37,050,000
	Rupees	257,349,451	37,050,000

24.1 During the year ended 30 June 2011, the Honourable High Court of Lahore vide their order in respect of writ petition No. 8763/2011, has declared amendments introduced through Finance Acts 2006 and 2008 in Workers' Welfare Ordinance, 1971 as unconstitutional. Further, the Company has also filed a writ petition in the High Court of Sindh at Karachi to impugn the amendments made to the Workers' Welfare Ordinance 1971, vide Finance Act 2008. Moreover, the Appellate Tribunal Inland Revenue, Islamabad has also settled issue of WWF in the favour of taxpayers and against the Inland Revenue Service Department in ITA No. 38/1B/2012 (Tax year 2009), ITA No. 136/IB/2012 (Tax year 2009) and ITA No. 137/IB/2012 (Tax year 2010) dated 21 May 2012. During the third quarter ended March 31, 2013, the Honourable High Court of Sindh (SHC) vide their order in respect of Constitutional Petition bearing No. D-2753/2009 has declared that amendments to the Workers Welfare Fund through Finance Act 2006 and 2008 do not suffer from any constitutional or legal infirmity. On the basis of the aforementioned order of SHC, the Company writ petition was disposed off on the same grounds.

Being aggrieved by the decision of SHC, the Company has filed a constitutional petition challenging the order of SHC before the Honourable Supreme Court of Pakistan. The management of the Company is contesting the case vigorously and as per the legal counsel, the Company has a reasonable case and the management is confident that the petition will be decided in favor of the Company. However, based on prudence the Company has provided for Workers' Welfare Fund for the years from 2010 to 2013.

25. TAXATION

		2013	2012
For the year			
- Current		169,316,957	472,882
- Deferred		78,965,475	(260,544,276)
Prior year		(99,826,284)	-
	Rupees	148,456,148	(260,071,394)

25.1 Relationship between tax expense and accounting profit

	2013
Profit before taxation	1,514,201,077
Tax at the applicable tax rate of 35%	529,970,377
Tax effect of permanent differences	7,602,013
Tax effect of income under final tax regime	(5,397,174)
Tax effect of income taxed at lower rate	(362,407,115)
Prior year tax effect	(99,826,284)
Tax effect of non-deductible expenses	978,600
Tax effect of exempt Income	(68,185,035)
Reduction in tax liability due to carry forward of losses on which deferred tax was not recognised last year	(19,357,207)
Tax effect of change in current tax regime	243,813,623
Tax effect of change in tax rate	(78,735,650)
	148,456,148

26. EARNINGS PER SHARE - BASIC AND DILUTED

26.1 Basic earnings per share

		2013	2012
Profit after tax	Rupees	1,365,744,929	4,254,306,077
Weighted average number of ordinary shares	Number	453,750,000	453,750,000
Earnings per share - basic and diluted	Rupees	3.01	9.38

26.2 Diluted earnings per share

Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at 30 June 2012 and 30 June 2013 which would have any effect on the earnings per share if the option to convert was exercised.

27. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES

27.1 For the purpose of disclosure those employees are considered as executives whose basic salary exceeds five hundred thousand rupees in a financial year.

27.2 The aggregate amounts charged in these financial statements in respect of remuneration including benefits to the Chief Executive, Directors and Executives of the Company are given below:

	Chief Executive		Other Executives	
	2013	2012	2013	2012
Managerial remuneration	8,400,000	8,400,000	10,263,006	8,256,006
Contribution to provident fund	677,419	677,419	721,210	581,732
Bonus	1,400,000	1,637,500	1,710,501	2,020,001
Other perquisites and benefits	960,000	960,000	447,150	444,072
Total Rupees	11,437,419	11,674,919	13,141,867	11,301,811
Number of person(s)	1	1	8	7

27.3 Besides the above, group insurance and medical facilities under insurance coverage were provided to the above mentioned personnel.

27.4 The aggregate amount charged to these financial statements in respect of directors' fee paid to one director (2012: two) was Rs. 0.10 million (2012: Rs. 0.11 million). During the year, none of the directors except CEO was drawing any salary on account of managerial remuneration.

27.5 The Chief Executive and certain Executives have been provided with free use of Company maintained vehicles in accordance with the Company's policy.

28. CASH GENERATED FROM OPERATIONS

		2013	2012
Profit before tax		1,514,201,077	3,994,234,683
Adjustments for:			
Depreciation		6,882,502	7,872,315
Property and equipment written off		214,986	-
Dividend income		(1,273,637,645)	(2,127,794,318)
Mark-up on loans and advances		(128,511,147)	(133,571,985)
Reversal of impairment on subsidiary		(125,420,286)	-
Loss / (gain) on remeasurement of investment in associates		168,132,404	(1,592,643,948)
Income from reverse repurchase transaction		(8,069,679)	-
Gain on insurance claim		(6,475)	-
Gain on remeasurement of short term investments		(237,526,503)	(444,047,029)
Gain on disposal of long term investments		(413,605,178)	(267,568,155)
Workers' Welfare Fund		254,553,451	-
Finance cost		292,026,868	300,761,625
		(1,464,966,702)	(4,256,991,495)
		49,234,375	(262,756,812)
Changes in working capital			
(Increase) / decrease in current assets			
Loans and advances		(319,252,113)	(501,398,770)
Prepayments		(13,167,521)	(561,543)
Other receivables		(577,772,974)	40,270,485
Short term investments		1,473,203,680	(84,279,183)
Increase in current liabilities			
Trade and other payables		107,506,699	471,505,671
		670,517,771	(74,463,340)
Cash generated from / (used in) operations	Rupees	719,752,146	(337,220,152)

29. CASH AND CASH EQUIVALENTS

		2013	2012
Cash and bank balances	19	97,200,299	11,179,973
Short term borrowings	9	(649,062,344)	(1,685,677,935)
	Rupees	(551,862,045)	(1,674,497,962)

30. OPERATING SEGMENTS

The financial statements have been prepared on the basis of a single reporting segment, segment information has been presented in the consolidated financial statements.

31. FINANCIAL INSTRUMENTS

The Company has exposures to the following risks from the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

31.1 Credit risk

Credit risk represents the Financial loss that would be recognized at the balance sheet date if counterparties fail completely to perform as contracted and arises principally from loans and advances and other receivables. Out of the total financial assets of Rs. 26,199 million (2012: Rs. 26,981 million), the financial assets which are subject to credit risk amounted to Rs. 2,662.48 million (2012: Rs. 1,815.445 million).

To manage exposure to credit risk in respect of loans and advances, management performs credit reviews taking into account the borrower's financial position, past experience and other factors. Loans terms and conditions are approved by the competent authority.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date is:

		2013	2012
Long term deposits		107,590	89,590
Loans and advances		1,356,905,532	1,050,271,362
Loan to subsidiary		500,000,000	-
Other receivables		577,772,974	564,051,308
Markup receivable		130,497,326	189,857,883
Cash and bank balances		97,200,204	11,174,923
	Rupees	2,662,483,626	1,815,445,066

All the loans, advances, markup and other receivables at the balance sheet date represent domestic parties except a markup receivable of Rs. 108.24 million (2012: 108.24 million).

The aging analysis of loans, advances and other receivables is as follows:

		2013	2012
Not past due		2,326,434,215	1,695,936,262
Past due 1-30 days		-	-
Past due 30-180 days		-	-
Past due more than 180 days		108,244,291	108,244,291
	Rupees	2,434,678,506	1,804,180,553

The credit quality of loans, advance, markup and other receivable can be assessed with reference to external credit ratings as follows:

	Rating Short term	Rating Long term	Rating agency	2013	2012
				------------ Rupees	----------
Power Cement Limited (Formerly Al-Abbas Cement Industries Limited) (PCL)	-	-	-	588,077,665	525,266,849
Suroor Investment Limited	-	-	-	108,244,291	108,244,291
Princely Jets (Private) Limited	-	-	-	10,289,176	14,289,176
Arif Habib Limited	-	-	-	1,411,539	-
Aisha Steel Mills Limited	-	-	-	18,625,838	22,605,730
Javedan Corporation Limited	-	-	-	758,764,241	496,101,837
Serendib Stock Brokers (Private) Limited (Formerly SKM Lanka Holdings (Private) Limited) (SBPL)	-	-	-	-	13,621,362
Fatima Fertilizer Company Limited	A-1	A+	PACRA	-	563,451,308
Silk Bank Limited	A-2	A-	JCR-VIS	884,783	-
Others	-	-	-	1,078,878,299	60,600,000

Receivable from Princely Jets (Private) Limited is secured by demand promissory note and is refundable as per Memorandum of Understanding signed on 24 May 2010. Loan to Javedan Corporation limited and Aisha Steel Mills Limited are secured as disclosed in note 15.4 & 15.5 of these financial statements. Receivable against reverse repurchase agreement is secured as disclosed in note 15.3. Further, Rs. 589.49 million (2012: 1,621.05 million) is due from group companies and management believes that the sum will be recovered in full as companies are under common management.

The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

	Rating Short term	Rating Long term	Rating agency	Rating 2013	2012
				------------ Rupees	----------
Allied Bank Limited	A1+	AA+	PACRA	296,202	296,332
Summit Bank Limited	A-2	A-	JCR-VIS	2,827,082	185,275
Askari Commercial Bank	A1+	AA	PACRA	3,658,162	3,459,985
Bank Alfalah Limited	A1+	AA	PACRA	481,719	29,769
Bank AL-Habib Limited	A1+	AA+	PACRA	436,220	379,902
Bank of Khyber	A2	A-	PACRA	153,567	153,567
Barclays Bank Ltd.	A1	A+	Standard & Poor's	481,040	481,040
Faysal Bank Limited	A1+	AA	PACRA	23,975	23,475
First Women Bank	A2	A-	PACRA	50,000	50,000
Habib Bank Limited	A1+	AA+	JCR-VIS	199,764	182,827
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	2,858	2,710
KASB Bank Limited	A3	BBB	PACRA	63,933	63,907
MCB Bank Limited	A1+	AA+	PACRA	4,064,631	3,939,630
National Bank of Pakistan	A1+	AAA	JCR-VIS	3,201,958	1,074,270
NIB Bank Limited	A1+	AA-	PACRA	45,780	43,400
Soneri Bank Limited	A1+	AA-	PACRA	99,730	99,730
Sindh Bank Limited	A-1	AA-	PACRA	80,333,360	-
Standard Chartered Bank Limited	A1+	AAA	PACRA	314,240	243,085
United Bank Limited	A-1+	AA+	JCR-VIS	465,983	466,019

Based on past experience, the management believes that no impairment allowance is necessary in respect of loans, advances and other receivables as there are reasonable grounds to believe that the amounts will be recovered in due course.

31.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Company. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of adequate funds through committed credit facilities. The Company finances its operations through equity, borrowings and working capital with a view of maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

On the balance sheet date, the Company has cash and bank balance and unutilized credit lines of Rs. 97.20 million (2012: Rs. 11.18 million) and Rs. 3,180.94 million (2012: Rs. 1,444.32 million) as mentioned in note 19 & 9.

The following are the contractual maturities of financial liabilities, including estimated interest payments on an undiscounted cash flow basis:

	2013			
	Carrying amount	**Contractual cash flows**	**Upto one year**	**More than one year**
Financial liabilities				
Trade and other payables	**580,931,010**	**583,113,815**	**582,811,134**	**302,681**
Short term borrowings	**649,062,344**	**696,560,024**	**696,560,024**	**-**
Current maturity of long term loan	**656,550,000**	**673,786,326**	**673,786,326**	**-**
Rupees	**1,886,543,354**	**1,953,460,165**	**1,953,157,484**	**302,681**

	2012			
	Carrying amount	Contractual cash flows	Upto one year	More than one year
Financial liabilities				
Long term loan - secured	656,550,000	677,624,358	21,074,358	656,550,000
Trade and other payables	473,424,311	475,663,133	474,480,467	1,182,666
Short term borrowings	1,685,677,935	1,741,691,952	1,741,691,952	-
Rupees	2,815,652,246	2,894,979,443	2,237,246,777	657,732,666

The future interest related cash flows depends on the extent of utilisation of running finance facilities and the interest rates applicable at that time.

31.3 Market risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.The objective is to manage and control market risk exposures within acceptable parameters, while optimising the return. The market risks associated with the Company's business activities are interest / mark-up rate risk and price risk. The Company is not exposed to material currency risk.

a) Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. Currently, the Company's foreign exchange risk exposure is restricted to long term equity investments and bank balances in foreign currency. As such the Company does not regularly deal in foreign currency transactions except for utilizing equity investment opportunities as and when it arises and maintenance of foreign currency bank accounts which currently are denominated in US Dollars. The management believes that the Company's exposure emanating from any fluctuations in the foreign currencies is not required to be hedged.

The amount of Company's equity investment in foreign currency equals to Rs. 100.24 million (2012: Rs. 51.54 million), whereas the bank balances denominated in foreign currency equals to Rs. 4.04 million (2012: 17.47 million).

Sensitivity analysis

For the purpose of foreign exchange risk sensitivity analysis, it is observed that in the financial year the local currency has weakened against US Dollars by approximately 4.14%. Subsequent to the balance sheet date and till the authorization of these financial statements an appreciation of 1.97%, have been observed. During the year, the above decline has resulted in a gain on foreign currency translation of Rs. 0.19 million that is recognized in profit and loss account, therefore the Company is not significantly exposed to foreign currency risk. Further, there are no commitments or outstanding derivative contracts in foreign currency at the balance sheet date.

The following table summarizes estimated changes in the value of foreign currency bank balances assuming changes in the underlying exchange rates. The changes in value do not necessarily reflect the best or worst case scenarios and actual results may differ. The analysis assumes that all other variables, in particular interest rate, remain constant.

	Carrying value of foreign currency	Estimated fair value assuming a hypothetical percentage increase / (decrease) in the value of foreign currencies versus Pak rupee (Rupees in million)					
		-20%	-10%	-1%	1%	10%	20%
30 June 2013	**4.04**	**3.23**	**3.64**	**4.00**	**4.08**	**4.44**	**4.85**
30 June 2012	17.47	13.98	15.73	17.30	17.65	19.22	20.97

b) **Interest / mark-up rate risk**

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark-up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short term borrowings and loans and advances by the Company have variable rate pricing that is mostly dependent on the Karachi Inter Bank Offer Rate (KIBOR) as indicated in respective notes.

At the balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2013	2012	**2013**	2012
	Effective interest rate (in %)		Carrying amounts (in Rupees)	
Financial assets				
Loans and advances	11.58% to 15.29%	14.42% to 15.23%	861,573,564	976,650,000
Loan to subsidiary	11.81% to 12.03%	-	500,000,000	-
Cash and bank balances	5% to 8%	5% to 8%	83,687,269	4,522,894
Financial liabilities				
Long term loan - secured	-	12.92%	-	656,550,000
Current maturity of long term loan	10.08%	12.92%	656,550,000	-
Short term finance	10.33% to 11.58%	12.92% to 14.42%	649,062,344	1,685,677,935

Sensitivity analysis

The Company does not have any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not effect fair value of any financial instrument. For cash flow sensitivity analysis of variable rate instruments a hypothetical change of 100 basis points in interest rates would have decreased / (increased) profit for the year by the amounts shown below.

It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

		Profit and loss	
		Increase 100 bps	Decrease 100 bps
As at 30 June 2013			
Cash flow sensitivity - Variable rate financial liabilities	Rupees	**5,497,892**	**(5,497,892)**
Cash flow sensitivity - Variable rate financial assets	Rupees	**4,892,939**	**(4,892,939)**
As at 30 June 2012			
Cash flow sensitivity-Variable rate financial liabilities	Rupees	5,855,570	(5,855,570)
Cash flow sensitivity-Variable rate financial assets	Rupees	3,563,764	(3,563,764)

c) **Price risk**

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark-up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. 11,370.747 million (2012: Rs. 11,717.088 million) at the balance sheet date.

The Company's strategy is to hold its strategic equity investments for a longer period of time. Thus, the management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee company remain viable. The Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

The carrying value of investments subject to equity price risk are, in almost all instances, based on quoted market prices as of the reporting date except for, unquoted associates which are carried at fair value determined through valuation techniques. Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

Sensitivity analysis

For the purpose of price risk sensitivity analysis it is observed that the benchmark KSE 100 Index has increased by 52.20% during the financial year. Subsequent to the balance sheet date and till the date of authorization of these financial statements a further increase of 10.31% in the KSE 100 Index has been observed.

The table below summarizes the Company's equity price risk as of 30 June 2013 and 2012 and shows the effects of a hypothetical 30% increase and a 30% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in the Company's equity investment portfolio. Rupees are in million.

	Fair value	"Hypothetical price change"	"Estimated fair value after hypothetical change in prices"	"Hypothetical increase / (decrease) in shareholders' equity"	"Hypothetical increase (decrease) in profit / (loss) before tax"
30 June 2013	**11,370.75**	**30% increase**	**14,781.97**	**368.41**	**3,042.81**
		30% decrease	**7,959.52**	**(368.41)**	**(3,042.81)**
30 June 2012	11,717.09	30% increase	15,232.21	56.99	3,458.13
		30% decrease	8,201.96	(56.99)	(3,458.13)

d) **Other market risk**

Management believes that unless more sophisticated and comprehensive disclosure of sensitivity analysis is given for each type of market risk to which the Company is exposed at the balance sheet date, the above mentioned sensitivity analysis in absence of availability of a large economic data with high accuracy and the present effects of unprecedented country's political situation on economics, might remain unrepresentative to the financial statements readers for the risk inherent in the financial instruments.

31.4 **Fair value of financial instruments**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying value of all financial assets and liabilities on the balance sheet approximate to their fair value except for certain long term investments that are carried at cost and whose fair values have been disclosed in note 12.

a) **Fair values versus carrying amounts**

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	30 June 2013		30 June 2012	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets				
Long term investments	**23,297,968,964**	**23,297,968,964**	23,653,415,548	23,653,415,548
Loan to subsidiary	**500,000,000**	**500,000,000**	-	-
Short term investments	**238,778,546**	**238,778,546**	1,512,085,623	1,512,085,623
Long term deposits	**107,590**	**107,590**	89,590	89,590
Loans and advances	**1,356,905,532**	**1,356,905,532**	1,050,271,362	1,050,271,362
Markup receivable	**130,497,326**	**130,497,326**	189,857,883	189,857,883
Other receivables	**577,772,974**	**577,772,974**	753,909,191	753,909,191
Cash and bank balances	**97,200,299**	**97,200,299**	11,179,973	11,179,973
Rupees	**26,199,231,231**	**26,199,231,231**	27,170,809,170	27,170,809,170

	30 June 2013		30 June 2012	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial liabilities				
Long term loan - secured	**-**	**-**	656,550,000	656,550,000
Interest/mark-up accrued on short term borrowings	**64,734,006**	**64,734,006**	77,088,375	77,088,375
Trade and other payables	**580,931,010**	**580,931,010**	473,424,311	473,424,311
Current maturity of long term loan	**656,550,000**	**656,550,000**	-	-
Short term borrowings	**649,062,344**	**649,062,344**	1,685,677,935	1,685,677,935
Rupees	**1,951,277,360**	**1,951,277,360**	2,892,740,621	2,892,740,621

b) **Valuation of financial instruments**

In case of equity instruments, the Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market.
Level 2: Valuation techniques based on observable inputs.
Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Company determines fair values using valuation techniques unless the instruments do not have a market / quoted price in an active market and whose fair value cannot be reliably measured.

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

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

The table below analyses equity instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

30 June 2013		**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Equity securities	Rupees	**10,142,713,167**	**-**	**12,150,000,000**	**22,292,713,167**
Available-for-sale financial assets					
Equity securities	Rupees	**1,228,034,343**	**-**	**-**	**1,228,034,343**
30 June 2012					
Financial assets at fair value through profit or loss					
Equity securities	Rupees	11,527,108,674	-	12,150,000,000	23,677,108,674
Available-for-sale financial assets					
Equity securities	Rupees	189,979,763	-	-	189,979,763

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

Unlisted equity instruments

		2013	2012
Balance at 1 July		12,150,000,000	13,250,039,905
Total gains and losses recognized in profit or loss:			
- included within gain on remeasurement of investment		-	(1,070,761,917)
Transfer out of level 3		-	(29,277,988)
Balance at 30 June	Rupees	12,150,000,000	12,150,000,000

30 June 2013		**Unlisted equity investment**
Total gains or losses recognized in profit or loss for assets and liabilities held at the end of the reporting period:		
- included within gain on remeasurement of financial instruments at fair value through profit or loss	Rupees	-

During the year ended 30 June 2013, the Company did not acquire shares of any new entity in level 3.

Although the Company believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects:

		Effect on profit or loss	
		favourable	(unfavourable)
30 June 2013			
Equity securities	Rupees	31,206,138	(31,206,138)
30 June 2012			
Equity securities	Rupees	67,382,850	(67,382,850)

c) **Accounting classifications and fair values**

The table below provides reconciliation of the line items in the Company's statement of financial position to the categories of financial instruments.

	Trading	Designated at fair value through profit or loss	Loans and receivables	Available for sale	Cost / amortized cost	Total carrying amount
30 June 2013						
Financial assets						
Cash and bank balances	-	-	-	-	97,200,299	97,200,299
Pledged investments	231,471,000	2,861,915,369	-	-	-	3,093,386,369
Non-pledged investments	7,307,546	19,192,019,252	-	1,244,034,343	-	20,443,361,141
Long term deposits	-	-	-	-	107,590	107,590
Loans and advances	-	-	1,356,905,532	-	-	1,356,905,532
Loan to subsidiary	-	-	500,000,000	-	-	500,000,000
Markup receivable	-	-	130,497,326	-	-	130,497,326
Other receivables	-	-	577,772,974	-	-	577,772,974
Rupees	**238,778,546**	**22,053,934,621**	**2,565,175,832**	**1,244,034,343**	**97,307,889**	**26,199,231,231**
Financial liabilities						
Interest/mark-up accrued on short term borrowings	-	-	-	-	64,734,006	64,734,006
Trade and other payables	575,476,652	-	-	-	5,454,358	580,931,010
Current maturity of long term loan	-	-	-	-	656,550,000	656,550,000
Short term borrowings	-	-	-	-	649,062,344	649,062,344
Rupees	**575,476,652**	**-**	**-**	**-**	**1,630,354,159**	**1,951,277,360**
30 June 2012						
Financial assets						
Cash and bank balances	-	-	-	-	11,179,973	11,179,973
Pledged investments	1,221,705,079	3,038,044,445	-	189,979,763	-	4,449,729,287
Non-pledged investments	290,380,544	19,164,608,506	-	1,260,782,834	2,943,048,831	23,658,820,715
Long term deposits	-	-	-	-	89,590	89,590
Loans and advances	-	-	1,050,271,362	-	-	1,050,271,362
Mark-up receivable	-	-	189,857,883	-	-	189,857,883
Other receivables	-	-	2,360,824	-	561,690,484	564,051,308
Rupees	1,512,085,623	22,202,652,951	1,242,490,069	1,450,762,597	3,516,008,878	29,924,000,118
Financial liabilities						
Long term loan - secured	-	-	-	-	656,550,000	656,550,000
Trade and other payables	-	-	-	-	473,424,311	473,424,311
Interest/mark-up accrued on short term borrowings	-	-	-	-	77,088,375	77,088,375
Short term borrowings	-	-	-	-	1,685,677,935	1,685,677,935
Rupees	-	-	-	-	2,892,740,621	2,892,740,621

The financial instruments not accounted for at fair value are those financial assets and liabilities whose carrying amounts approximate at fair value.

32. CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, sustain future development of the business, safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes in Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

33. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of group companies (including subsidiaries and associates), directors and their close family members, major shareholders of the Company, companies where directors also hold directorship, key management personnel and staff provident fund. Transactions with related parties are 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. Remuneration of chief executive, directors and executives is disclosed in note 27 to the financial statements. Transactions with related parties during the year other than those disclosed elsewhere in the financial statements are given below:

Relationship with the Company and the nature of transaction		Year ended 30 June 2013	30 June 2012
Transactions with Subsidiaries			
- Services availed	Rupees	11,666,846	8,387,280
- Mark-up income on loan and advance	Rupees	63,356,295	25,534,147
- Dividend income	Rupees	103,530,855	-
- Subscription of right shares /fresh equity investment	Rupees	100,074,779	55,000,000
- Number of bonus shares received	Rupees	3,834,476	-
- Loan extended	Rupees	587,500,000	523,000,000
- Loan repayment	Rupees	500,000,000	3,000,000
- Mark-up income received	Rupees	88,045,479	267,298
- Receivable against expense	Rupees	-	318,956
- Payment received against expenses	Rupees	-	396,034
- Advance against equity	Rupees	-	13,621,362
- Disposal of computer and allied equipment	Rupees	-	29,543
Transactions with Associates			
- Dividend income - Cash	Rupees	845,260,913	612,195,685
- Dividend income - Specie	Rupees	312,390,000	-
- Dividend received	Rupees	1,408,712,221	48,744,376
- Mark-up on loan and advance	Rupees	2,333,803	9,269,684
- Mark-up income received	Rupees	6,138,855	3,313,953
- Subscription of right shares	Rupees	-	30,671,830
- Loan / advance extended	Rupees	70,000,000	436,938,464
- Loan / advance repayment	Rupees	70,000,000	420,288,464
- Expenses recovered	Rupees	-	7,000
Transactions with Other related parties and associated undertakings			
- Provident fund contribution	Rupees	3,248,318	2,114,646
- Payment of rent and maintenance charges	Rupees	19,373,803	15,315,105
- Loan / advance extended	Rupees	297,423,564	81,550,245
- Loan / advance repayment	Rupees	-	140,000,000
- Mark-up income on loan	Rupees	62,821,048	84,274,615
- Mark-up received	Rupees	97,582,209	72,567,361
- Loan / advance received	Rupees	-	400,000,000
- Loan / advance paid	Rupees	-	400,000,000
- Mark-up expense on loan	Rupees	-	12,829,807
- Mark-up paid	Rupees	-	12,829,807
- Markup on short term running finance	Rupees	-	1,609,470
- Mark-up accrued short term running finance	Rupees	-	313,936
- Commission paid	Rupees	-	6,602,932
- Expenses incurred	Rupees	-	27,446
- Amount recovered against expenses	Rupees	-	27,446

34. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on 26 July 2013 by the Board of Directors of the Company.

34.1 EVENTS AFTER BALANCE SHEET DATE

The Board of Directors has proposed a cash dividend of Rs. 2.50 per share amounting to Rs. 1,134,375,000 at its meeting held on 26 July 2013 for the approval of the members at the annual general meeting to be held on 21 Septmber 2013. These financial statements do not reflect this appropriation as explained in note 3.17.

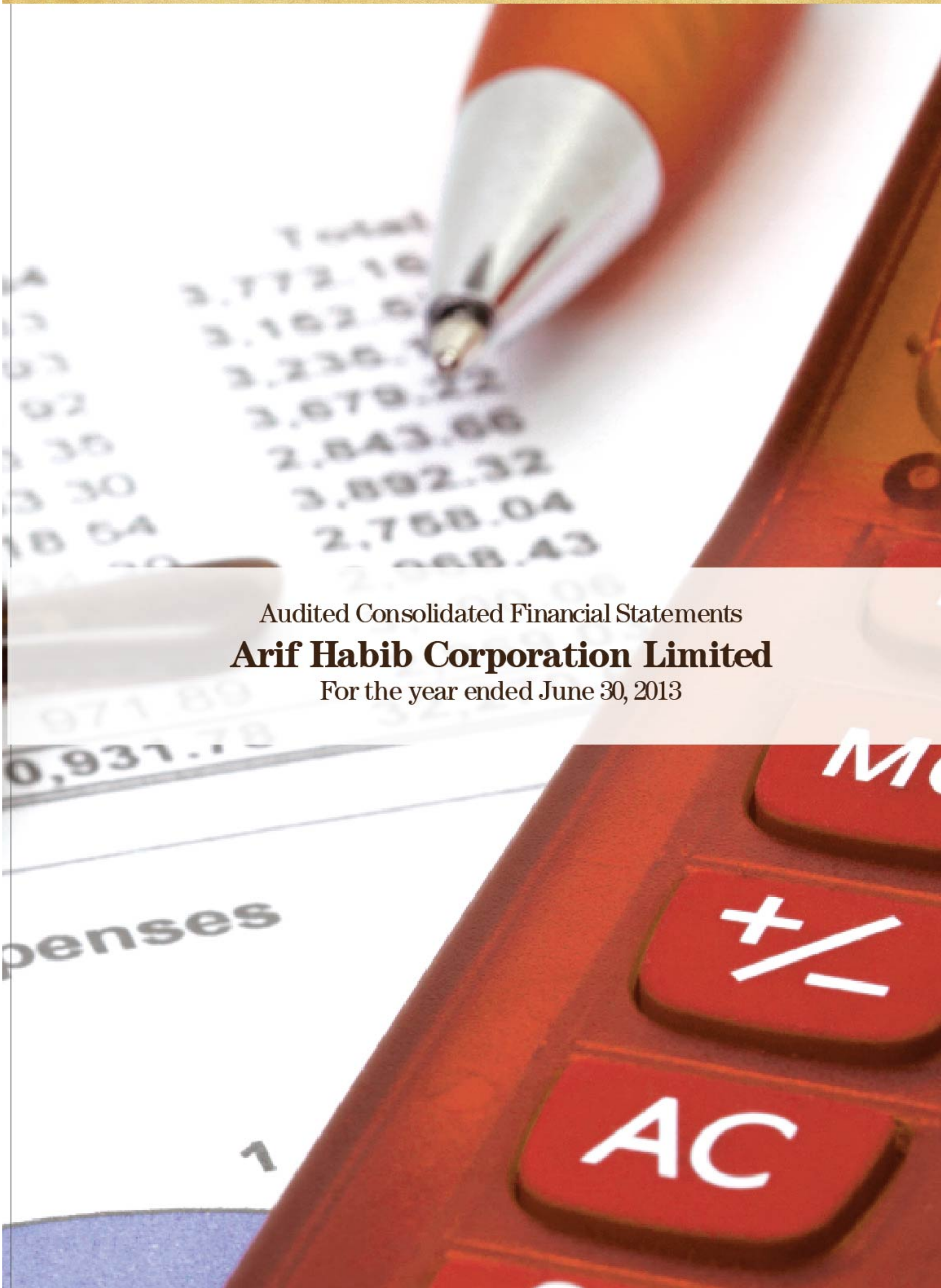
35. GENERAL

Number of persons employeed by the Company as on the year end are 22 and average number of employees during the year are 21.

Corresponding figures have been re-arranged and/or re-classified, wherever necessary, including mark-up receivable amounting to Rs. 189.86 million which was previously included in 'other receivables' is now presented seperately on the balance sheet for the purposes of better presentation.

Chairman & Chief Executive	Director	Chief Financial Officer


Total
777.52
840.13
10



Audited Consolidated Financial Statements

Arif Habib Corporation Limited

For the year ended June 30, 2013

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

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Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Arif Habib Corporation Limited ("the Holding Company") and its subsidiary companies as at 30 June 2013 and the related consolidated profit and loss account, consolidated statements of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of Arif Habib Corporation Limited and its subsidiary company namely Pakistan Private Equity Management Limited (PPEML) except for Arif Habib Limited (AHL), Arif Habib Commodities (Private) Limited (AHCPL), Serendib Stock Brokers (Private) limited (Formerly SKM Lanka Holdings (Private) Limited (SBPL) and Sachal Energy Development (Private) Limited (SEDL) which were audited by other firms of auditors, whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included for such companies, is based solely on the reports of such other auditors. These consolidated financial statements also include unaudited financial statements of subsidiaries namely Power Cement Limited (Formerly Al-Abbas Cement Industries Limited) (PCL), Arif Habib DMCC (AHD) and Sweetwater Dairies Pakistan (Private) Limited (SDPL). These consolidated financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

KPMG Taseer Hadi & Co.

As explained in note 3.1 to the consolidated financial statements, the consolidated financial statements include assets amounting to Rs. 5.82 billion, liabilities amounting to Rs. 4.15 billion and profit after tax amounting to Rs. 376.07 million in respect of subsidiaries namely PCL, AHD, SDPL and carrying value of investment in associate, Aisha Steel Mills Limited amounting to Rs. 846.14 million and the related share of losses of Rs. 314.67 million. We were unable to obtain sufficient appropriate audit evidence in respect of these subsidiaries' and associate's amounts incorporated in the consolidated financial statements as the financial statements of these companies for the year ended 30 June 2013 were neither audited nor any alternate procedures could be performed. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

In our opinion, except for the possible effects on the consolidated financial statements of the matter described above, the consolidated financial statements present fairly the financial position of Arif Habib Corporation Limited and its subsidiary companies as at 30 June 2013 and the results of their operations for the year then ended.

We draw attention to note 1.5 to the consolidated financial statements which explains that PPEML's license to carry out Private Equity and Venture Capital Fund Management Services has expired on 3 June 2013. The management of the subsidiary is in the process of applying to Securities and Exchange Commission of Pakistan for the extension of the same. Our opinion is not qualified in respect of this matter.

KPMG [signature]

Date: 26 August 2013

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Mohammad Mahmood Hussain

Consolidated Balance Sheet
as at 30 june 2013

	Note	2013	2012 (Restated)
		(Rupees)	
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	4	4,537,500,000	4,125,000,000
Reserves	5	10,142,336,656	10,396,573,858
Equity attributable to owners of the Parent		14,679,836,656	14,521,573,858
Non-Controlling interests		534,798,525	551,823,620
		15,214,635,181	15,073,397,478
Non-current liabilities			
Long term loans	6	1,722,582,190	2,645,978,686
Liabilities against assets subject to finance lease	7	-	2,497,747
Deferred liability		6,224,708	121,470,185
Deferred taxation - net	8	278,712,581	400,164,556
		2,007,519,479	3,170,111,174
Current liabilities			
Trade and other payables	9	2,728,273,287	1,284,530,845
Interest / mark-up accrued on borrowings	10	148,513,246	139,775,482
Short term borrowings - secured	11	2,645,744,666	3,943,892,456
Current portion of long term loans	6	954,438,000	251,838,000
Current portion of liabilities against assets subject to finance lease	7	4,984,549	3,544,570
Provision for taxation		215,067,877	102,000,328
		6,697,021,625	5,725,581,681
		23,919,176,285	23,969,090,333
Contingencies and commitments	12		

Consolidated Balance Sheet
as at 30 june 2013

	Note	2013	2012 (Restated)
		(Rupees)	
ASSETS			
Non-current assets			
Property, plant and equipment	13	**4,616,141,791**	4,574,323,120
Intangible assets - others	14	**34,399,641**	32,827,376
Biological assets		**4,654,000**	4,654,000
Goodwill	15	**1,163,961,863**	1,244,928,814
Trading right entitlement certificate, membership card and offices	16	**71,455,000**	68,655,000
Long term investments	17	**10,812,777,385**	11,524,620,559
Investment property	18	**315,336,600**	53,000,000
Long term loans and advances - considered good		**975,000**	154,428,115
Long term deposits and prepayments	19	**40,657,233**	32,895,771
		17,060,358,513	17,690,332,755
Current assets			
Stock-in-trade	20	**301,385,000**	219,062,000
Stores, spares and loose tools	21	**510,513,832**	517,179,832
Trade debts	22	**731,286,802**	328,866,016
Loans and advances - considered good	23	**1,385,422,469**	654,583,733
Deposits and prepayments	24	**76,331,112**	36,866,882
Receivable against sale of investment		**-**	529,534,120
Advance tax		**302,247,804**	138,489,636
Tax refund due from government	25	**213,749,000**	-
Markup receivable	26	**184,109,656**	164,591,034
Other receivables - considered good	27	**651,238,589**	649,760,593
Short term investments	28	**1,808,619,904**	2,934,387,278
Cash and bank balances	29	**564,358,765**	105,436,454
Asset held for sale	30	**129,554,839**	-
		6,858,817,772	6,278,757,578
		23,919,176,285	23,969,090,333

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

Chairman & Chief Executive **Director** **Chief Financial Officer**

Consolidated Profit and loss Account

for the year ended 30 june 2013

	Note	2013	2012 (Restated)
		(Rupees)	
Operating revenue	31	**1,625,564,372**	1,343,590,973
Unrealised gain on re-measurement of investment property	18	**103,136,788**	-
Bargain purchase gain on acquisition of subsidiary		**-**	125,896,168
Operating, administrative and other expenses	32	**(407,847,570)**	(526,674,207)
Impairment of goodwill	15	**(80,966,951)**	(270,113,596)
Reversal / (charge) for impairment on investments - net		**32,720,826**	(100,972,605)
Other income	33	**516,193,810**	714,260,485
Finance cost	34	**(812,651,310)**	(868,267,699)
Other charges	35	**(282,123,414)**	(43,909,143)
		694,026,551	373,810,376
Share of profit of equity-accounted associates - net of tax		**396,333,986**	2,535,683,205
Profit before tax		**1,090,360,537**	2,909,493,581
Taxation	36	**4,188,041**	(331,020,771)
Profit after tax		**1,094,548,578**	2,578,472,810
Profit attributable to:			
Equity holders of Arif Habib Corporation Limited		**917,073,112**	2,513,301,897
Non-controlling interests		**177,475,466**	65,170,913
		1,094,548,578	2,578,472,810
Earnings per share - basic and diluted	37	**2.02**	5.54

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

Chairman & Chief Executive	Director	Chief Financial Officer

Consolidated Statement of Comprehensive Income
for the year ended 30 june 2013

	Note	2013	2012 (Restated)
		(Rupees)	
Profit after tax		1,094,548,578	2,578,472,810
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Unrealized appreciation during the year on remeasurement of investments classified as 'available for sale'		62,697,089	5,319,900
Effect of translation of net assets of foreign subsidiary to presentation currency - net		6,223,376	13,651,688
Share of other comprehensive income of equity-accounted associates		62,752,357	7,200,583
Reclassification adjustment relating to gain realized on disposal of investments classified as 'available for sale'		(5,319,900)	-
Effect of deferred taxation		1,396,474	(1,396,474)
Other comprehensive income for the year		127,749,396	24,775,697
Total comprehensive income for the year		1,222,297,974	2,603,248,507
Total comprehensive income attributable to:			
Equity holders of Arif Habib Corporation Limited		1,044,822,508	2,535,388,946
Non-controlling interests		177,475,466	67,859,561
		1,222,297,974	2,603,248,507

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

Chairman & Chief Executive **Director** **Chief Financial Officer**

Consolidated Cash Flow Statement

for the year ended 30 june 2013

	Note	2013	2012 (Restated)
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	3,091,425,082	(19,772,623)
Income tax paid		(166,558,079)	(37,404,639)
Finance cost paid		(803,913,546)	(1,170,740,898)
Dividend and interest received		847,081,868	364,289,889
Net cash generated from/(used in) operating activities		2,968,035,325	(863,628,271)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(182,537,983)	(236,061,499)
Acquisition of intangible assets		(446,171)	(9,875,438)
Acquisition of room at Stock Exchange		(2,800,000)	-
Acquisition of subsidiary		-	(82,353,502)
Acquisition of investment property		(4,771,697)	73,000,000
Advance against investment property		(975,000)	-
Proceeds from sale of long term investment		169,817,852	-
Long term investments made		-	(466,313,921)
Proceeds from sale of property, plant and equipments & intangibles		12,078,123	56,703,355
Long term loans and advances given		-	(154,428,115)
Long term deposits		(7,761,462)	5,939,992
Proceeds from sale of long term investment		-	470,247,868
Net cash used in investing activities		(17,396,338)	(343,141,260)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing and deferred liabilities		(336,041,973)	50,863,507
Liability against assets subject to finance lease		(1,057,768)	(1,694,824)
Dividend paid to Non-controlling interest		(31,469,145)	-
Dividend paid		(825,000,000)	(750,000,000)
Net cash used in financing activities		(1,193,568,886)	(700,831,317)
Net increase/(decrease) in cash and cash equivalents		1,757,070,101	(1,907,600,848)
Cash and cash equivalents at beginning of the year		(3,838,456,002)	(1,930,855,154)
Cash and cash equivalents at end of the year	39.1	(2,081,385,901)	(3,838,456,002)

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

Chairman & Chief Executive | **Director** | **Chief Financial Officer**

Consolidated statement of changes in equity

for the year ended 30 june 2013

	Equity attributable to owners of the Parent							
	Issued, subscribed and paid up share capital	Unrealized (diminution) / appreciation on remeasurement of available-for-sale investments	Exchange difference on translation to presentation currency	General reserve	Unappropriated profit	Total	Non-controlling interests	Total equity
	Rupees							
Balance as at 01 July 2011	3,750,000,000	(1,948,642)	30,029,222	4,019,567,665	5,376,504,223	13,174,152,468	549,198,456	13,723,350,924
Total comprehensive income for the year								
Profit for the year	-	-	-	-	2,513,301,897	2,513,301,897	65,170,913	2,578,472,810
Other comprehensive income								
Unrealized appreciation during the year on remeasurement of investments classified as 'available for sale'	-	5,319,900	-	-	-	5,319,900	-	5,319,900
Share of other comprehensive income of equity-accounted associates - net of tax	-	5,804,109	-	-	-	5,804,109	-	5,804,109
Net effect of translation of net assets of foreign subsidiary to presentation currency	-	-	10,963,041	-	-	10,963,041	2,688,648	13,651,689
	-	11,124,009	10,963,041	-	2,513,301,897	2,535,388,947	67,859,561	2,603,248,508
Transactions with owners recorded directly in equity								
Issue of 37.5 million bonus shares (1 for every 10 shares held) for the year ended 30 June 2011	375,000,000	-	-	-	(375,000,000)	-	-	-
Final dividend for the year ended 30 June 2011 - Rs. 2.00 per share	-	-	-	-	(750,000,000)	(750,000,000)	-	(750,000,000)
Distribution of 41.250 million (1 preference share for every 10 shares held) preference shares of Aisha Steel Mills Limited as interim specie dividend for the year ended 30 June 2012	-	-	-	-	(412,500,000)	(412,500,000)	-	(412,500,000)
Acquisition of non-controlling interests with acquisition of control of SDPL	-	-	-	-	-	-	36,543,226	36,543,226
Decrease in non-controlling interests on further acquisition of AHL and PCL	-	-	-	-	(25,467,557)	(25,467,557)	(101,777,622)	(127,245,179)
Balance as at 30 June 2012	**4,125,000,000**	**9,175,367**	**40,992,263**	**4,019,567,665**	**6,326,838,563**	**14,521,573,858**	**551,823,620**	**15,073,397,478**
Total comprehensive income for the year								
Profit for the year	-	-	-	-	917,073,112	917,073,112	177,475,466	1,094,548,578
Other comprehensive income								
Unrealized appreciation during the year on remeasurement of investments classified as 'available for sale'	-	62,697,089	-	-	-	62,697,089	-	62,697,089
Share of other comprehensive income of equity-accounted associates - net of tax	-	62,752,357	-	-	-	62,752,357	-	62,752,357
Reclassification adjustments relating to gain realized on disposal of investments classified as available for sale' -net of tax	-	(3,923,426)	-	-	-	(3,923,426)	-	(3,923,426)
Net effect of translation of net assets of foreign subsidiary to presentation currency	-	-	5,571,789	-	-	5,571,789	651,588	6,223,377
	-	121,526,020	5,571,789	-	917,073,112	1,044,170,921	178,127,054	1,222,297,975
Transactions with owners recorded directly in equity								
Issue of 41.25 million bonus shares (1 share for every 10 shares held) for the year ended 30 June 2012	412,500,000	-	-	-	(412,500,000)	-	-	-
Cash dividend for the year ended 30 June 2012 (Rs. 2.00 per share)	-	-	-	-	(825,000,000)	(825,000,000)	(31,469,145)	(856,469,145)
Decrease in non-controlling interests on further acquisition	-	-	-	-	(60,908,123)	(60,908,123)	(163,683,004)	(224,591,127)
Balance as at 30 June 2013	**4,537,500,000**	**130,701,387**	**46,564,052**	**4,019,567,665**	**5,945,503,552**	**14,679,836,656**	**534,798,525**	**15,214,635,181**

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

Chairman & Chief Executive | **Director** | **Chief Financial Officer**

1. STATUS AND NATURE OF BUSINESS

Arif Habib Corporation Limited, the Parent 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 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 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 consolidated financial statements of Arif Habib Corporation Limited for the year ended 30 June 2013 comprise of the Parent Company and following subsidiary companies (here-in-after referred to as "the Group").

Name of Company	*Effective holding*
- Arif Habib Limited, a brokerage house	79.03%
- Arif Habib Commodities (Private) Limited, investment management of commodities, wholly owned subsidiary of Arif Habib Limited	79.03%
- Arif Habib DMCC, a UAE incorporated member company of Dubai Gold and Commodities Exchange	100.00%
- Serendib Stock Brokers (Private) Limited (Formerly SKM Lanka Holdings (Private) Limited), a Srilankan incorporated brokerage house at Colombo Stock Exchange	89.53%
- Pakistan Private Equity Management Limited, a fund management company	85.00%
- Power Cement Limited (Formerly Al-Abbas Cement Industries Limited), a cement manufacturing company	75.37%
- Sachal Energy Development (Private) Limited, a wind power generation company	99.99%
- Sweetwater Dairies Pakistan (Private) Limited, a dairy farming company	85.20%

Additionally, the Parent Company has long term investments in following associates:

- Pakarab Fertilizers Limited	30.00%
- Aisha Steel Mills Limited	35.96%
- Fatima Fertilizer Company Limited	17.95%
- MCB - Arif Habib Savings and Investments Limited (Formerly Arif Habib Investments Ltd)	32.76%
- Crescent Textile Mills Limited	24.72%

Other long term investments

- Takaful Pakistan Limited	10.00%
- Sun Biz (Private) Limited	4.65%
- Javedan Corporation Limited	7.90%
- Khabeer Financial Services (Private) Limited	5.00%

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. During the year, the Parent Company purchased 1.35 million ordinary shares and disposed off 0.175 million shares of AHL resulting in net increase in Group's shareholding to 79.03% and decrease in non-controlling interest by Rs. 38.55 million.

1.2 Arif Habib Commodities (Private) Limited 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.

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 besides a consultancy business which has already been started.

1.4 Serendib Stock Brokers (Private) Limited (SBPL) (Formerly SKM Lanka Holdings (Private) Limited) was incorporated in Colombo, Sri Lanka on 15 February 2007 as a limited liability company. Its registered office is situated at 86/1, Dawson Street, Colombo 02, Sri Lanka. It is domiciled in the province of Colombo and 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 under the Companies Ordinance, 1984 as a public limited company (Un-Quoted). The registered office of the Company is situated at 23 M.T. Khan Road, Karachi, Pakistan. The Company is a Fund Management Company (FMC) registered, under the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 as amended through S.R.O.1131(1) 2007 and SRO 271(I)/2010, with the Securities and Exchange Commission of Pakistan and licensed to carry out Private Equity and Venture Capital Fund Management Services.

PPEML's license to carry out Private Equity and Venture Capital Fund Management Services expired on 03 June 2013. The Company is in the process of applying to Securities Exchange and Commission of Pakistan for the renewal of the same. This condition indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Its financial statements have however been prepared on a going concern basis as the management intends to renew the license in due course.

1.6 Power Cement Limited (PCL) (Formerly Al-Abbas Cement Industries Limited) was established as a 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). PCL has obtained the 'Certificate of incorporation on change of name' from the registrar with effect from April 02, 2013. During the year, the Group's holding in PCL increased from 69.08% to 75.37 % resulting in decrease in non-controlling interest by Rs. 91.179 million

1.7 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.

1.8 Sweetwater Dairies Pakistan (Private) Limited (SDPL) was incorporated in Pakistan on 29 March 2007 as a private limited company under the Companies Ordinance, 1984. The registered office of the Company is situated at 24 - Q, Shibley Road, Gulberg II, Lahore. The Principal activity of the Company is to setup cattle rearing / raising facilities and to buy, sell, pasteurize, prepare, bottle or otherwise pack milk in its natural form or otherwise and to develop farmlands and to cultivate, grow and produce fodder with heavy nutritional contents required for better generation of milk.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention unless otherwise disclosed.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

The preparation of these consolidated financial statements 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 and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates and assumptions with a significant risk of material adjustment in the future periods are included in following notes:

- Useful lives and residual values of property and equipment (note 3.4)
- Provision for taxation (note 3.3)
- Classification of investments (note 3.8 - 3.8.3)
- Fair value of investments (note 3.8 - 3.8.3)
- Impairment (note 3.7)
- Fair value of investment property (note 3.5)
- Staff retirement benefits (note 3.2)

2.5 Amendments / interpretation to existing standard and forthcoming requirements

Standards, amendments or interpretations which became effective during the year

During the year, certain amendments to Standards or new interpretations became effective, however, the amendments or interpretation were either not relevant to the Group's operations or did not have any significant impact on the Group's consolidated financial statements.

New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2013:

- IAS 19, 'Employee Benefits' (Amended 2011) effective for annual periods on or after 1 January 2013. IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognized immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The accounting policy of subsidiary is already in compliance with the amendments.

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments are not relevant to the financial statements of the Company.

- IAS 28, 'Investments in Associates and Joint Ventures (2011) effective for annual periods beginning on or after 1 January 2013. IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendment will not have any effect on the financial statements.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.

- Annual Improvements 2009–2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following four standards, with consequential amendments to other standards and interpretations.

- IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the 'third statement of financial position', when required, is only required if the effect of restatement is material to statement of financial position.

- IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories. These changes are not expected to have significant impact on the Company's financial statements.

- IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.

- IAS 39 Financial Instruments: Recognition and Measurement- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (effective for annual periods beginning on or after 1 January 2014). The narrow-scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

- IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

- The amendments in IAS 16 would result in reclassification of property, plant and equipment when the amended standard becomes applicable. The other amendments have no impact on financial statements of the Company.

- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Company.

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. These are not expected to have any impact other than increased disclosures.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below.

3.1 Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities in which the Parent Company has control and / or ownership of more than half or fifty percent, of the voting power. Control exists when the Parent Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are taken into account. Business combinations are accounted for using the acquisition method at acquisition date. Goodwill arising on acquisition date is measured as the excess of the purchase consideration, including the acquisition date fair value of the acquirer's previously held equity interest in the acquiree in case of step acquisition, over the fair value of the identifiable assets acquired and liabilities assumed including contingent liabilities less impairment losses, if any. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Parent Company. The assets and liabilities of subsidiary companies have been consolidated on a line-by-line basis. The carrying value of investments held by the Parent Company is eliminated against the subsidiary's shareholders' equity in consolidated financial statements.

Material intra-group balances and transactions have been eliminated.

Non-controlling interest is that portion of equity in a subsidiary that is not attributable, directly or indirectly, to the Parent Company. Non-controlling interests are measured at their proportionate share of the subsidiaries' identifiable net assets, which are generally at fair value. They are presented as a separate item in the consolidated financial statements.

Changes in the group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners.

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit and loss account.

The financial year of the Parent Company and its subsidiaries are the same except for SKML and AHD. Financial years of the said subsidiaries are 31 March and 31 December, respectively. AHD has however prepared, for consolidation purposes, interim financial information as of the same date as the financial statements of the Parent Company. These consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

The financial statements of Arif Habib Limited, Pakistan Private Equity Management Limited, Serendib Stock Brokers (Pvt) Limited (Formerly SKM Lanka Holdings (Private) Limited), Sachal Energy Development (Private) Limited and Arif Habib Commodities (Private) Limited are audited.

However, the financial results of Arif Habib DMCC, Power Cement Limited (formerly Al-Abbas Cement Industies Limited) and Sweetwater Dairies Pakistan (Private) Limited consolidated in these consolidated financial statements as of 30 June 2013 are unaudited. The assets, liabilities and profit/(loss) after tax of these subsidiaries consolidated in these financial statements are as follows:

Subsidiary		Assets	Liabilities	Profit/(loss)
Power Cement Limited	Rupees	5,582,798,000	4,077,887,000	379,501,000
Arif Habib DMCC	Rupees	104,935,640	51,466,910	(3,426,263)
Sweetwater Dairies Pakistan (Private) Limited	Rupees	136,129,705	20,199,464	-
	Rupees	5,823,863,345	4,149,553,374	376,074,737

(ii) Associates

The Parent Company considers its associates to be such entities in which the Group has ownership, of not less than twenty percent but not more than fifty percent, of the voting power and / or has significant influence through common directorship, but not control.

Investments in associates are accounted for under the equity method, less impairment losses, if any. Such investments are carried in the balance sheet at cost, plus post-acquisition changes in the Group's share of net assets of the associate, less any impairment in value. The profit and loss account reflects the Group's share of the results of its associates. The equity method for investments in associates is applied from the date when significant influence commence until the date that significant influence ceases. The Group's share of results of associate MCB - Arif Habib Savings and Investments Limited (Formerly Arif Habib Investments Limited) is based on audited financial statements of the associate, whereas the financial statements of Fatima Fertilizer Company Limited and Pakarab Fertilizers Limited were audited as of 31 December 2012 and have been subject to review and alternate procedures for the period ended 30 June 2013. Financial statements of Aisha Steel Mills Limited are anaduited whose carrying value and share of losses as and for the year ended 30 June 2013 amount to Rs. 846 million and Rs. 314.67 million respectively .

On 07 March 2013, the Group has entered into four separate Share Purchase Agreements (SPAs) for the sale of its entire shareholding in Thatta Cement Company Limited, an associate, for a consideration of Rs. 24.164 per share. The carrying value of the said equity accounted associate was Rs. 252.68 million at the time of signing of SPAs. Till the year end shares to two buyers were transferred and the sale of remaining shares will complete once all formalities are finalized. Accordingly, the investment has been classified as 'Held for sale investment'.

3.2 Staff retirement benefits

The Group operates following retirement and other benefit schemes:

3.2.1 Defined contribution plan

AHCL and AHL operate recognized provident fund schemes for all eligible permanent employees for which their contributions are charged to profit and loss account.

3.2.2 Voluntary pension scheme

PPEML operates a voluntary pension scheme for all its permanent employees. Equal monthly contributions are made both by the Company and the employees.

3.2.3 Defined benefit plan

PCL operates an approved funded gratuity plan for all its employees who have completed the qualifying period under the scheme. Contributions are made to the fund in accordance with actuarial recommendations. The most recent valuation in this regard was carried out as at 30 June 2013 by using Projected Credit Unit Method for valuation of the scheme. The actuarial gains / losses are recognized as income or expense in the year in which they arise. Certain actuarial assumptions have been adopted as disclosed in these consolidated financial statements for actuarial valuations of present value of defined benefit obligations. Change in these assumption in future years may affect the liability under the scheme for those years.

3.3 Taxation

Income tax expense comprises of current, prior year and deferred tax. Income tax expense is recognized in profit and loss account except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. However, in case of PPEML and SEDPL a fund management company and a wind power generation company, no tax is payable in accordance with clause 101 of part I of second schedule and section 132 of second schedule to the Income Tax Ordinance, 2001 respectively.

Current

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of prior years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the balance sheet date between the tax base and carrying amount of assets and liabilities for financial reporting purposes.
Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carry forward of unused tax losses can be utilized. Carrying amount of all deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

3.4 Property, plant and equipment

Owned

Property, plant and equipment, except capital work-in-progress, are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and its cost can be measured reliably. Cost incurred to replace a component of an item of property, plant and equipment is capitalized, the asset so replaced is retired from use and its carrying amount is derecognized. Normal repairs and maintenance are charged to consolidated profit and loss account during the period in which they are incurred.

Depreciation on plant and machinery is charged using units of production method. The unit of production method resulted in depreciation charge based in the actual use or output. Depreciation on assets other than plant and machinery is charged to profit and loss account using the reducing balance method over the asset's useful life at the rates stated in note 13. The depreciation on property, plant and equipment is charged full in the month of acquisition and no depreciation is charged in the month of disposal.

Gains or losses on disposal of an item of property, plant and equipment are recognized in the profit and loss account currently.

The assets' residual value and useful life are reviewed at reporting date, and adjusted if impact on depreciation is significant.

Capital work in progress is stated at cost and consists of expenditure incurred and advances made in respect of assets in the course of their construction and installation. Transfers are made to relevant asset's category as and when assets are available for intended use.

Leased

Leases in terms of which the Group companies assumes substantially all the risks and rewards of ownership are classified as finance lease. Asset acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of minimum lease payments at the inception of the lease less accumulated depreciation and impairment losses, if any. The corresponding liability to the lessor is included in the balance sheet as liabilities against assets subject to finance lease.

Leased assets which are obtained under Ijarah agreement are not recognized in the balance sheet and are treated as operating lease based on Islamic Financial Accounting Standard (IFAS) 2 issued by the Institute of Chartered Accountants of Pakistan and notified by Securities and Exchange Commission of Pakistan vide S.R.O. 43(1) / 2007 dated 22 May 2007. Payments made under operating lease are charged to profit and loss account on a straight line basis over the lease term.

3.5 Investment property

Property that is held for long-term rental yields or for capital appreciation or both is classified as investment property. Investment property is initially measured at its cost, including related transaction costs and borrowing costs, if any. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized. The latest valuation was carried out by the independent valuer on 30 June 2013.

For the purpose of subsequent measurement, the fair value of the investment property is determined with sufficient regularity based on available active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Valuations wherever needed are performed as of the reporting date by professional valuers who hold recognized and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements.

Changes in fair values are recognized in the consolidated profit and loss account. An item of investment property is derecognized either when disposed of or permanently withdrawn from use and no future economic benefits is expected from its disposal.

3.6 Intangible assets

An intangible asset is recognized as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

3.6.1 Trading right entitlement certificate, membership card and offices

These are held by AHL and AHCPL and are stated at cost less impairment losses, if any. The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

3.6.2 Others

Intangible assets, other than goodwill, are stated at cost less accumulated amortization and accumulated impairment losses, if any. Intangibles are amortised over their estimated useful lives.

3.7 Impairment

A financial asset, other than that carried at fair value through profit or loss, is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred and that the loss event has a negative effect on the estimated future cash flows of that asset.

In case of investment in equity securities classified as available for sale and measured at fair value, a significant or prolonged declined in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists, the cumulative loss measured as a difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized is transferred from equity and recognized in the profit and loss account. Such impairment losses are not subsequently reversed through the profit and loss account.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in profit and loss account.

The carrying amount of the Group's non-financial assets and investment carried at cost are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment losses are recognized in profit and loss account.

3.8 Investments

The management determines the appropriate classification of its investments at the time of purchase or increase in holding and classifies / reclassifies its investment as subsidiaries, associates and joint ventures, at fair value through profit or loss, available for sale and held-to-maturity.

All investments are initially recognized at fair value, being the cost of the consideration given including transaction costs associated with the investment, except for those classified as at fair value through profit or loss, in which case the transaction costs are charged to the profit and loss account. All "regular way" purchases and sales of financial assets are recognized on the trade date, that is the date on which the Group commits to purchase / sell an asset. Regular way purchases or sales of financial assets are the contracts which require delivery of assets within the time frame generally established by regulations or market convention.

Where active market of the quoted investment exists, fair value is determined through Karachi Stock Exchange daily quotation. In case of unquoted investment, where active market does not exists, fair value is determined using valuation techniques. The investments in equity instruments that do not have a market / quoted price in an active market and whose fair value cannot be reliably measured are carried at cost.

The Group classifies its investments in the following categories:

3.8.1 At fair value through profit or loss - held for trading

Investments which are acquired principally for the purpose of selling in the near term or the investments that are part of a portfolio of financial instruments exhibiting short term profit taking are classified as at fair value through profit or loss - held for trading. These are stated at fair values with any resulting gains or losses recognized in the profit and loss account. The fair value of such investments, representing listed equity securities are determined on the basis of prevailing market prices at the respective stock exchange and on market based redemption / repurchase prices, whichever is applicable, in case of other securities.

3.8.2 Available for sale

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity.

At subsequent balance sheet dates, these investments are remeasured at fair values and the resulting gains or losses are recognized directly in equity until the investment is disposed off or impaired at which time these are transferred to profit and loss account.

Where active market of the quoted investment exists, fair value of quoted investments is determined using quotations of the respective stock exchange. The investments for which a quoted market price is not available, are measured at cost, unless fair value can be reliably measured. Such fair value estimates are subjective in nature and involve some uncertainties and matters of judgment (e.g. valuation, interest rate etc.) and therefore, cannot be determined with precision.

3.8.3 Held-to-maturity investments

Investments with a fixed maturity where the company has the intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are carried at amortized cost using the effective interest rate method, less any impairment losses.

3.9 Sale and repurchase agreements

Transactions of purchase under resale (reverse-repo) of marketable securities including the securities purchased under continuous funding system are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resale at a specified future date (reverse-repo) are not recognized in the balance sheet. Amounts paid under these agreements in respect of reverse repurchase transactions are included in assets. The difference between purchase and resale price is treated as income from reverse repurchase transactions in marketable transactions / continuous funding system and accrued over the life of the reverse repo agreement.

Transactions of sale under repurchase (repo) of marketable securities are entered into at contracted rates for specified periods of time. Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognized in the balance sheet and are measured in accordance with accounting policies for investments. The counterparty liabilities for amounts received under these transactions are recorded as liabilities. The difference between sale and repurchase price is treated as borrowing charges and accrued over the life of the repo agreement.

3.10 Trade and other receivables

Trade and other receivables are carried at cost, which is the fair value of the consideration to be received, less provision for doubtful debts.

3.11 Trade and other payables

Trade and other payables are carried at cost, which is the fair value of the consideration to be paid, in the future for goods and services received.

3.12 Short term borrowings

Mark-up bearing borrowings are recognized initially at fair value, less attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

3.13 Revenue recognition

- Gain / loss on sale of investments are recognized on the date of transaction and charged to profit and loss account in the period in which they arise.
- Brokerage, consultancy and advisory fee, commission etc. are recognized as and when such services are provided.
- Rental income is recognized on accrual basis.
- Dividend income is recognized when the Group's right to receive such dividend is established.
- Mark-up income is recognized on a time proportion basis over the period of its tenor.
- Revenue from sale of goods is measured at fair value of the consideration received or receivable. Domestic sales are recognised as revenue on dispatch of goods to customers. Export sales are recognised as revenue on the basis of goods shipped to customers.
- Rebate on export is recognized after finalization of export documents.
- Put Option fee is recognized on time proportion basis over the period of its tenor.

3.14 Provisions

Provision is recognized when, as a result of past event, the companies have a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Subsequently, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.15 Financial instruments

Financial assets and financial liabilities are recognized when the Group company becomes a party to the contractual provisions of the instrument. These are measured initially at fair value. Financial assets are derecognized when the contractual right to the cash flow from the financial assets expires or is transferred. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. Financial instruments carried on the statement of financial position include investments, trade debts and other receivables, loans and advances, cash and bank balances, deposits, borrowings, trade and other payables and accrued and other liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets and financial liabilities are off set and the net amount is reported in the balance sheet only when the Group has a legally enforceable right to offset the recognized amount and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

When available, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for financial instrument is not active, the Group establishes fair value using a valuation technique. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the company, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The Group calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

3.16 Foreign currency translation

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the date of the transactions. All the monetary assets and liabilities in foreign currencies, at the balance sheet date, are translated into Pak Rupees at the exchange rates prevailing on that date. Foreign exchange gains and losses on translation are recognized in the profit and loss account. Non-monetary assets and liabilities, denominated in foreign currency that are measured at fair value are translated using exchange rate at the date the fair values are determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The assets and liabilities of foreign operations, are translated to Pak Rupees at exchange rates at the reporting date. The income and expenses of foreign operations, are translated to Pak Rupees at exchange rates at the dates of the transactions. Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity.

3.17 Borrowing costs

Borrowing costs incurred on short term and long term borrowings are recognized as an expense in the period in which these are incurred.

3.18 Cash and cash equivalents

Cash and cash equivalent for the purpose of cash flow statement comprises of cash in hand, share transfer stamps, banking instruments, cash at bank and short term running finance.

3.19 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance.

Segment results that are reported to the Group's management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the year to acquire property and equipment, and intangible assets.

3.20 Dividend and appropriation to reserve

Dividend distribution to the shareholders and appropriation to reserves are recongnized in the financial statement in the period in which these are approved.

The Company measures the liability to distribute non-cash assets as a dividend to the shareholders at the fair value of the assets to the distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date. On settlement of the transaction, the Company recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

4. SHARE CAPITAL

4.1 Authorized share capital

2013	2012				2013	2012
(Number of shares)						
1,000,000,000	1,000,000,000	Ordinary shares of Rs. 10 each		Rupees	**10,000,000,000**	10,000,000,000

4.2 Issued, subscribed and paid up share capital

2013	2012				2013	2012
5,000,000	5,000,000	Ordinary shares of Rs. 10 each fully paid in cash			**50,000,000**	50,000,000
450,750,000	409,500,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares			**4,507,500,000**	4,095,000,000
455,750,000	414,500,000				**4,557,500,000**	4,145,000,000
(2,000,000)	(2,000,000)	Ordinary shares of Rs. 10 each bought back at Rs. 360 per share	4.2.1		**(20,000,000)**	(20,000,000)
453,750,000	412,500,000			Rupees	**4,537,500,000**	4,125,000,000

4.2.1 During financial year 2005-2006, Company bought back two million shares of Rs. 10 each form its shareholders through tender notice at a price of Rs. 360 per share in accordance with section 95-A of the Companies ordinance,1984 and Company (Buy-back of shares) Rules, 1999. The acquistion resulted in reduction of Capital and unappropriated profit by Rs. 20 million and Rs. 700 milllion respectively, in the relevent year.

4.2.2 At the year end, Mr. Arif Habib held 57.69% and Mrs. Zaitun Arif held 16.95% of shares in the Company.

5. **RESERVES**

			2013	2012
General reserve			4,019,567,665	4,019,567,665
Unappropriated profit			5,945,503,552	6,326,838,563
Exchange difference on translation to presentation currency - net			46,564,052	40,992,263
Unrealised (diminution) / appreciation on remeasurement of available-for-sale investments			130,701,387	9,175,367
		Rupees	10,142,336,656	10,396,573,858

6. **LONG TERM LOANS**

From banking companies - secured Term finance	6.1		2,320,501,000	2,582,432,000
From related parties - unsecured	6.2		356,519,190	315,384,686
Less: Current portion of long term loan			(954,438,000)	(251,838,000)
		Rupees	1,722,582,190	2,645,978,686

6.1 This represents long term finances obtained by PCL under mark-up arrangement for the first 3.5 years (23 June 2010 - 22 December 2013): 6 month KIBOR + 0%. After 3.5 years (23 December 2013 onwards): 6 month KIBOR + 1.75%. Loan is mortgage over property and hypothecated over assets as security.

The term finance facility obtained by Parent Company from a commercial bank under mark-up arrangement at the rate of 3 months KIBOR +1% to be charged quarterly having maturity upto 31 December 2013. The fair value of shares of associated company pledged as collateral against long term loan amount to Rs. 1,281.228 million

6.2 **From related parties - unsecured**

Non interest bearing			506,350,684	503,114,257
Imputed income on remeasurement of loan liability at fair value			(220,842,789)	(220,842,789)
Unwinding of imputed interest			71,011,295	33,113,218
	6.3		356,519,190	315,384,686
		Rupees	356,519,190	315,384,686

6.3 This represents an unsecured non interest bearing loan received by AHL, SWDPL and by AHDMCC from a related party. The loan obtained by AHL is repayable at the end of five years from date of receipt and therefore has been re-measured using current market interest rate of 3 year KIBOR for financial instruments carrying same terms of repayment.

7. **LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**

Present value of minimum lease payments		4,984,549	6,042,317
Less: Current portion shown under current liabilities		(4,984,549)	(3,544,570)
	Rupees	-	2,497,747

The minimum lease payments have been discounted at an implicit interest rate of 14.02% reset at the beginning of every six months. The implicit interest rate used during the year to arrive at the present value of minimum lease payment is 16% since the implicit interest rate is linked with KIBOR so the amount of minimum lease payments and finance charge may vary from period to period. The lessee has an option to purchase the assets after expiry of the lease term.

Taxes, repairs and insurance costs are borne by the lessee. In case of early termination of lease, the lessee is required to pay entire amount of rentals for the unexpired period of lease agreement.

The amount of future payments of the lease and the periods in which these payments become due are as follows:

	Minimum lease payments	Future finance cost	Present value of lease liability 2013	2012
Not later than one year	6,758,645	1,774,096	**4,984,549**	3,544,570
Later than one year and not later than five year	-	-	**-**	2,497,747
Rupees	6,758,645	1,774,096	**4,984,549**	6,042,317

8. DEFERRED TAXATION - net

		2013	2012
The liability for deferred taxation comprises of temporary differences relating to:			
- Accelerated tax depreciation		**618,443,399**	4,369,659
- Available-for-sale investment		**-**	1,396,474
- Dividend receivable		**-**	11,281,026
- Investment in equity accounted associates		**365,175,934**	396,892,008
- Deferred tax upon long term financing		**86,643,000**	-
		1,070,262,333	413,939,167
Deferred tax asset comprises of temporary differences relating to:			
- Unrealized capital loss on short term investments		**-**	(13,774,611)
- Deferred tax upon provision for slow moving inventory		**(2,988,000)**	-
- Deferred tax upon deferred liabilities		**(6,809,000)**	-
- Deferred tax upon provision for leave encashment		**(2,626,000)**	-
- Unused tax credits		**(152,972,708)**	-
- Carry forward of losses		**(626,154,043)**	-
		(791,549,751)	(13,774,611)
	Rupees	**278,712,582**	400,164,556

9. TRADE AND OTHER PAYABLES

	Note	2013	2012 (Restated)
Creditors		**875,817,605**	342,447,886
Bills payable		**288,767,000**	365,559,000
Accrued liabilities		**84,806,475**	76,468,615
Withholding tax payable		**29,019,990**	2,409,487
Advance from customers		**-**	146,144,000
Provision for Workers' Welfare Fund		**273,797,139**	-
Fair value of written put option	31.1	**575,476,652**	-
Provision for gratuity	9.1	**30,811,000**	25,888,207
Other liabilities	9.2	**569,777,426**	325,613,650
	Rupees	**2,728,273,287**	1,284,530,845

9.1 Provision for gratuity

a) Reconciliation of balance due to defined benefit plan

		2013	2012
Present value of defined benefit obligation		**31,406,000**	26,007,000
Fair value of plan assets		**(595,000)**	(83,000)
	Rupees	**30,811,000**	25,924,000

b) Movement of the liability recognized in the balance sheet

		2013	2012
Present value of defined benefit obligation		**25,924,000**	20,276,000
Expenses for the period		**12,394,000**	10,569,000
Less: Payment made during the period		**(7,507,000)**	(4,921,000)
Liability recognized in the balance sheet	Rupees	**30,811,000**	25,924,000

			2013	2012
c)	**Change in present value of defined benefit obligation**			
	Present value of defined benefit obligation as on 1 July		26,007,000	20,835,000
	Current service cost for the year		8,626,000	7,738,000
	Interest cost for the year		3,381,000	2,917,000
	Benefits paid during the year		(4,258,000)	(5,234,000)
	Actuarial loss on present value of defined benefit obligation		(2,350,000)	(249,000)
		Rupees	31,406,000	26,007,000
d)	**Changes in fair value of plan assets**			
	Total contribution made in the year		83,000	559,000
	Expected return on plan assets		11,000	78,000
	Contribution during the year		7,507,000	4,921,000
	Benefits paid / discharged during the year		(4,258,000)	(5,234,000)
	Actuarial gain / (loss) on plan assets		(2,748,000)	(241,000)
	Fair value of plan assets	Rupees	595,000	83,000
e)	**Expenses recognized in the profit and loss account**			
	Current service cost		8,626,000	7,738,000
	Interest cost		3,381,000	2,917,000
	Net actuarial loss recognized in the period		398,000	(8,000)
	Expected return on plan assets		(11,000)	(78,000)
		Rupees	12,394,000	10,569,000
f)	**Change in actuarial gains / losses**			
	Net gains / losses arising during the year		(398,000)	8,000
	Charged to the profit and loss account		398,000	(8,000)
		Rupees	-	-
g)	**Principal actuarial assumptions**			
	Discount rate		10.5%	13%
	Expected rate of eligible salary increase in future years		9.5%	12%
	Average expected remaining working life time of employees		11 Years	10 years

h) Expected charge for the year ending 30 June 2014 is Rs. 11.996 million.

			2013	2012
i)	**Present value of defined benefit obligation**			
	Present value of defined obligation at the end of the year	Rupees	31,406,000	20,276,000
j)	**Experience adjustments**			
	Experience adjustment arising on plan liabilities	Rupees	398,000	(8,000)

9.2 This includes Rs. 191.345 million (2012: Rs. 193.474 million) representing recognised contingent liabilities of acquired subsidiaries as follows:

Power Cement Limited (Formerly Al-Abbas Cement Industries Limited)

The Company received an order from Central Excise and Land Custom on 28 October 1992 allegating that the Sales tax and CED amounting to Rs. 15.210 million and Rs. 30.312 million respectively, were not paid on certain sales. An order was received demanding the recovery of the above amounts along with penalty amounting in aggregate to Rs.

91.046 million. The Company has however disputed the same on grounds of lack of jurisdiction as well as on the merits, the matter is subjudice. The stay order was granted by the Honourable High Court of Sindh against the said order and the case is currently pending with the Appellate Tribunal Inland Revenue, Karachi. The management is confident that the outcome of the case would be in favor of the Company and hence no provision is made in these financial statements.

The Competition Commission of Pakistan (the CCP) took Suo Moto action under Competition Commission Ordinance, 2007 and issued a Show Cause Notice on 28 October 2008 for increase in prices of cement across the country. Similar notices were also issued to All Pakistan Cement manufacturers Association (APCMA) and its member cement manufacturers. The Company filed a writ petition before the Honourable Lahore High Court (LHC), the LHC wide its order dated 24 August 2009 allowed the CCP to issue its final order. The CCP accordingly passed an order on 27 August 2009 and imposed a penalty of Rs. 87 million on the Company. The LHC vide its order dated 31 August 2009 restrained the CCP from enforcing its order against the Company for the time being.

During the financial year ended 30 June 2009, the Company has filed an appeal before the Honourable Supreme Court of Pakistan and Lahore High Court against the Order of the CCP dated 27 August 2009. The petition filed by the Company and other cement manufacturers before the Lahore High Court are also pending for adjudication meanwhile order passed by the Lahore High Court on 31 August 2009 is still operative.

Sweetwater Dairies Pakistan (Private) Limited

Mines and minerals department Sahiwal has sent a show cause notice dated 04 July 2009 requiring payment of Rs. 519,065 for sand as minor minerals. SDPL has made representations to the secretary mines and minerals Punjab, that it is not engaged in any business of mines and minerals and from its owned land of 28 acres, a portion was dig out to use such mud for raising foundation of the sheds. The management is of the firm view, that this notice is defective and will not be maintainable under the law.

M/S Noor Durrani Associates (NDA) has filed suit for Rs. 12,780,173 for Value Engineering Services. The Company has not executed any contract with M/S NDA for such services and as such their amount is not payable. The management is of the view that this suit will be quashed by the Court being devoid of merit.

10. INTEREST / MARK-UP ACCRUED ON BORROWINGS

		2013	2012
On long term loans		9,718,000	26,723,358
On short term borrowings		138,795,246	113,052,124
	Rupees	148,513,246	139,775,482

11. SHORT TERM BORROWINGS - secured

		2013	2012
From banking companies			
- Short term running finance from banks	11.1 & 11.3	2,333,743,675	3,833,222,987
- Short term finance	11.2	312,000,000	-
- Murabaha finance	11.3	-	110,667,000
- Borrowings in foreign currency by SBPL		991	2,469
	Rupees	2,645,744,666	3,943,892,456

11.1 Short term running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 6,748 million (2012: Rs. 5,480 million) which represents the aggregate of sale prices of all mark-up agreements between the Company and the banks with minimum 30% margin (2012: 30% margin). These facilities have various maturity dates upto July 2014. Arrangements are secured against pledge of marketable securities, first charge ranking pari passu against current and fixed assets, and personal guarantees of members. These running finance facilities carry mark-up ranging from 1 month KIBOR+ 1% to 3 month KIBOR+ 2.5% per annum (2012: 1 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. 2,720.845 million (2012: Rs. 4,316.76 million). The aggregate amount of these facilities which have not been availed as at the balance sheet date amounts to Rs. 4,711.765 million (2012: Rs. 1,666.106 million).

11.2 During the period PCL obtained short term loan from one of its sponsors of Rs. 312 million. The said loan is repayable on demand and carries markup at 3 month KIBOR + 2% payable on semi-annual basis.

11.3 PCL has discontinued its Murahaba facility of Rs. 130 million (2012: Rs. 130 million) and obtained Istisna facility of Rs. 130 million (2012: Nil). Istisna facility carries markup at the rate of 3 month KIBOR + 3% (2012: Murabaha facility - 6 month KIBOR + 3%) per annum.

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

Arif Habib Corporation Limited

12.1.1 The Company is contesting along with other defendants four suits filed by Diamond Industries Limited, Mr. Iftikhar Shafi, Shafi Chemicals Industries Limited and Mr. Nisar Elahi (The Plaintiffs) in the year 2002-2003, for damages jointly against Mr. Saleem Chamdia, Mr. Arif Habib, Mr. Aqeel Karim Dedhi, Mr. A. Ghaffar Usman Moosani, Mr. Shahid Ghaffar, the Karachi Stock Exchange (Guarantee) Limited (KSE), the Securities and Exchange Commission of Pakistan (SECP), the Central Depository Company of Pakistan Limited (CDC), Saleem Chamdia Securities (Private) Limited, Arif Habib Corporation Limited, Moosani Securities Limited and Aqeel Karim Dedhi Securities Limited.

The suits are for recovery of damages amounting to Rs. 10,989,948,199, Rs. 5,606,611,760, Rs.1,701,035,843 and Rs. 428,440,971 respectively against the decision of the Karachi Stock Exchange in respect of Risk Management System of its Clearing House during the year 2000. The Chairman and Chief Executive of the Company was the Chairman of the Board of Directors of KSE during 2000. The Company has been made party to the suits by the plaintiffs. All the suits at present are pending before the Honourable Sindh High Court, Karachi. Individual liability of respective individuals and undertakings is not quantifiable.

The legal advisor of the Company is of the opinion that there are reasonable grounds for a favourable decision and that the suits are likely to be dismissed as these are not based on factual or legal basis and no financial liability is expected to accrue as a consequence of the said suits against the Company. Therefore, Company has not made any provision in this respect in the financial statements.

12.1.2 During the year ended 30 June 2012, the Securities and Exchange Commission of Pakistan ("SECP") issued an order u/s 22 of the Securities and Exchange Ordinance, 1969 ("the Ordinance") regarding non compliance of orders passed by SECP u/s 18A of the Ordinance for depositing confiscated subscription money amounting to Rs. 3.14 million relating to fictitious applications received by the Company for subscription of shares of Summit Bank Limited that were offered to the general public by the Company in 2007. On 02 November 2012,Appellate bench of SECP dismissed the appeal filed by the Company against the order. The Company has filed a constitutional petition challenging the orders passed by SECP before Honourable High Court of Sindh. The petition is being contested vigorously and the management is confident that the petition will be decided in the Company's favour.

12.1.3 Income tax assessments of the Company have been finalised upto Tax Year 2005 (Accounting year 2005). However, deemed assessments made u/s 120 of the Income Tax Ordinance, 2001 relating to Tax Years 2006 to 2008 have been subsequently amended u/s 122 of the Income Tax Ordinance, 2001. The Company has filed appeals before the Appellate Tribunal Inland Revenue, in respect of each of the said amendments which are still pending. As per the management there is no potential financial exposure to the Company and does not expect unfavourable outcome for the Company. Income tax assessment for the Tax Year 2010, taken as deemed assessment u/s 120 of the Income Tax Ordinance, 2001 was subsequently amended twice u/s 122 (5A) of the Income Tax Ordinance, 2001. The appeals filed by the Company with Commissioner Inland Revenue (Appeals-1) against these amendments were decided in favour of the Company.

During the year, Income tax assessment for the Tax Year 2011, taken as deemed assessment u/s 120 of the Income Tax Ordinance, 2001 was subsequently amended twice u/s 122 (5A) of the Income Tax Ordinance, 2001. The appeals filed by the Company with Commissioner Inland Revenue (Appeals) against these amendments were decided in favour of the Company.

Income tax assessment for Tax Year 2012 is deemed to have been finalised u/s 120 of the Income Tax Ordinance, 2001.

Power Cement Limited (Formerly Al-Abbas Cement Industries Limited)

12.1.4 The Hyderabad Electric Supply Corporation (HESCO) has charged an amount of Rs 30.776 million as arrears on account of fuel price adjustment (FPA) in the electricity bills for the months of November and December 2012 pertaining to the months of April and May 2012. The Company has challenged this claim in the Honourable High Court of Sindh, Hyderabad, whereby a stay order has been granted in its favour. The management is actively pursuing the matter.

12.1.5 A customer has filed claim of Rs. 1.197 million before the Court of District & Session Judge Karachi (East), for recovery of financial loss due to sub-standard supply of cement bags. The Honourable Judge has decided the order in favour of the customer. Thereafter, the Company filed a revision application against the order before the Sindh High Court. The management based on the advice of the lawyer is confident that the outcome of the case would be in favour of the Company and hence no provision is made in these financial statements.

Sachal Energy Development (Private) Limited

12.1.6 National Bank of Pakistan has issued guarantee amounting USD 125,000 (equivalent to Rs. 12,457,438) on behalf of the Company in the favour of Alternative Energy Development Board (AEDB).

Sweetwater Dairies Pakistan (Private) Limited

12.1.7 The Company has filed a suit in the High Court of Sindh at Karachi against Mr. Edward W. Jackson former CEO, for damages in tort and for breach of contract and recovery of damages to the tune of Rs. 140 million. According to opinion of the legal advisor of the Company it is highly likely that Court will pass judgement in favour of the Company.

12.1.8 The Company has filed suit in the High Court of Sindh at Karachi against Sweetwater Holdings, Sweetwater International Inc, Sweetwater Pakistan (Pvt.) Limited, Mr. Edward W. Jackson and Mr. Franklin Johnson for Rs.656.5 million.The management is of the view that defendants of the suit has committed breaches of the contracts with Sweetwater Dairies Pakistan (Pvt.) Ltd, therefore it is highly likely that Court will pass judgement in favour of the Company.

Arif Habib DMCC

12.1.9 Emirates NBD has issued a guarantee amounting to AED 47,565 (PKR equivalent 1,305,659) on behalf of the Company.

12.2 **Commitments**

Arif Habib Limited

12.2.1 Following commitments are outstanding as at the period end.

		2013	2012
- Outstanding settlement against sale/purchases of securities in future market.	Rupees	22,746,380	164,721,490
- Outstanding settlements against marginal trading contracts	Rupees	354,849,362	262,917,405
- Outstanding settlements against sale of securities in regular market.	Rupees	115,552,990	12,055,180
- Guarantee given by a commercial bank on behalf of the Company	Rupees	100,000,000	100,000,000

Power Cement Limited (Formerly Al-Abbas Cement Industries Limited)

12.2.2 Commitment against open letter of credit for:

	2013	2012
- Coal	226,108,000	-
- Stores and spares	32,678,000	25,923,000

13. PROPERTY, PLANT AND EQUIPMENT

		2013	2012 Restated
Assets owned by the Group	13.1	4,613,420,473	4,570,993,688
Assets subject to finance lease	13.2	2,721,318	3,329,432
	Rupees	4,616,141,791	4,574,323,120

13.1 Assets owned by the Group

		Leasehold land	Buildings on freehold land	Leasehold buildings and improvements	Furniture, fixtures and fittings	Vehicles	Plant and machinery	Office equipment	Computer and allied equipment	Capital work in progress	Total
COST											
Balance as at 01 July 2011		5,140,000	68,995,391	715,958,421	17,924,369	25,595,060	3,666,066,000	21,242,358	27,891,333	-	4,548,812,932
Additions during the year		-	-	-	10,955,863	31,660,099	68,811,000	878,510	5,707,174	116,748,626	234,761,272
Acquired through business combination		10,472,284	-	1,573,319	9,159,906	1,522,040	-	47,555,056	455,168	6,000,000	76,737,773
Disposals / transfers		(2,115,000)	(44,435,148)	-	(1,443,251)	(3,490,000)	-	(12,245,093)	(615,652)	-	(64,344,144)
Balance as at 30 June 2012		13,497,284	24,560,243	717,531,740	36,596,887	55,287,199	3,734,877,000	57,430,831	33,438,023	122,748,626	4,795,967,833
Balance as at 01 July 2012		13,497,284	24,560,243	717,531,740	36,596,887	55,287,199	3,734,877,000	57,430,831	33,438,023	122,748,626	4,795,967,833
Additions during the year		-	2,528,791	35,095,794	179,540	1,929,646	101,087,000	2,137,808	2,469,662	37,109,742	182,537,983
Acquired through business combination		-	-	-	-	-	-	-	-	-	-
Write off		-	-	-	(5,403,232)	-	-	(677,945)	(1,464,301)	-	(7,545,478)
Disposals / transfers		-	-	-	(1,413,165)	(4,061,399)	-	(7,644,542)	(513,455)	-	(13,632,561)
Balance as at 30 June 2013		13,497,284	27,089,034	752,627,534	29,960,030	53,155,446	3,835,964,000	51,246,152	33,929,929	159,858,368	4,957,327,777
DEPRECIATION											
Balance as at 01 July 2011		-	17,281,080	34,928,467	3,461,259	5,698,206	640,000	1,575,370	14,721,893	-	78,306,275
Charge for the year		-	3,083,288	53,431,852	10,567,702	18,972,293	65,387,594	6,961,232	8,297,139	-	166,701,100
Acquired through business combination		-	-	-	1,949,976	512,492	-	1,105,850	221,885	-	3,790,203
Disposals / transfers		-	(17,717,325)	-	(1,424,270)	(1,488,066)	(187,500)	(13,716)	(405,658)	-	(21,236,535)
Balance as at 30 June 2012		-	2,647,043	88,360,319	14,554,667	23,694,925	65,840,094	9,628,736	22,835,259	-	227,561,043
Balance as at 01 July 2012		-	2,647,043	88,360,319	14,554,667	23,694,925	65,840,094	9,628,736	22,835,259	-	227,561,043
Charge for the year		-	2,269,900	43,108,297	2,133,538	3,952,568	74,621,570	698,352	4,711,450	-	131,495,675
Acquired through business combination		-	-	-	-	-	-	-	-	-	-
Write off		-	-	-	(4,545,205)	-	-	(309,972)	(1,303,413)	-	(6,158,590)
Disposals / transfers		-	-	-	-	-	-	(2,032,530)	-	-	-
(58,824)		-	(437,033)	-	-	(2,528,387)					
Balance as at 30 June 2013		-	4,916,943	131,468,616	12,143,000	25,614,963	140,461,664	9,958,292	25,806,263	-	350,369,741
Exchange adjustment for 2012		-	3,296,002	(97,167)	(953,113)	(1,274,397)	-	1,017,323	598,250	-	2,586,898
Written down value 2012	Rupees	13,497,284	25,209,202	629,074,254	21,089,107	30,317,877	3,669,036,906	48,819,418	11,201,014	122,748,626	as at 30 June 4,570,993,688
Exchange adjustment		-	3,179,439	1,188,078	1,302,791	(345,202)	-	(1,595,992)	2,733,323	-	**for 2013** 6,462,437
Written down value as at 30 June 2013	Rupees	**13,497,284**	**25,351,530**	**622,346,996**	**19,119,821**	**27,195,281**	**3,695,502,336**	**39,691,868**	**10,856,989**	**159,858,368**	**4,613,420,473**
Rates of depreciation (%)		-	5	5 - 15	5 - 20	20	10	3 - 33	33	-	-

13.1.1 Depreciation charge has been allocated as follows:

		2013	2012
Net sales		102,813,369	91,238,000
Operating, administrative and other expenses		29,290,420	76,898,177
	Rupees	132,103,789	168,136,177

13.2 Assets subject to finance lease

COST		
Balance as at 01 July 2012		5,246,000
Additions during the year		-
Disposals / transfers		-
Balance as at 30 June 2013		**5,246,000**
DEPRECIATION		
Balance as at 01 July 2012		(1,916,568)
Charge for the year		(608,114)
Disposals / transfers		-
Balance as at 30 June 2013		**(2,524,682)**
Written down value as at 30 June 2013	Rupees	**2,721,318**
Written down value as at 30 June 2012	Rupees	3,329,432

13.3 Disposals of property, plant and equipment

The major disposals during the year are as follows:

Description	Cost	Book value	Sale proceeds
	------------------------ Rupees ------------------------		
Vehicles			
To employees as per Group Companies' Policies			
Rafiq Jangda (Employee, Honda City)	700,000	192,608	206,000
Misc Vendors (Computer equipments)	436,455	11,510	11,510
Nouman Islam (Employee, Cuore)	400,000	117,613	499,980
EFU Insurance (Outsider, Honda Motorcycle)	70,500	58,600	52,113
Ehsan (Employee, Vehicle)	789,000	139,000	300,000

14. INTANGIBLE ASSETS - OTHERS

		Software and other intangibles
COST		
Balance as at 01 July 2011		31,355,168
Additions during the year		9,875,438
Acquired through business combination		400,000
Transfers / adjustments		(3,332,700)
Balance as at 30 June 2012	Rupees	38,297,906
Balance as at 01 July 2012		38,297,906
Additions during the year		446,171
Acquired through business combination		-
Transfers / adjustments		-
Balance as at 30 June 2013	Rupees	**38,744,077**

		Software and other intangibles
AMORTIZATION		
Balance as at 01 July 2011		3,706,431
Amortization for the year		3,891,371
Acquired through business combination		58,881
Transfers / adjustments		(3,332,700)
Balance as at 30 June 2012	Rupees	4,323,983
Balance as at 01 July 2012		4,323,983
Amortization for the year		982,566
Acquired through business combination		-
Transfers / adjustments		-
Balance as at 30 June 2013	Rupees	**5,306,549**
Effect of movements in exchange rates for 2013	Rupees	**962,113**
Written down value as at 30 June 2013	Rupees	**34,399,641**
Effect of movements in exchange rates for 2012	Rupees	(1,146,547)
Written down value as at 30 June 2012	Rupees	32,827,376

15. GOODWILL

		2013	2012
Opening balance		**1,244,928,814**	1,515,042,410
Addition		**-**	-
Impairment	15.1	**(80,966,951)**	(270,113,596)
	Rupees	**1,163,961,863**	1,244,928,814

15.1 The impairment is based on value in use of the subsidiary as of 30 June 2013 using cash flow projections till 30 June 2018. The impairment was fully allocated to goodwill. The key assumption in value in use computation are the discount rate of 16% and terminal growth rate of 5 %.

16. TRADING RIGHT ENTITLEMENT CERTIFICATE, MEMBERSHIP CARD AND OFFICES

		2013	2012
Trading right entitlement certificate			
- Karachi Stock Exchange (Guarantee) Limited	16.1	**15,000,000**	15,000,000
- Islamabad Stock Exchange (Guarantee) Limited	16.1	**4,000,000**	4,000,000
- Lahore Stock Exchange (Guarantee) Limited	16.1	**7,000,000**	7,000,000
		26,000,000	26,000,000
Membership cards			
- National Commodities Exchange of Pakistan Limited		**1,000,000**	1,000,000
Rooms			
- Islamabad Stock Exchange (Guarantee) Limited		**24,805,000**	22,005,000
- Lahore Stock Exchange (Guarantee) Limited		**17,550,000**	17,550,000
		42,355,000	39,555,000
Booths			
- Karachi Stock Exchange (Guarantee) Limited - three booths		**2,100,000**	2,100,000
	Rupees	**71,455,000**	68,655,000

16.1 This represents cost of membership card of Stock Exchanges of Pakistan with indefinite useful life and represents the cost of membership cards of stock exchanges which are surrendered to the stock exchanges under Stock Exchanges (Corporatization, Demutuand Integration) Act, 2012 and trading right certificate are issued to the members carrying the similar rights.

17. LONG TERM INVESTMENTS

		2013	2012
Investments in equity accounted associates	17.1	10,520,116,984	11,409,620,805
Investments - available-for-sale	17.2	171,317,850	114,999,754
Investment at fair value through profit or loss	17.3	121,342,551	-
	Rupees	10,812,777,385	11,524,620,559

17.1 Investments in associates

Pakarab Fertilizers Limited (PFL)	17.1.1	3,154,412,382	4,177,379,982
Fatima Fertilizer Company Limited (FFCL)	17.1.2	5,925,738,651	5,533,251,148
Aisha Steel Mills Limited (ASML)	17.1.3	846,143,908	1,079,165,606
Crescent Textile Mills Limited (CTML)	17.1.4	219,874,892	108,761,043
MCB - Arif Habib Savings and Investments Limited (Formerly Arif Habib Investments Ltd) (MCB-AH)	17.1.5	493,929,756	464,009,577
Thatta Cement Company Limited (THCCL)	17.1.6	-	213,725,726
		10,640,099,589	11,576,293,082
Less: Provision for impairment in			
AHIL		(119,982,605)	(119,982,605)
THCCL		-	(46,689,672)
		(119,982,605)	(166,672,277)
	Rupees	10,520,116,984	11,409,620,805

17.2 Investment in other related parties - available-for-sale

Takaful Pakistan Limited (TPL)	17.2.1	30,000,000	30,000,000
Javedan Corporation Limited (JCL)	17.2.2	155,317,850	99,999,754
Sun Biz (Private) Limited (SBL)	17.2.3	1,000,000	1,000,000
Al-Khabeer Financial Services (Pvt) Limited	17.2.4	1,000,000	-
		187,317,850	130,999,754
Provision for impairment in TPL and SBL		(16,000,000)	(16,000,000)
	Rupees	171,317,850	114,999,754

17.1.1 Investment in PFL (unquoted) represents 135 million (2012: 135 million) fully paid ordinary shares of Rs. 10 each, representing 30% (2012: 30%) of PFL's paid up share capital as at 30 June 2013, having cost of Rs.1,324.332 million (2012: Rs. 1,324.332 million). Fair value per share as at 30 June 2013 is Rs. 90 (2012: Rs. 90). Book value based on net assets, as per unaudited financial statements, as at 30 June 2013 is Rs. 41.15 per share (unaudited financial statements, as at 30 June 2012: Rs. 49.53 per share).

17.1.2 Investment in FFCL (quoted) represents 389.134 million (2012: 389.134 million) fully paid ordinary shares of Rs. 10 each, representing 17.91% (2012: 18.53%) of FFCL's paid up share capital as at 30 June 2013. During the year, the Company has disposed off 26.5 million (2012: 20 million) shares at an average price of Rs. 25.06 (2012: Rs.23.83). Further, the Company has also received 13.5 million (2012: 81 million) shares as specie dividend from Pakarab Fertilizers Limited . Fair value per share as at 30 June 2013 is Rs. 24.83 (2012: Rs. 24.67). Book value based on net assets as per unaudited financial statements, as at 30 June 2013, is Rs. 13.39 per share (unaudited financial statements, as at 30 June 2012: Rs. 12.11 per share).

17.1.3 Investment in ASML (unquoted) represents 80.008 million (2012: 80.008 million) fully paid ordinary shares of Rs. 10 each and 43.63 million (2012: 34.57 million) irredeemable and convertible preference shares carrying preferential dividend at 6 month KIBOR + 3%, representing 35.96% (2012: 33.33%) of ASML's total paid up share capital as at 30 June 2013. Book value based on net assets, as per unaudited financial statements, as at 30 June 2013 is Rs. 6.21 per share (audited financial statements, as at 30 June 2012: Rs. 8.72 per share). During the period the company purchased 9.06 million (2012: nil million) irredeemable and convertible preference shares at average price of Rs. 9.02 (2012: Rs. Nil).

17.1.4 Investment in CTML (quoted) represents 12.163 million (2012: 12.212 million) fully paid ordinary shares of Rs. 10 each, representing 24.71% (2012: 24.82%) of CTML's paid up share capital as at 30 June 2013, having an aggregate cost of Rs. 291.404 million (2012: Rs. 292.566 million). During the year, the Company disposed off 0.05 million (2012: nil million) shares. Fair value per share as at 30 June 2013 is Rs. 17.70 (2012: Rs. 8.90). Book value based on net assets, as per unaudited financial statements, as at 31 March 2013 is Rs. 87.48 per share (audited financial statements, as at 30 June 2012: Rs. 82.95 per share).

17.1.5 Investment in MCB-AH (quoted) represents 21.664 million (2012: 21.664 million) fully paid ordinary shares of Rs. 10 each, representing 30.09% (2012: 30.09%) of AHIL's paid up share capital as at 30 June 2013, having historical cost of Rs. 81.95 million (2012: Rs. 81.95 million). However, during 2011, the Company lost control over AHIL and designated the investment 'at fair value through profit or loss' and accordingly fair value on the date of loss of control was considered as deemed cost. Fair value per share as at 30 June 2013 was Rs. 16.12 (2012: Rs. 15.88), whereas book value based on net assets, as per audited financial statements, as at 30 June 2013 is Rs. 17.68 per share (audited financial statements, as at 30 June 2012: Rs. 17.80 per share).

17.1.6 Summarized financial information of the associates of the Group is as follows.

	Financial information as of	Revenue	Total assets	Total liabilities	Net assets
	---------- Rupees in '000 ----------				
Quoted					
Thatta Cement Company Limited	31 March 2013	1,700,463	2,307,562	1,267,186	1,040,376
Fatima Fertilizer Company Limited	30 June 2013	15,799,791	76,697,610	48,683,182	28,014,428
MCB - Arif Habib Savings and Investments Limited (Formerly Arif Habib Investments Ltd (MCB-AH)	30 June 2013	-	1,411,537	138,508	1,273,029
Crescent Textile Mills Limited	31 March 2013	10,349,331	12,064,617	7,759,901	4,304,716
Unquoted					
Pakarab Fertilizers Limited	30 June 2013	84,599	49,087,026	30,570,316	18,516,710
Aisha Steel Mills Limited	30 June 2013	4,160,940	14,180,021	12,044,461	2,135,561

Interim financial statements of FFCL for the period ended 30 June 2013 have been reviewed by their respective independent auditors and financial statements of MCB-AH have been audited by its independent auditors. Financial Statements of other associates are unaudited.

17.2.1 Investment in TPL (unquoted) represents 3 million (2012: 3 million) fully paid ordinary shares of Rs.10 each, representing 10% (2012: 10%) of TPL's paid up share capital as at 30 June 2013. Book value based on net assets, as per audited financial statements, as at 31 December 2012 is Rs. 4.78 per share (2012: Rs. 4.48 per share).

17.2.2 Investment in JCL represents 13.506 million (2012: 14.582 million) non-voting, unlisted, cumulative, convertible, redeemable and non-participatory 12% preference shares of Rs. 6.86 (2012: Rs. 6.86) each, representing 7.90% (2012: 8.53%) of JCL's share capital as at 30 June 2013. During the year, the Company disposed off 1.076 million preference shares through offer for sale at the price of Rs. 10 per share. Book value based on net assets, as per unaudited financial statements, as at 31 December 2012 is Rs. 29.52 per share (audited financial statements, as at 30 June 2012: Rs. 27.75 per share).

17.2.3 Investment in SBL (unquoted) represents 0.010 million (2012: 0.010 million) fully paid ordinary shares of Rs. 100 each, representing 4.65% (2012: 4.65%) of SBL's paid up share capital as at 30 June 2013.

17.2.4 During the year, the Company has purchased 5,000 fully paid ordinary shares in Al-Khabeer Financial Services (Pvt) Limited for Rs. 1 million, representing 5% of the total share capital of the Company as at 30 June 2013.

17.3 This includes the shares of Stock Exchanges received by the AHL in pursuance of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012. The total number of shares received by the AHL are 7,885,962 with a face value of Rs. 10 each. These includes 4,731,577 (60% shares) which are held in separate CDC blocked account to restrict the sale of these shares by the members whereas stock exchanges will dispose off these shares under the Demutualization Act, however the proceeds of these shares and right to dividend / bonus is vested with member whereas voting rights attached to these shares are suspended.

The fair value of these shares is determined by AHL on the basis of discounted cash flows of the stock exchanges discounted at reasonable discount rate prevailing in lthe local market and represents the lowest possible value to be materialized by the Company.

These shares are initially recognized at fair value of Rs. 121.342 million and subsequently classified as 'through profit and loss'.

18. INVESTMENT PROPERTY

		2013	2012
Opening balance		3,879,000	76,879,000
Acquisition during the year		4,771,697	-
Disposal during the year		-	(73,000,000)
Acquisition and transfer of investment property		154,428,115	-
		154,428,115	(73,000,000)
Acquisition cost - closing balance		163,078,812	3,879,000
Fair value adjustment		152,257,788	49,121,000
	Rupees	315,336,600	53,000,000

19 LONG TERM DEPOSITS AND PREPAYMENTS

		2013	2012
Karachi Stock Exchange (Guarantee) Limited		110,000	610,000
Lahore Stock Exchange (Guarantee) Limited		1,480,000	1,480,000
National Clearing Company of Pakistan Limited		750,000	750,000
Security deposits of leased assets		-	1,573,800
Security deposit for employees' cars		3,172,700	2,868,500
PEMX deposit for office		8,900,000	8,900,000
Others		26,244,533	16,713,471
	Rupees	40,657,233	32,895,771

20 STOCK-IN-TRADE

		2013	2012
Raw material		17,032,000	37,157,000
Packing material		51,133,000	49,310,000
Work-in-process		196,322,000	117,901,000
Finished goods		36,898,000	14,694,000
	Rupees	301,385,000	219,062,000

21 STORES, SPARES AND LOOSE TOOLS

		2013	2012
Stores		154,288,611	157,798,611
Coal	21.1	179,956,000	225,096,000
Spare parts		186,784,221	143,110,221
Loose tools		3,004,000	4,694,000
		524,032,832	530,698,832
Provision for slow moving / obsolete stock		(13,519,000)	(13,519,000)
	Rupees	510,513,832	517,179,832

21.1 This includes coal in-transit amounting to Rs. 43.26 million (2012: 107.28 million).

22. TRADE DEBTS

		2013	2012
Considered good			
- Secured	22.1	596,734,443	-
- Unsecured	22.2	134,552,359	328,866,016
		731,286,802	328,866,016
Considered doubtful		1,005,853,265	940,386,786
		1,737,140,067	1,269,252,802
Provision for doubtful debts			
- Opening provision		(940,386,786)	(823,869,020)
- Reversal / (charge) for the year		(65,466,479)	(116,517,766)
- Provision as at 30 June		(1,005,853,265)	(940,386,786)
	Rupees	731,286,802	328,866,016

22.1 This includes receivable of a subsidiary secured against capital securities having fair value of Rs. 4,324.78 million (2012: Rs. 1,126.33 million) owned by its clients, as collaterals against trade debts.

22.2 This includes receivable from Safe Mix Concrete Limited and Javedan Corporation Limited (related party) amounting to Rs. 1.89 million

23. LOANS AND ADVANCES - considered good

		2013	2012
Unsecured			
Considered good			
Advance for new investment	23.1	295,731,478	60,000,000
Advance against expenses		17,307	635,000
Advance against letter of credit		23,542,000	21,308,000
Advances to suppliers and contractors		65,773,025	73,340,685
Lendings to financial institutions		-	6,388,205
To executives and employees - unsecured, considered good		8,553,711	4,689,843
Secured			
Considered good			
Receivable against Reverse repo		211,564,652	-
To related parties:			
ASML	23.2	16,650,000	16,650,000
JCL	23.3	757,423,564	460,000,000
Others		6,166,732	11,572,000
	Rupees	1,385,422,469	654,583,733

23.1 This represents amount paid as deposit money for acquisition of shares of a company in dairy farming industry.

23.2 The Parent Company has entered into an agreement with said associate on 19 January 2011. Under the arrangement, the Parent 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 prevailing on the base rate setting date plus 3.25% per annum. Mark-up is payable on quarterly basis. The effective mark-up charged during the year ranged between 12.37% to 15.29% (2012: 15.20% to 16.45%) per annum.

23.3 The Parent Company has entered into an arrangement with said Company on 20 November 2010. Under the arrangement, the Parent Company shall disburse loan to the said Company in one or more tranches on a short term basis and is secured against REIT units to be issued by the borrower to the Parent Company in the proposed REIT scheme of the borrower which is in the process of getting permissions from Securities and Exchange Commission of Pakistan (SECP).

In case where REIT Scheme is not approved by the SECP, the borrower, as an alternate shall provide a registered mortgage deed in favour of the Parent Company over its immovable property located in Deh Manghopir and Gadap Town, Karachi, totalling 166 acres. The loan is repayable on demand.

The mark-up rate on the said loan is three months KIBOR prevailing on the base rate setting date plus 3% per annum. Mark-up is payable on a quarterly basis. The effective mark-up charged during the year ranged between 12.28% to 14.95% (2012: 14.91% to 16.54%) per annum.

23.4 Maximum balance due from related parties is Rs. 844.074 million.

24. DEPOSITS AND PREPAYMENTS

		2013	2012
Deposits - future clearing		16,954,549	3,108,594
Prepayments		19,562,151	5,874,717
Advance rent		20,898,240	-
MTS Exposure deposit		15,427,792	12,025,363
Others		3,488,380	15,858,208
	Rupees	76,331,112	36,866,882

25. TAX REFUND DUE FROM GOVERNMENT

		2013	2012
Income tax refundable		21,293,000	-
Sales tax refundable		2,989,000	-
Excise duty receivable		189,467,000	-
	Rupees	213,749,000	-

In case of PCL from 1993-94 to 1998-99, excise duty was levied and recovered from the Subsidiary being wrongly worked out on retail price based on misinterpretation of sub section 2 of section 4 of the Central Excise Act, 1944 by Central Board of Revenue. Such erroneous basis of working of excise duty has been held, being without lawful authority, by the Honourable Supreme Court of Pakistan as per its judgment dated February 15, 2007. Accordingly, the Company filed an application to the Collector of Federal Excise and Sales Tax to refund the excess excise duty amounting to Rs. 182.604 million.

The refund was however, rejected by Collector of Appeals vide his order in appeal number 01 of 2009 dated 19 March 2009 and Additional Collector, Customs, Sales tax and Federal excise vide its order in original number 02 of 2009 dated 24 January 2009 primarily based on the fact that the Company has failed to discharge the burden of proof to the effect that incidence of duty had not been passed on to the customers of the Company. Accordingly, the Company filed an appeal before the Learned Appellate Tribunal Inland Revenue (ATIR) regarding CED which, vide its order dated 23 May 2012 held that the requisite documents proving the fact that the incidence of duty had not been passed to the customers of the Company has been submitted by the Company and therefore the Company has discharged its onus. Based on the foregoing, the original order number 01 of 2009 dated 19 March 2009 and order number 02 of 2009 dated 24 January 2009 were set aside by ATIR and appeal was allowed. Accordingly, the Company has filed a refund claim with the department. the decision of ATIR. However, as per the legal counsel, the Company has a reasonable case. The Company is actively pursuing the matter for the settlement of the said refund.

26. MARKUP RECEIVABLE

		2013	2012
Considered good:			
From Suroor Investments Limited	26.1	108,244,291	108,244,291
Princely Jets (Private) Limited		10,289,176	14,289,176
Receivable against reverse repurchase agreement (Reverse repo)	26.2	61,979,176	-
From related parties:			
Javedan Corporation Limited	23.2	1,340,677	36,101,837
Aisha Steel Mills Limited	23.3	1,975,838	5,955,730
Others		280,498	-
	Rupees	184,109,656	164,591,034

26.1 This pertains to the amount that was due to be received on disposal of the Parent Company's former subsidiary, Summit Bank Limited. The bank was sold to Suroor Investment Limited at Rs. 9 per share. The Parent Company has received sales proceeds in full.

26.2 It includes reverse repo agreement entered into by the Parent Company with a financee on 20 March 2013, The effective rate between purchase and resale price is 15% per annum. The fair value of the securities as at the balance sheet date is Rs. 470.819 million. As per the agreement, all transaction costs relating to purchase and sale of securities shall be borne by the financee.

27. OTHER RECEIVABLES - considered good

		2013	2012
Receivable under guarantee	31.1	575,476,652	-
Receivable from related parties	27.1	2,641,275	570,617,306
Others		73,120,662	79,143,287
	Rupees	651,238,589	649,760,593

27.1 Due from related parties

Dividend receivable from FFCL		-	563,451,308
Others		2,641,275	7,165,998
	Rupees	2,641,275	570,617,306

28. SHORT TERM INVESTMENTS

At fair value through profit or loss - held for trading	28.1	1,808,619,904	2,896,757,378
Available-for-sale investment		-	37,629,900
	Rupees	1,808,619,904	2,934,387,278

28.1 At fair value through profit or loss - held for trading

Investments in quoted equity securities	28.1.1	1,649,629,632	2,886,557,536
Investments in mutual funds		54,809,143	10,199,842
Investments in privately placed preference shares		103,873,973	-
Investment in term finance certificates		263,825	-
Investment in future contract		43,331	-
	Rupees	1,808,619,904	2,896,757,378

28.1.1 Fair value of these investments is determined using quoted market prices and repurchase prices prevailing at the balance sheet date. Short term investments include equity securities pledged with various banking companies against short term running finance facilities having a market value of Rs. 728.44 million (2012: Rs. 1,221.705 million).

Reconciliation of loss on remeasurement of investments at fair value through profit or loss - held for trading

		2013	2012
Cost of investment		1,901,062,487	3,188,972,072
Unrealised loss:			
- Balance as at 1 July		(292,214,694)	(968,259,778)
- Unrealised gain for the year		199,772,111	676,045,084
- Balance as at 30 June		(92,442,583)	(292,214,694)
	Rupees	1,808,619,904	2,896,757,378

28.2 In June 2012, the Parent Company entered into an agreement ("agreement") for the disposal of its entire shareholding in Rozgar Microfinance Bank Limited, an associate, for a consideration of Rs. 37.630 million. Accordingly, the said investment has been classified as 'short term'. The transaction will close once the remaining formalities are completed.

29. CASH AND BANK BALANCES

		2013	2012
With banks in:			
Current accounts			
- In local currency		419,388,556	39,548,730
- In foreign currency		25,387,017	9,128,977
		444,775,573	48,677,707
Deposit accounts	29.1	118,944,116	56,037,385
		563,719,689	104,715,092
Cash in hand		639,076	721,362
	Rupees	564,358,765	105,436,454

29.1 The balance in deposit accounts carry markup ranging from 6% to 10.5% per annum (2012: 5% to 11% per annum).

30. ASSET HELD FOR SALE

On 07 March 2013, the Group entered into four separate Share Purchase Agreements (SPAs) with four buyers for 8.48 million shares of THCCL, an associate, for a consideration of Rs. 24.16 per share. During the year 4.4 million shares were transferred to two buyers, the sale of remaining shares will complete shortly once all formalities are finalized.

As per the latest available un-audited financial information of the THCCL as of 31 March 2013, the revenues for the nine month period ended amounts to Rs. 1,700.46 million and the total assets and total liabilities as of 31 March 2013 amounts to Rs. 2,307.56 million and Rs. 1,267.19 million respectively.

31. OPERATING REVENUE

		2013	2012
Dividend income		35,498,776	103,449,210
Mark-up income on loans and advances		67,411,044	109,092,827
Brokerage income		122,477,740	118,549,776
Mark-up on bank deposits		9,608,233	4,169,411
Underwriting, consultancy and placement commission		21,386,730	17,589,296
Income from reverse repo transaction		8,069,679	-
Net sales		547,090,000	171,686,781
Processing and other related income		910,030	38,208,037
Gain on remeasurement of investments - net		199,772,111	676,045,084
Gain on sale of investments - net		592,061,915	104,800,551
Unrealised gain on future contract		43,331	-
Put Option fee	31.1	21,234,783	-
	Rupees	1,625,564,372	1,343,590,973

31.1 During the year, the Parent Company has entered into a put option agreement with Silk Bank Limited (SBL) and preference shareholders of SBL whereby SBL has issued 880 million preference shares at the rate of Rs. 2.5 per share to these shareholders. Further, under the agreement, the preference shareholders have the option to sell their respective preference shares at a strike price of Rs 3.70 per share to the Parent Company, at the end of a tenor of 3 years from the date of issue of preference shares provided SBL has not exercised its call option to redeem the preference shares. Silk Bank Limited will pay the Parent Company a put option fee calculated quarterly at the rate of 2.5 % per annum on the outstanding preference shares, based on the price at which the Put option will be exercised. The said fees is guaranteed by United Bank Limited.

The Parent Company has entered into arrangements including financial guarantee with major sponsor of SBL to indemnify the Parent Company for any loss, liability or damage arising out of exercise of the Put Option by preference shareholders . The Parent Company has recognized liability of Rs. 575.5 million resulting from Put Option at the year end and receivable under the financial guarantee under 'trade and other payables' and 'other receivables' respectively. The Put Option has been valued using Black Scholes model with discount rate of 10.51%.

32. OPERATING, ADMINISTRATIVE AND OTHER EXPENSES

		2013	2012 Restated
Salaries and benefits	32.1	111,592,878	95,208,234
Printing and stationery		8,165,595	8,132,535
Communication		9,088,833	8,057,798
Rent, rates and taxes		53,612,906	44,817,689
Utilities		4,015,899	14,659,327
Legal and professional charges		16,451,623	6,557,320
C.D.C. and clearing house charges		10,222,661	7,660,304
Entertainment		2,684,855	1,823,965
Travel and conveyance		18,010,889	16,535,242
Depreciation		29,290,420	76,207,105
Repairs and maintenance		954,944	8,169,915
Insurance		3,160,771	2,765,417
Fees and subscription		6,640,575	6,179,074
Advertisement, business promotion and research		10,122,522	18,864,876
Meeting expenses		776,749	719,700
Auditors' remuneration	32.2	3,761,289	3,550,243
Technical assistance / commission and advisory fee		-	9,208,539
Sales commission		14,711,238	2,076,375
Bad debts expenses		70,077,255	116,517,766
Amortization charges		501,073	3,891,371
Ujrah payments	32.3	2,854,196	2,273,475
Others		15,150,399	72,797,937
	Rupees	407,847,570	526,674,207

32.1 This includes the Group's contribution to staff retirement benefits amounting to Rs. 1.624 million (2012: Rs. 7.183 million).

32.1.1 The companies within the Group have set up provident fund for its employees and the contributions were made by the Company to the Trust in accordance with the requirement of Section 227 of the Companies Ordinance, 1984. The entire fund balance amounting to Rs. 20 million as of 30 June 2013 is placed with bank under deposit account in accordance with the requirement of Section 227 of the Companies Ordinance, 1984.

32.2 Auditors' remuneration

		2013	2012
Audit fee		2,214,805	2,338,233
Certifications including half yearly review		946,096	741,080
Other certifications		408,816	140,250
Out of pocket		191,572	330,680
	Rupees	3,761,289	3,550,243

32.3 Ujrah payments

The Group has entered into various Ijarah arrangements with various financial institutions for lease of 5 vehicles having various monthly rentals for total period of 4-5 years. Following are the future ujrah payments under the agreements:

		Not later than one year	Later than one year but not later than five years	Later than five years
Total of future ujrah payments under the agreements	Rupees	3,190,124	4,193,681	-

33. OTHER INCOME

		2013	2012
Income from financial instruments:			
Profit on exposure deposit with KSE		2,709,137	743,346
Late payment charges		61,497,888	96,593,189
Gain on initial recognition of financial asset		121,342,551	-
Deferred liabilities written off		-	449,401,000
Gain on derecognition of financial liability		115,193,000	-
Markup on MTS		2,215,287	-
Income from non-financial instruments:			
Rental income		4,795,800	2,551,642
Exchange gain on foreign currency balance		188,449	407,015
Reversal of provision for Workers' Welfare Fund		-	3,499,555
Gain on sale of fixed assets		973,949	13,595,746
Excise duty refundable		182,604,000	-
Others		24,673,749	147,468,992
	Rupees	516,193,810	714,260,485

34. FINANCE COST

		2013	2012 Restated
Mark-up on long term loans		348,898,597	324,149,841
Mark-up on short term borrowings		446,354,552	534,973,139
Mark-up on finance lease		1,341,425	1,658,661
Bank charges		6,471,886	5,266,831
Others		9,584,850	2,219,227
	Rupees	812,651,310	868,267,699

35. OTHER CHARGES

		2013	2012
Workers' Welfare Fund	35.1 & 35.2	273,797,139	-
Donations	35.3	8,326,275	43,909,143
	Rupees	282,123,414	43,909,143

35.1 During the year ended 30 June 2011, the Honourable High Court of Lahore vide their order in respect of writ petition No. 8763/2011, has declared amendments introduced through Finance Acts 2006 and 2008 in Workers' Welfare Ordinance, 1971 as unconstitutional. Further, the Parent Company has also filed a writ petition in the High Court of Sindh at Karachi to impugn the amendments made to the Workers' Welfare Ordinance 1971, vide Finance Act 2008. Moreover, the Appellate Tribunal Inland Revenue, Islamabad has also settled issue of WWF in the favour of taxpayers and against the Inland Revenue Service Department in ITA No. 38/1B/2012 (Tax year 2009), ITA No. 136/IB/2012 (Tax year 2009) and ITA No. 137/IB/2012 (Tax year 2010) dated 21 May 2012. During the third quarter ended March 31, 2013, the Honourable High Court of Sindh (SHC) vide their order in respect of Constitutional Petition bearing No. D-2753/2009 has declared that amendments to the Workers Welfare Fund through Finance Act 2006 and 2008 do not suffer from any constitutional or legal infirmity. On the basis of the aforementioned order of SHC, the Parent Company writ petition was disposed off on the same grounds.

Being aggrieved by the decision of SHC, the Parent Company has filed a constitutional petition challenging the order of SHC before the Supreme Court of Pakistan. The management of the Parent is contesting the case vigorously and as per the legal counsel, the Parent Company has a reasonable case and the management is confident that the petition will be decided in favour of the Parent Company. However, based on prudence the Parent Company has provided for Workers' Welfare Fund for the years from 2010 to 2013.

35.2 In case of a subsidiary, the commissioner income tax has raised demands on account of Worker Welfare Fund for the tax year 2010 & 2012 amounting to PKR. 3.499 million and PKR. 7.4 million respectively. The subsidiary has been granted stay against those demands from the respective authorities. The subsidiary's legal council is confident that it has a fair case.

35.3 Directors or their spouses had no interest in donees' fund, except Mr. Arif Habib (CEO and Director of the Parent Company). He is trustee in one of the donee institutions, Fatimid Foundation and director in two of the donee institutions, Karachi Education Initiative and Pakistan Center for Philanthropy.

36. TAXATION

		2013	2012
For the year			
- Current		215,187,180	58,372,845
- Deferred		(119,579,770)	268,494,870
Prior year		(99,795,451)	4,153,056
	Rupees	(4,188,041)	331,020,771
Relationship between tax expense and accounting profit			
Profit before taxation		1,090,360,537	
Tax at the applicable tax rate of 35%		381,626,188	
Tax effect under final tax regime / presumptive tax regime		(151,938,000)	
Prior year tax effect		(99,795,451)	
Tax effect of minimum tax		25,822,000	
Tax effect of income taxed at lower rate		(103,532,023)	
Tax effect of other items		(56,370,755)	
	Rupees	(4,188,041)	

37. EARNINGS PER SHARE - BASIC AND DILUTED

37.1 Basic earnings per share

		2013	2012
Profit after tax	Rupees	917,073,112	2,513,301,897
Weighted average number of ordinary shares	Number	453,750,000	453,750,000
Earnings per share	Rupees	2.02	5.54

37.2 **Diluted earnings per share**

Diluted earnings per share has not been presented as there is no convertible instruments in issue as at 30 June 2013 and 30 June 2012 which would have any effect on the earnings per share if the option to convert is exercised.

38. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES

38.1 For the purpose of disclosure, those employees are considered as executives whose basic salary exceeds five hundred thousand rupees in a financial year.

38.2 The aggregate amounts charged in these consolidated financial statements in respect of remuneration including benefits to the Chief Executives, Directors and other Executives of the Group are given below:

		Chief Executives		Other Executives	
		2013	2012	**2013**	2012
Managerial remuneration		**35,434,298**	36,588,221	**51,985,570**	51,004,025
Retirement benefits		**3,409,265**	350,000	**4,892,618**	2,576,000
Bonus		**2,841,511**	2,607,438	**2,628,872**	3,530,192
Other allowance		**5,922,055**	7,536,886	**8,927,901**	8,110,079
Total	Rupees	**47,607,129**	47,082,545	**68,434,961**	65,220,296
Number of persons		**5**	5	**57**	63

38.3 The aggregate amount charged to these consolidated financial statements in respect of directors' fee is Rs. 0.19 million (2012: Rs. 0.11 million).

38.4 Besides above, group insurance and medical facilities under insurance coverage were provided to the above mentioned personnel.

38.5 The Chief Executive and certain Executives has been provided with free use of Company maintained vehicles in accordance with the Company's policy.

38.6 Certain key management personnel have also been provided with free use of company maintained vehicles in accordance with the Group's policy.

39. CASH (USED IN) / GENERATED FROM OPERATIONS

		2013	2012 Restated
Profit / (loss) before tax		1,090,360,537	2,909,493,581
Adjustments for:			
Depreciation and amortization		133,086,355	172,771,553
Dividend income		-	(103,449,210)
Mark-up on bank balances, loans and advances and term finance certificates		-	(113,262,238)
Share of profit of equity-accounted associate - net of tax		(396,333,986)	(2,535,683,205)
Impairment loss on investments - net		(32,720,826)	100,972,605
Impairment on goodwill		80,966,951	270,113,596
Unrealized gain on investment property		(103,136,788)	-
Fixed assets written off		1,386,888	-
Unrealised gain on long term investments		(121,342,551)	-
Remeasurement gain on short term investments		-	(676,045,084)
Gain on Rozgar transferred from OCI		(5,319,900)	-
Gain on sale of investment		-	(104,800,551)
Bad debt expense		70,077,255	116,517,766
Gain on sale of property, plant and equipment		(973,949)	(13,595,746)
Finance cost		812,651,310	868,104,078
		438,340,759	(2,018,356,436)
Operating profit before working capital changes		1,528,701,296	891,137,145
Changes in working capital:			
(Increase) / decrease in current assets			
Trade debts		(472,498,041)	36,304,064
Stock-in-trade		(82,323,000)	(98,640,000)
Stores, spares and loose tools		6,666,000	(71,419,000)
Loans and advances		(730,838,737)	(6,653,117)
Deposits and prepayments		(39,464,230)	5,307,223
Receivable against sale of investment		529,534,120	(529,534,120)
Markup receivable		(19,518,622)	-
Other receivables		(1,477,996)	(568,494,806)
Short term investments		1,142,411,673	(761,101,349)
Tax refund due from Government		(213,749,000)	-
Increase in current liabilities			
Trade and other payables		1,443,981,619	1,083,321,337
		1,562,723,786	(910,909,768)
Cash (used in) / generated from operations	Rupees	3,091,425,082	(19,772,623)

39.1 CASH AND CASH EQUIVALENTS

Cash and bank balances	29	564,358,765	105,436,454
Short term running finance	11	(2,645,744,666)	(3,943,892,456)
	Rupees	(2,081,385,901)	(3,838,456,002)

40 FINANCIAL INSTRUMENTS

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies.

40.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the balance sheet date if counterparties fail completely to perform as contracted and arises principally from loans and advances, trade debts, deposits and other receivables. Out of the total financial assets of Rs. 16,172.669 million (2012: Rs. 16,351.436 million), the financial assets which are subject to credit risk amounted to Rs. 3,251.189 million (2012: Rs. 1,832.123 million).

To manage exposure to credit risk in respect of loans and advances, management performs credit reviews taking into account the borrower's financial position, past experience and other factors. Loan terms and conditions are approved by a competent authority.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Group believes that it is not exposed to major concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date is:

		2013	2012
Trade debts - net of provision		731,286,802	329,173,031
Long term deposits		29,417,233	30,055,771
Loans and advances		1,091,417,485	553,827,843
Markup receivable		184,109,656	164,591,034
Other receivables		651,238,589	649,760,593
Bank balances		563,719,689	104,715,092
	Rupees	3,251,189,454	1,832,123,364

All the loans and advances at the balance sheet date represent domestic parties except a receivable of Rs. 108.244 million (2012: Rs. 108.244 million).

The age analysis of trade debts, loans and advances and other receivables is as follows:

		2013	2012
Not past due		2,187,487,605	732,674,433
Past due 1-30 days		51,430,548	172,943,775
Past due 30-180 days		70,051,437	463,721,324
Past due 180 days		161,231,286	163,114,920
	Rupees	2,470,200,876	1,532,454,452

Receivable from Princely Jets (Private) Limited is secured by demand promissory note and is refundable as per Memorandum of Understanding signed on 24 May 2010. Loan to JCL is secured as disclosed in note 23.3 of these consolidated financial statements. Further, Rs. 230.255 million (2012: 583.843 million) is due from the Group companies and management believes that the sum will be recovered in full as companies are under common management.

The credit quality of the Group's bank balances can be assessed with reference to external credit ratings as follows:

Rating Short term	2013	2012
-----------	----------- Rupees	------------
A +	720,000	-
A1 +	85,698,254	8,378,489
A1	6,754,048	61,066,050
A2	203,567	1,904,281
A-1+	1,745,678	11,016,717
A -1	443,732,060	-
A-2	34,588,403	6,091,801
A-3	87,750	63,906
AA	-	14,164,131
P-1	-	2,029,717

Based on past experience, the management believes that no impairment allowance is necessary in respect of loans, advances and other receivables past due as some receivables have been recovered subsequent to the year end and for other balances, there are reasonable grounds to believe that the amounts will be recovered in short course of time.

40.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner unfavourable to the Group. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of adequate funds through committed credit facilities. The Group finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

At balance sheet date, the Group has cash and bank balance and unutilized credit lines of Rs. 574.089 million (2012: Rs. 105.436 million) and Rs. 4,711.765 million (2012: Rs. 1,666.106 million) as mentioned in note 29 and 11.

The following are the contractual maturities of financial liabilities, including estimated interest payments on an undiscounted cash flow basis:

	2013			
	Carrying amount	Contractual cash flows	Upto one year	More than one year
Financial liabilities				
Trade and other payables	2,699,253,297	2,636,800,752	2,636,498,071	302,681
Short term borrowings	2,645,744,666	2,925,961,346	2,925,961,346	-
Long term loan	2,677,020,190	3,544,898,010	1,173,786,326	2,371,111,684
Rupees	8,022,018,153	9,107,660,108	6,736,245,743	2,371,414,365

	2012			
	Carrying amount	Contractual cash flows	Upto one year	More than one year
Financial liabilities				
Trade and other payables	1,136,013,151	1,137,195,817	1,137,195,817	-
Short term borrowings	3,943,892,456	4,153,511,473	4,153,511,473	-
Long term loan	2,897,816,686	3,781,301,044	2,672,457,113	1,108,843,931
Rupees	7,977,722,293	9,072,008,334	7,963,164,403	1,108,843,931

The future interest-related cash flows depend on the extent of utilization of running finance facilities and the interest rates applicable at that time.

40.3 Market risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimising the return. The market risks associated with the Group's business activities are interest / mark-up rate risk and price risk. The Group is not exposed to material currency risk.

a) Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. Currently, the Group's foreign exchange risk exposure is restricted to long term equity investments and bank balances in foreign currency. As such the Group does not regularly deal in foreign currency transactions except for utilizing equity investment opportunities as and when it arises and maintenance of foreign currency bank accounts which currently are denominated in US Dollars and UAE Dirham. The management believes that the Group's exposure emanating from any fluctuations in the foreign currencies does not require to be hedged.
Financial assets and liabilities exposed to foreign exchange rate risk amounts to Rs. 24.95 million (2012: Rs. 35.137 million) and Rs. 76.586 million respectively, at the year end.

Sensitivity analysis

For the purpose of foreign exchange risk sensitivity analysis, it is observed that in the financial year the local currency has weakened against US Dollars and UAE Dirham by approximately 5.07% and 5.08% respectively. Subsequent to the balance sheet date and till the authorization of these financial statements a further decline of USD 4.32% and UAE Dirham 4.31% respectively, have been observed. During the year, the above decline has resulted in a gain on foreign currency translation of Rs. 188.449 that is recognized in profit and loss account, therefore the Group is not significantly exposed to foreign currency risk. Further, there are no commitments or outstanding derivative contracts in foreign currency at the balance sheet date.

The following table summarizes the financial assets as at 30 June 2013 and 30 June 2012 that are subject to foreign currency risk and shows the estimated changes in the value of financial assets (and the resulting change in profit and loss account) assuming changes in the underlying exchange rates applied immediately and uniformly across all currencies. The changes in value do not necessarily reflect the best or worst case scenarios and actual results may differ. The analysis assumes that all other variables, in particular interest rate,remain constant. Rupees are in million.

	Carrying value of foreign currency	Estimated fair value assuming a hypothetical percentage increase / (decrease) in the value of foreign currencies versus Pak rupee (Rupees in million)					
		-20%	-10%	-1%	1%	10%	20%
30 June 2013	**24.95**	**19.96**	**22.46**	**24.70**	**25.20**	**27.45**	**29.94**
30 June 2012	35.14	28.11	31.62	34.79	35.49	38.65	42.16

b) Interest / mark-up rate risk

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark-up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Group manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing and loans and advances by the Group have variable rate pricing that is mostly dependent on the Karachi Inter Bank Offer Rate (KIBOR) as indicated in respective notes.

At the balance sheet date, the interest rate profile of the Group's significant interest-bearing financial instruments was as follows:

	2013	2012	2013	2012
	Effective interest rate (in %)		Carrying amounts (in Rupees)	
Financial assets				
Deposit to KSE against future clearing	-	-	-	-
Loans and advances	11.58% to 15.29%	14.42% to 15.23%	776,498,296	484,480,000
Trade debts	-	-	-	-
Bank balances	6% to 10.5%	5% to 11.5%	118,944,116	56,037,385
Financial liabilities				
Short term finance	10.33% to 13.99%	13.3% to 15.5%	2,645,744,666	3,943,892,456
Long term finance	8.96% to 12.99%	11.99% to 13.78%	-	2,582,432,000

Sensitivity analysis

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not effect fair value of any financial instrument. For cash flow sensitivity analysis of variable rate instruments a hypothetical change of 100 bps in interest rates at the balance sheet date would have decreased / (increased) profit for the year by the amounts shown below.

It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

		Profit and loss 100 bps	
		Increase	Decrease
As at 30 June 2013			
Cash flow sensitivity-Variable rate financial liabilities	Rupees	(43,683,269)	43,683,269
Cash flow sensitivity-Variable rate financial assets	Rupees	4,892,939	(4,892,939)
As at 30 June 2012			
Cash flow sensitivity-Variable rate financial liabilities	Rupees	(156,250,160)	156,250,160
Cash flow sensitivity-Variable rate financial assets	Rupees	1,805,393	(1,805,393)

c) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark-up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. The Group is exposed to equity price risk since it has investments in quoted equity securities, amounting to Rs. 1,649.629 million (2012: Rs. 2,886.557 million) at the balance sheet date.

The Group's strategy is to hold its strategic equity investments for a long period of time. Thus, the Group's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favourable. The Group strives to maintain above average levels of shareholders' capital to provide a margin of safety against short term equity price volatility. The Group manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

The carrying value of investments subject to equity price risk are, in almost all instances, based on quoted market prices as of the reporting date except for, unquoted associates which are carried at fair value determined through valuation techniques.

Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, the amount realized from the sale of a particular security may be affected by the relative quantity of the security being sold.

Sensitivity analysis

For the purpose of price risk sensitivity analysis it is observed that the benchmark KSE 100 Index has increased by 52% during the financial year. Subsequent to the balance sheet date and till the date of authorization of these financial statements a further increase of 9% in the KSE 100 Index has been observed.

The table below summarizes the Group's equity price risk as of 30 June 2013 and 2012 and shows the effects of a hypothetical 30% increase and a 30% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in the Group's equity investment portfolio. Rupees are in million.

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders' equity	Hypothetical increase (decrease) in profit / (loss) before tax
30 June 2013	**1,808.62**	**30% increase**	**2,351.21**	**-**	**542.59**
		30% decrease	**1,266.03**	**-**	**(542.59)**
30 June 2012	3,026.50	30% increase	3,934.45	-	907.95
		30% decrease	2,118.55	-	(907.95)

d) Other market risk

Management believes that unless more sophisticated and comprehensive disclosure of sensitivity analysis is given for each type of market risk to which the Group is exposed at the balance sheet date, the above mentioned sensitivity analysis in absence of availability of a large economic data with high accuracy and the present effects of unprecedented country's political situation on economics, might remain unrepresentative to the financial statements readers for the risk inherent in the financial instruments.

40.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying value of all financial assets and liabilities on the balance sheet, excluding some long term investments, approximate to their fair value.

a) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated balance sheet, are as follows:

	30 June 2013		30 June 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial Assets				
Long term investments	10,812,777,385	23,403,311,516	11,524,620,559	23,653,415,548
Short term investments	1,808,619,904	1,808,619,904	2,934,387,278	2,934,387,278
Long term deposits	14,412,700	14,412,700	32,895,771	32,895,771
Loans and advances	1,385,422,469	1,385,422,469	580,608,048	580,608,048
Markup receivable	184,109,656	184,109,656	164,591,034	164,591,034
Other receivables	651,238,589	651,238,589	649,453,578	649,453,578
Deposits	20,442,929	20,442,929	30,992,165	30,992,165
Trade debts	731,286,802	731,286,802	329,173,031	329,173,031
Cash and bank balances	564,358,765	564,358,765	104,715,092	104,715,092
Rupees	16,172,669,199	28,763,203,330	16,351,436,556	28,480,231,545

	30 June 2013		30 June 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities				
Long term loan	2,677,020,190	2,677,020,190	2,897,816,666	2,897,816,666
Interest / mark-up accrued on borrowings	148,513,246	148,513,246	139,775,482	139,775,482
Trade and other payables	2,728,273,287	2,728,273,287	110,154,289	1,136,013,151
Short term borrowings	2,645,744,666	2,645,744,666	2,632,515,667	3,943,892,456
Rupees	8,199,551,389	8,199,551,389	8,117,497,755	8,117,497,755

b) Valuation of financial instruments

In case of equity instruments, the Group measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 : Quoted market price (unadjusted) in an active market.
Level 2 : Valuation techniques based on observable inputs.
Level 3 : Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Fair values of financial assets that are traded in active markets are based on quoted market prices.
For all other financial instruments the Group determines fair values using valuation techniques.

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

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

The table below analyses equity instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

30 June 2013		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Equity securities	Rupees	1,808,619,904	-	121,342,551	1,929,962,455
Available-for-sale financial assets					
Equity securities	Rupees	-	-	171,317,850	171,317,850

30 June 2012		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Equity securities	Rupees	2,896,757,378	-	-	2,896,757,378
Available-for-sale financial assets					
Equity securities	Rupees	-	-	37,629,900	37,629,900

c) **Accounting classifications and fair values**

The table below provides reconciliation of the line items in the Group's statement of financial position to the categories of financial instruments.

30 June 2013		At fair value through profit and loss	Loans and receivables	Available for Sale	Cost / amortized cost	Total carrying amount
Financial Assets						
Cash and bank balances		-	-	-	564,358,765	564,358,765
Investments		1,929,962,455	-	171,317,850	-	2,101,280,305
Long term deposits		-	14,412,700	-	-	14,412,700
Loans and advances		-	1,385,422,469	-	-	1,385,422,469
Other receivables		-	651,238,589	-	-	651,238,589
Markup receivable		-	184,109,656	-	-	184,109,656
Trade debts		-	731,286,802	-	-	731,286,802
Deposits		-	20,442,929	-	-	20,442,929
	Rupees	1,929,962,455	2,986,913,145	171,317,850	564,358,765	5,652,552,215
Financial Liabilities						
Long term loan		-	-	-	2,677,020,190	2,677,020,190
Trade and other payables		575,476,652	-	-	1,849,979,506	2,425,456,158
Interest / mark-up accrued on borrowings		-	-	-	148,513,246	148,513,246
Short term borrowings		-	-	-	2,645,744,666	2,645,744,666
	Rupees	575,476,652	-	-	7,321,257,608	7,896,734,260

30 June 2012		At fair value through profit and loss	Loans and receivables	Available for Sale	Cost / amortized cost	Total carrying amount
Financial Assets						
Cash and bank balances		-	-	-	104,715,092	104,715,092
Investments		2,896,757,378	-	152,629,654	-	3,049,387,032
Long term deposits		-	32,895,771	-	-	32,895,771
Loans and advances		-	580,608,048	-	-	580,608,048
Other receivables		-	814,044,612	-	-	814,044,612
Trade debts		-	329,173,031	-	-	329,173,031
Deposits		-	30,992,165	-	-	30,992,165
	Rupees	2,896,757,378	1,787,713,627	152,629,654	104,715,092	4,941,815,751
Financial Liabilities						
Long term loan		-	-	-	2,897,816,686	2,897,816,686
Trade and other payables		-	-	-	1,136,013,151	1,136,013,151
Interest / mark-up accrued						-
on short term borrowings		-	-	-	139,775,482	139,775,482
Short term borrowings		-	-	-	3,943,892,456	3,943,892,456
	Rupees	-	-	-	8,117,497,775	8,117,497,775

d) **Other market risk**

Management believes that unless more sophisticated and comprehensive disclosure of sensitivity analysis is given for each type of market risk to which the Group companies are exposed at the balance sheet date, the above mentioned sensitivity analysis in absence of availability of a large economic data with high accuracy and the present effects of unprecedented country's political situation on economics, might remain unrepresentative to the financial statements readers for the risk inherent in the financial instruments.

41 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

Underlying the definition of fair value is the presumption that the Group is a going concern, without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The carrying value of all financial assets and liabilities on the consolidated balance sheet approximate to their fair value.

42 CAPITAL MANAGEMENT

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, sustain future development of the business, safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on capital, which the Group defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes in the Group's approach to capital management during the year.

43 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. Remuneration of chief executive, directors and executives is disclosed in note 38 to these consolidated financial statements. Transactions with related parties during the year other than those disclosed elsewhere in these consolidated financial statements are given below:

		2013	2012
Transactions with associates			
-Purchase of shares	Rupees	29,353,500	-
-Subscription of right shares	Rupees	-	241,140
-Advance against shares	Rupees	5,000,000	-
-Loan advanced and repaid	Rupees	219,831,495	-
-Loans and advances	Rupees	450,000,000	154,428,115
-Mark-up on loans and advances	Rupees	2,333,803	-
-Sale of goods	Rupees	-	145,456,000
-Markup received	Rupees	6,138,855	-
-Dividend income	Rupees	1,157,650,913	-
-Capital gain earned on related parties securities	Rupees	92,603,150	128,995,042
-Capital loss incurred on related parties securities	Rupees	-	15,777
- Brokerage commission from associates	Rupees	15,627,055	1,806,791
Transaction with employees and key management personnel			
-Brokerage commission to key management personnel	Rupees	6,385,950	8,647,455
-Amount repaid to Mr. Arif Habib	Rupees	-	33,113,218
-Loan from Mr. Arif Habib	Rupees	-	450,000,000
Transaction with other related parties			
-Payment to employees' provident fund / voluntary pension scheme	Rupees	5,421,319	3,747,725
-Advance against investment property	Rupees	-	154,428,115
-Purchase of shares	Rupees	-	73,471,500
-Capital gain on other related parties	Rupees	-	12,996
-Sale of goods	Rupees	-	12,511,000
-Rent received	Rupees	-	2,395,800
-Payment of rent and maintenance to Rotocast Engineering (Private) Limited	Rupees	19,373,803	22,988,064
-Brokerage commission charged to related parties	Rupees	-	5,010,592
-Loan to Javedan Corporation Limited	Rupees	297,423,564	-
-Mark-up on loans and advances	Rupees	62,821,048	9,409,669
-Markup received from related party	Rupees	97,582,209	-
-Bank balance at Summit Bank Limited	Rupees	1,352,632	4,224,040
-Accrued markup on cash and term deposit at Summit Bank Limited	Rupees	260,064	645,303
-Purchase of goods from Javedan Corporation Limited	Rupees	-	591,000

44 SEGMENT INFORMATION

For management purposes the Group is organized into following major business segments:

Capital market operations	Principally engaged in trading of equity securities and maintaining strategic and trading portfolios.
Investment advisory / assets manager	Principally providing investment advisory and asset management services to different mutual funds and unit trusts.
Brokerage	This comprise brokerage, underwriting, corporate consultancy, research and corporate finance services.
Material and Construction	This comprise sales less cost of sales of the segment
Others	Others includes assets of dairy farming and energy development entities

	2013					
	Capital market operations	**Investment advisory / assets manager**	**Brokerage**	**Material and constructions**	**Others**	**Consolidated**
Revenues						
Operating revenue	544,067,454	-	136,584,378	483,733,705	4,974,534	1,169,360,071
(Loss) / gain on sale of securities - net	296,156,440	-	295,905,475	-	-	592,061,915
	840,223,894	-	432,489,853	483,733,705	4,974,534	1,761,421,986
Gain on distribution of shares	-	-	-	-		-
Loss on loss of control of subsidiary	-	-	-	-		-
Operating, administrative and other expenses	(95,059,292)	-	(207,201,140)	(51,208,000)	(54,379,138)	(407,847,570)
Impairment of goodwill	-	-	(80,966,951)	-	-	(80,966,951)
Impairment loss on investment	-	-	-	-	-	-
	745,164,602	-	144,321,762	432,525,705	(49,404,604)	1,272,607,465
Other income	194,924	-	193,343,498	319,999,000	2,656,388	516,193,810
	745,359,526	-	337,665,260	752,524,705	(46,748,216)	1,788,801,275
Bargain purchase gain	-	-	-	-	-	-
Finance cost & other charges	(549,376,319)	-	(203,849,676)	(339,881,705)	(1,667,024)	(1,094,774,724)
	195,983,207	-	133,815,584	412,643,000	(48,415,240)	694,026,551
Share of profit from equity accounted associates - net of tax	396,333,986	-	-	-	-	396,333,986
Segment results	**592,317,193**	**-**	**133,815,584**	**412,643,000**	**(48,415,240)**	**1,090,360,537**
Unallocated expenditures	-	-	-	-	-	-
Profit / (loss) before tax	**592,317,193**	**-**	**133,815,584**	**412,643,000**	**(48,415,240)**	**1,090,360,537**
Taxation	56,491,243	-	(19,011,066)	(33,142,000)	(150,136)	4,188,041
Profit / (loss) after tax Rupees	**648,808,436**	**-**	**114,804,518**	**379,501,000**	**(48,565,376)**	**1,094,548,578**

	2012					
	Capital market operations	Investment advisory / assets manager	Brokerage	Material and constructions	Others	Consolidated
Revenues						
Operating revenue	598,810,514	-	409,279,103	193,542,000	37,158,805	1,238,790,422
(Loss) / gain on sale of securities - net	(152,772,297)	-	257,572,848	-	-	104,800,551
	446,038,217	-	666,851,951	193,542,000	37,158,805	1,343,590,973
Gain on distribution of shares	-	-	-	-	-	
Loss on loss of control of subsidiary	-	-	-	-		-
Operating, administrative and other expenses	(66,997,859)	-	(209,271,775)	(13,937,000)	(226,440,289)	(516,646,923)
Impairment of goodwill	-	-	(270,113,596)	-	-	(270,113,596)
Impairment loss on investment - net	(100,972,605)	-	-	-	-	(100,972,605)
	278,067,753	-	187,466,580	179,605,000	(189,281,484)	455,857,849
Other income	80,374,172	-	103,231,890	515,345,000	15,309,423	714,260,485
	358,441,925	-	290,698,470	694,950,000	(173,972,061)	1,170,118,334
Bargain purchase gain	-	-	-	-	125,896,168	125,896,168
Finance cost & other charges	(312,277,478)	-	(192,303,119)	(402,278,000)	(5,154,624)	(912,013,221)
	46,164,447	-	98,395,351	292,672,000	(53,230,517)	384,001,281
Share of profit from equity accounted associates - net of tax	2,535,683,205	-	-	-	-	2,535,683,205
Segment results	2,581,847,652	-	98,395,351	292,672,000	(53,230,517)	2,919,684,486
Unallocated expenditures	-	-	-	-	-	-
Profit / (loss) before tax	2,581,847,652	-	98,395,351	292,672,000	(53,230,517)	2,919,684,486
Taxation	(153,689,787)	-	(29,454,230)	(139,241,000)	(8,635,754)	(331,020,771)
Profit / (loss) after tax Rupees	2,428,157,865	-	68,941,121	153,431,000	(61,866,271)	2,588,663,715

		2013					
		Capital market operations	Investment advisory / assets manager	Brokerage	Material and constructions	Others	Consolidated
Other information							
Segment assets		3,795,121,573	-	1,387,969,028	3,829,671,840	4,386,296,860	13,399,059,301
Investment in equity accounted associates		10,520,116,984	-	-	-	-	10,520,116,984
Unallocated corporate assets		-	-	-	-	-	-
Consolidated total assets	Rupees	**14,315,238,557**	**-**	**1,387,969,028**	**3,829,671,840**	**4,386,296,860**	**23,919,176,285**
Segment liabilities		2,653,903,393	-	2,295,152,717	3,667,855,335	87,629,659	8,704,541,104
Unallocated corporate liabilities		-	-	-	-	-	-
Consolidated total liabilities	Rupees	**2,653,903,393**	**-**	**2,295,152,717**	**3,667,855,335**	**87,629,659**	**8,704,541,104**
Capital expenditure	Rupees	567,570	-	1,287,816	132,673,000	48,455,768	182,984,154
Depreciation and amortization	Rupees	6,882,502	-	11,498,193	108,362,000	6,343,660	133,086,355
Non-cash expenses other than depreciation	Rupees	88,176,790	-	195,702,947	2,768,222,000	48,035,478	3,100,137,215

		2012					
		Capital market operations	Investment advisory / assets manager	Brokerage	Material and constructions	Others	Consolidated
Other information							
Segment assets		7,649,395,415	-	950,183,967	4,148,144,235	(177,888,888)	12,569,834,729
Investment in equity accounted associates		11,409,620,805	-	-	-	-	11,409,620,805
Unallocated corporate assets		-	-	-	-	-	-
Consolidated total assets	Rupees	19,059,016,220	-	950,183,967	4,148,144,235	(177,888,888)	23,979,455,534
Segment liabilities		2,921,385,599	-	2,163,540,838	3,710,446,151	100,356,060	8,895,728,648
Unallocated corporate liabilities		-	-	-	-	-	-
Consolidated total liabilities	Rupees	2,921,385,599	-	2,163,540,838	3,710,446,151	100,356,060	8,895,728,648
Capital expenditure	Rupees	984,469	-	193,467,720	58,313,600	81,674,122	334,439,911
Depreciation and amortization	Rupees	7,872,315	-	58,502,349	99,190,000	6,874,369	172,439,033
Non-cash expenses other than depreciation	Rupees	77,453,544	-	254,960,574	(103,581,000)	102,398,133	331,231,251

Reconciliations of reportable segment revenues, profit or loss and assets and liabilities

		2013	2012 Restated
Operating revenues			
Total revenue for reportable segments		**1,840,653,529**	1,369,125,120
Elimination of inter-segment revenue		**(215,089,157)**	(25,534,147)
Consolidated revenue	Rupees	**1,625,564,372**	1,343,590,973
Profit or loss			
Total profit or loss before tax for reportable segments		**1,245,419,717**	3,081,312,020
Elimination of inter-segment revenue / expense		**(155,059,180)**	(171,818,439)
Consolidated profit before tax	Rupees	**1,090,360,537**	2,909,493,581

Information about major customers

AHL is involved in a brokerage business. Its major client are banking institutions such as National Bank of Pakistan Limited, United Bank Limited and Allied Bank Limited.

44.1 GEOGRAPHICAL SEGMENT ANALYSIS

	2013			
	Profit / (loss) before tax	**Total assets employed**	**Net assets**	**Contingencies and commitments**
Pakistan	1,120,108,896	23,721,172,434	15,087,502,996	865,697,829
Colombo, Srilanka	(26,322,096)	93,068,211	73,663,455	-
Dubai, UAE	(3,426,263)	104,935,640	53,468,730	-
Rupees	**1,090,360,537**	**23,919,176,285**	**15,214,635,181**	**865,697,829**

	2012			
	Profit / (loss) before tax	Total assets employed	Net assets	Contingencies and commitments
Pakistan	3,121,741,804	24,952,043,184	16,204,189,044	565,617,075
Colombo, Srilanka	(45,172,368)	80,005,366	(5,813,522)	-
Dubai, UAE	11,995,232	101,663,127	39,607,507	-
Rupees	3,088,564,668	25,133,711,677	16,237,983,029	46,551,988

45. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements have been authorized for issue on 26th August 2013 by the Board of Directors of the Parent Company.

46. EVENTS AFTER BALANCE SHEET DATE

The Board of Directors of the Parent Company has proposed a cash dividend of Rs. 2.50 per share amounting to Rs. 1,134,375,000 million at its meeting held on 26 July 2013 for the approval of the members at the annual general meeting to be held on 21 September 2013. These consolidated financial statements do not reflect this appropriation as explained in note 3.20.

47. RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS

47.1 In case of Sachal Energy Development (Pvt.) Limited, certain expenses were erronously capitalized in 2012 in CWIP. These are now expensed out and previous year balances have been restated in accordance with the provisions of IAS 8. The effect of correction on the prior year is as follows.

	Rupees
Increase in operating, administrative and other expenses	**11,501,807**
Increase in finance cost	**163,621**
Decrease in capital work in progress	**11,665,428**

47.2 In case of Serendib Stock Brokers (Pvt) Limited, due to change in accounting policy, the balances previously reported for property, plant and equipment, depreciation expense, trade and other payables and operating, administrative and other expenses have been restated as follows under IAS 8:

	Rupees
Increase in property, plant and equipment	**1,435,077**
Decrease in depreciation	**1,435,077**
Decrease in trade and other payables	**35,793**
Decrease in operating, administrative and other expenses	**39,446**
Decrease in effect of translation of net assets of foreign subsidiary to presentation currency	**138,503**

48 General

Corresponding figures have been re-arranged and / or re-classified, wherever necessary, for the purposes of comparison and better presentation as follows:

Reclassified from	Reclassified to	Rupees
Other receivables	Markup receivable	164,591,034
Other receivables	Trade debts	307,015

Chairman & Chief Executive

Director

Chief Financial Officer

Corporate Calendar of Major Events

- **Results**

  The Company follows the period of 1st July to 30th June as the Financial Year.

  For the Financial Year ending on 30th June 2014, Financial Results will be announced as per the following tentative schedule:

1st quarter ending	30th September 2013	Last Week of October, 2013
2nd quarter ending	31st December 2013	Last Week of January, 2014
3rd quarter ending	31st March 2014	Last Week of April, 2014
Year ending	30th June 2014	Last Week of July, 2014

- **Issuance of Annual Report**

  21 days before AGM i.e. on or before 31st August 2013.

- **19th Annual General Meeting**

  The 19th Annual General Meeting of the Shareholders of Arif Habib Corporation Limited ("the Company") will be held on Saturday, 21st September 2013 at 11:00 A.M at the Beach Luxury Hotel, Moulvi Tamizuddin Khan Road Karachi.

- **CASH DIVIDEND**

  A final Cash Dividend for the year ended 30th June 2013 at Rs. 2.50 per share i.e. 25% as recommended by the Board of Directors. Subject to the approval by members in the AGM, the date of entitlement of cash dividend shall be 12th September 2013, and the company expects to dispatch the final dividend warrants on or before 21st October 2013, being the statutory limit of 30 days from the date of General Meeting in which the dividend is approved.

Statement under Section 160(1)(b) of the Companies Ordinance, 1984

Material facts concerning special business to be transacted at the Annual General Meeting are given below:

Investments in Associated Companies & Associated Undertakings

The Board of Directors of the Company has approved the specific limits for equity investments and loans/advances alongwith other particulars for investments in its following existing and planned associated companies and associated undertakings subject to the consent of members under Section 208 of the Companies Ordinance, 1984 / Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012. The Board of Directors do hereby undertake that necessary due diligence for the following proposed investments have been carried out. The principle purpose of this special resolution is to make the Company in a ready position to captalise on the investment opportunities as and when they arrive. It is prudent that the Company should be able to make the investment at the right time when the opportunity is available.

1 Investment In Securities

Sr. No.	Description	Information Requried
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	**JAVEDAN CORPORATION LIMITED** **An associated undertaking due to common directorships of Mr. Arif Habib, Mr. Samad A. Habib, Mr. Kashif A. Habib and Mr. Muhammad Ejaz in both the companies**
2	Purpose, benefits and period of investment	For the benefit of the company and to earn better returns in the long run on strategic investment by capturing the opportunities on the right time
3	Maximum amount of investment	Fresh limit of Rs.1,250 million is requested for approval. This is in addition to : - renewal requested seperately for the unutilised limit of equity investment of Rs.900 million; and - Investment at cost of Rs.92.6 million already made upto 30 June 2013
4	Maximum price at which securities will be acquired	At par/premium/market/offered/negotiated price prevailing on the date of transaction/investment
5	Maximum number of securities to be acquired	No of securities purchasable under approved limit in accordance with / based on Sr. Nos. 3 & 4 above
6	Number of securities and percentage thereof held before and after the proposed investment	Before : 13.51 million preferance shares being 7.9% holding in the company as on 30 June 2013 After : Increase in securities / percentage in accordance with / based on Sr. No. 3, 4 & 5 above
7	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired	Rs. 80.75 (Ordinary); Rs. 12.50 (Preference)
8	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6(1)	Not Applicable
9	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements	Rs. 27.75
10	Earning per share of the associated company or associated undertaking for the last three years	2012 : Rs (5.78) 2011 : Rs (2.25) 2010 : Rs (2.36)
11	Sources of fund from which securities will be acquired	From company's own available liquidity and credit lines
12	Where the securities are intended to be acquired using borrowed funds	
(i)	justification for investment through borrowings	Company foresee the return on this strategic investment higher than the borrowing cost
(ii)	detail of guarantees and assets pledged for obtaining such funds	Pledge of listed securites
13	salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	There is no agreement as this is a Long Term Strategic Investment
14	direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Following directors of the company have no interest in the investee company except in their capacity as director / shareholder : Mr. Samad A. Habib-Chief Executive, Mr. Arif Habib-Director, Mr. Kashif A. Habib-Director and Mr. Muhammad Ejaz-Director
15	Any other important details necessary for the members to understand the transaction	Not Applicable

1 Investment In Securities

Sr. No.	Description	Information Requried
16	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely	
(i)	description of the project and its history since conceptualization	Not Applicable
(ii)	starting and expected dated of completion of work	Not Applicable
(iii)	time by which such project shall become commercially operational	Not Applicable
(iv)	expected time by which the project shall start paying return on investment	Not Applicable

2 Investment In Securities

Sr. No.	Description	Information Requried
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	**AISHA STEEL MILLS LIMITED** **An associated undertaking due to holding of more than 20% shares in the capital of Aisha Steel Mills Limited and common directorships of Mr. Arif Habib, Mr. Kashif Shah, Mr. Nasim Beg, Mr. Samad A. Habib, Mr. Kashif A. Habib and Mr. Muhammad Ejaz in both the companies**
2	Purpose, benefits and period of investment	For the benefit of the company and to earn better returns in the long run on strategic investment by capturing the opportunities on the right time
3	Maximum amount of investment	Fresh limit of Rs.750 million is requested for approval. This is in addition to : - renewal requested seperately for the unutilised limit of equity investment of Rs.111.31 million; and - Investment at cost of Rs.1.227 billion already made upto 30 June 2013
4	Maximum price at which securities will be acquired	At par/premium/market/offered/negotiated price prevailing on the date of transaction/investment
5	Maximum number of securities to be acquired	No of securities purchasable under approved limit in accordance with / based on Sr. Nos. 3 & 4 above
6	Number of securities and percentage thereof held before and after the proposed investment	Before : 80.01 million ordinary shares being 29.85% holding and 43.63 million preference shares being 57.54% holding in the company as on 30 June 2013 After : Increase in securities / percentage in accordance with / based on Sr. No. 3, 4 & 5 above
7	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired	Rs. 9.31 (Ordinary); Rs. 8.30 (Preference)
8	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6(1)	Not Applicable
9	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements	Rs. 8.72
10	Earning per share of the associated company or associated undertaking for the last three years	2012 : Rs.(0.82) 2011 : Rs .0.39 2010 : Rs.(1.08)

2 Investment In Securities

Sr. No.	Description	Information Requried
11	Sources of fund from which securities will be acquired	From company's own available liquidity and credit lines
12	Where the securities are intended to be acquired using borrowed funds	
(i)	justification for investment through borrowings	Company foresee the return on this strategic investment higher than the borrowing cost
(ii)	detail of guarantees and assets pledged for obtaining such funds	Pledge of listed securites
13	salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	There is no agreement as this is a Long Term Strategic Investment
14	direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Following directors of the company have no interest in the investee company except in their capacity as director / shareholder : Mr. Kashif Shah - Chief Executive, Mr. Arif Habib - Director, Mr. Nasim Beg - Director, Mr. Samad A. Habib - Director, Mr. Kashif A. Habib - Director and Mr. Muhammad Ejaz - Director
15	Any other important details necessary for the members to understand the transaction	Not Applicable
16	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely	
(i)	description of the project and its history since conceptualization	Not Applicable
(ii)	starting and expected dated of completion of work	Not Applicable
(iii)	time by which such project shall become commercially operational	Not Applicable
(iv)	expected time by which the project shall start paying return on investment	Not Applicable

3 Investment In Securities

Sr. No.	Description	Information Requried
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	**POWER CEMENT LIMITED (FORMERLY: AL-ABBAS CEMENT INDUSTRIES LIMITED)** **A subsidiary company**
2	Purpose, benefits and period of investment	For the benefit of the company and to earn better returns in the long run on strategic investment by capturing the opportunities on the right time
3	Maximum amount of investment	Fresh limit of Rs.300 million is requested for approval. This is in addition to : - renewal requested seperately for the unutilised limit of equity investment of Rs.463.61 million; and - Investment at cost of Rs.1.56 billion already made upto 30 June 2013
4	Maximum price at which securities will be acquired	At par/premium/market/offered/negotiated price prevailing on the date of transaction/investment
5	Maximum number of securities to be acquired	No of securities purchasable under approved limit in accordance with / based on Sr. Nos. 3 & 4 above

3 Investment In Securities

Sr. No.	Description	Information Requried
6	Number of securities and percentage thereof held before and after the proposed investment	Before : 255.30 million being 69.81% holding in the company as on 30 June 2013 After : Increase in securities / percentage in accordance with / based on Sr. No. 3, 4 & 5 above
7	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired	Rs. 8.32
8	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6(1)	Not Applicable
9	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements	Rs. 3.08
10	Earning per share of the associated company or associated undertaking for the last three years	2012 : Rs.0.42 2011 : Rs (4.27) 2010 : Rs (3.94)
11	Sources of fund from which securities will be acquired	From company's own available liquidity and credit lines
12	Where the securities are intended to be acquired using borrowed funds	
(i)	justification for investment through borrowings	Company foresee the return on this strategic investment higher than the borrowing cost
(ii)	detail of guarantees and assets pledged for obtaining such funds	Pledge of listed securites
13	salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	There is no agreement as this is a Long Term Strategic Investment
14	direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Following directors of the company have no interest in the investee company except in their capacity as director / shareholder : Mr.Kashif A. Habib - Chief Executive, Mr.Nasim Beg - Director, Mr. Samad A. Habib - Director and Mr. Muhammad Ejaz - Director
15	Any other important details necessary for the members to understand the transaction	Not Applicable
16	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely	
(i)	description of the project and its history since conceptualization	Not Applicable
(ii)	starting and expected dated of completion of work	Not Applicable
(iii)	time by which such project shall become commercially operational	Not Applicable
(iv)	expected time by which the project shall start paying return on investment	Not Applicable

4 Investment In Securities

Sr. No.	Description	Information Requried
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	**SACHAL ENERGY DEVELOPMENT (PRIVATE) LIMITED** **A subsidiary company**
2	Purpose, benefits and period of investment	For the benefit of the company and to earn better returns in the long run on strategic investment by capturing the opportunities on the right time
3	Maximum amount of investment	Fresh limit of Rs.1,250 million is requested for approval. This is in addition to : - renewal requested seperately for the unutilised limit of equity investment of Rs.750 million; and - Investment at cost of Rs.250 million already made upto 30 June 2013
4	Maximum price at which securities will be acquired	At par/premium/market/offered/negotiated price prevailing on the date of transaction/investment
5	Maximum number of securities to be acquired	No of securities purchasable under approved limit in accordance with / based on Sr. Nos. 3 & 4 above
6	Number of securities and percentage thereof held before and after the proposed investment	Before : 25 million shares being 99.99% holding in the company as on 30 June 2013 After : Increase in securities / percentage in accordance with / based on Sr. No. 3, 4 & 5 above
7	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired	N/A
8	"In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6(1)"	Not Applicable
9	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements	Rs. 7.10
10	Earning per share of the associated company or associated undertaking for the last three years	2013 : Rs. (0.63) 2012 : Rs. (1.15) 2011 : Rs. (0.84)
11	Sources of fund from which securities will be acquired	From company's own available liquidity and credit lines
12	Where the securities are intended to be acquired using borrowed funds	
(i)	justification for investment through borrowings	Company foresee the return on this strategic investment higher than the borrowing cost
(ii)	detail of guarantees and assets pledged for obtaining such funds	Pledge of listed securites
13	salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	There is no agreement as this is a Long Term Strategic Investment
14	direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Following directors of the company have no interest in the investee company except in their capacity as director / shareholder : Mr. Arif Habib - Director and Mr. Muhammad Ejaz - Director
15	Any other important details necessary for the members to understand the transaction	Not Applicable

4 Investment In Securities

Sr. No.	Description	Information Requried
16	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely	
(i)	description of the project and its history since conceptualization	Not Applicable
(ii)	starting and expected dated of completion of work	Not Applicable
(iii)	time by which such project shall become commercially operational	Not Applicable
(iv)	expected time by which the project shall start paying return on investment	Not Applicable

5 Investment In Securities

Sr. No.	Description	Information Requried
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	**SAFE MIX CONCRETE PRODUCTS LIMITED** **An associated undertaking due to common directorship of Mr. Nasim Beg**
2	Purpose, benefits and period of investment	For the benefit of the company and to earn better returns in the long run on strategic investment by capturing the opportunities on the right time
3	Maximum amount of investment	Fresh limit of Rs.150 million is requested for approval.
4	Maximum price at which securities will be acquired	At par/premium/market/offered/negotiated price prevailing on the date of transaction/investment
5	Maximum number of securities to be acquired	No of securities purchasable under approved limit in accordance with / based on Sr. Nos. 3 & 4 above
6	Number of securities and percentage thereof held before and after the proposed investment	Before : NIL After : Increase in securities / percentage in accordance with / based on Sr. No. 3, 4 & 5 above
7	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired	Rs. 8.69
8	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6(1)	Not Applicable
9	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements	Rs. 9.85
10	Earning per share of the associated company or associated undertaking for the last three years	2012 : Rs. (0.34) 2011 : Rs. (0.25) 2010 : Rs. (0.96)
11	Sources of fund from which securities will be acquired	From company's own available liquidity and credit lines
12	Where the securities are intended to be acquired using borrowed funds	
(i)	justification for investment through borrowings	Company foresee the return on this strategic investment higher than the borrowing cost
(ii)	detail of guarantees and assets pledged for obtaining such funds	Pledge of listed securites

5 Investment In Securities

Sr. No.	Description	Information Requried
13	salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	There is no agreement as this would be a new investment
14	direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Following directors of the company have no interest in the investee company except in their capacity as director / shareholder : Mr.Nasim Beg - Director
15	Any other important details necessary for the members to understand the transaction	Not Applicable
16	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely	
(i)	description of the project and its history since conceptualization	Not Applicable
(ii)	starting and expected dated of completion of work	Not Applicable
(iii)	time by which such project shall become commercially operational	Not Applicable
(iv)	expected time by which the project shall start paying return on investment	Not Applicable

1 Loans And Advances

Sr. No.	Description	Information Requried
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	**JAVEDAN CORPORATION LIMITED** **An associated undertaking due to common directorships of Mr. Arif Habib, Mr. Samad A. Habib, Mr. Kashif A. Habib and Mr. Muhammad Ejaz in both the companies**
2	Amount of loans or advances	Fresh limit of Rs.1,250 million is requested for approval. This is in addition to renewal requested seperately for the previously sanctioned limit of loan amounting to Rs.981.55 million which is utilised upto 757.42 million as on 30 June 2013. Above facilities will be in the nature of running finance for a period of one year and shall be renewable in next general meeting(s) for further period(s) of one year(s).
3	Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances	To support the functionality , operations and growth of the associated undertaking.
4	In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof	As on 30 June 2013, the facility of Rs. 757.42 million was availed by Javedan Corporation Limited against the approved running finance facility of Rs. 981.55 million. The facility carries a markup rate of 3 month Kibor + 3% (2012-13 : 13.23%) which is higher than company borrowing cost. Approval from shareholders for renewal of the loan amounting to Rs.981.55 million in the nature of running finance for a period of one year and shall be renewable in next general meeting(s) for further period(s) of one year(s) has also been sought.
5	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements	Total Equity, Total assets and total liability amounting to Rs. 4,743 million, Rs. 10,670 million and Rs. 5,927 million respectively as on 30 June 2012. Loss before tax and Loss after tax amounting to Rs. 745.59 million and Rs. 335.74 million respectively for 2011-12.
6	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period	Average borrowing cost of the investing company is 11.25% in 2012-13.

1 Loans And Advances

Sr. No.	Description	Information Requried
7	Rate of interest, mark up, profit, fees or commission etc. to be charged	3 month KIBOR + 3% per annum
8	Sources of funds from where loans or advances will be given	From company's own available liquidity and credit lines
9	Where loans or advances are being granted using borrowed funds	
(i)	justification for granting loan or advance out of borrowed funds	To support the functionality , operations and growth of the subsidiary.
(ii)	detail of guarantees / assets pledged for obtaining such funds, if any	Pledge of listed securites
(iii)	repayment schedules of borrowing of the investing company	Obtained facilities have different maturity dates upto 30 June 2014.
10	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any	Secured against REIT units to be issued by the borrower to the Company in the proposed REIT scheme of the borrower which is in the process of getting permissions from Securities and Exchange Commission of Pakistan (SECP). In case where REIT Scheme is not approved by the SECP, the borrower, as an alternate shall provide a registered mortgage deed in favour of the Company over its immovable property located in Deh Manghopir and Gadap Town, Karachi, totaling 166 acres. The loan is repayable on demand.
11	If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	Not applicable
12	Repayment schedule and terms of loans or advances to be given to the investee company	Above facilities will be in the nature of running finance for a period of one year and shall be renewable in next general meeting(s) for further period(s) of one year(s).
13	Salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	As disclosed
14	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Following directors of the company have no interest in the investee company except in their capacity as director / shareholder : Mr. Arif Habib, Mr. Samad A. Habib, Mr. Kashif A. Habib and Mr. Muhammad Ejaz
15	Any other important details necessary for the members to understand the transaction	Not applicable
16	In case of investment in a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information is required, namely	
(i)	a description of the project and its history since conceptualization	Not Applicable
(ii)	starting date and expected date of completion	Not Applicable
(iii)	time by which such project shall become commercially operational	Not Applicable
(iv)	expected return on total capital employed in the project	Not Applicable
(v)	funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts	Not Applicable

2 Loans And Advances

Sr. No.	Description	Information Requried
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	**ARIF HABIB LIMITED** **A subsidiary company**
2	Amount of loans or advances	Fresh limit of Rs.250 million is requested for approval. This is in addition to renewal requested seperately for the previously sanctioned limit of loan amounting to Rs.250 million which was unutilised upto 30 June 2013. Above facilities will be in the nature of running finance for a period of one year and shall be renewable in next general meeting(s) for further period(s) of one year(s).
3	Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances	To support the functionality , operations and growth of the subsidiary.
4	In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof	During 2012-13, no loan was extended to the subsidiary.
5	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements	Total Equity, Total assets and total liability amounting to Rs.1,343.42 million , Rs. 3,616.90 million and Rs. 2,2273.48 million respectively as on 30 June 2013. Gross profit, Profit before tax and Profit after tax amounting to Rs. 398.37 million, Rs. 401.41 million and Rs. 382.47 million respectively for 2012-13
6	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period	Average borrowing cost of the investing company is 11.25% in 2012-13
7	Rate of interest, mark up, profit, fees or commission etc. to be charged	Higher than the companys' prevalent average borrowing cost.
8	Sources of funds from where loans or advances will be given	From company's own available liquidity and credit lines
9	Where loans or advances are being granted using borrowed funds	
(i)	justification for granting loan or advance out of borrowed funds	To support the functionality , operations and growth of the subsidiary.
(ii)	detail of guarantees / assets pledged for obtaining such funds, if any	Pledge of listed securites
(iii)	repayment schedules of borrowing of the investing company	Obtained facilities have different maturity dates upto 30 June 2014.
10	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any	Will be decided with mutual consent at the time of extending the loan.
11	If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	N/A
12	Repayment schedule and terms of loans or advances to be given to the investee company	Above facilities will be in the nature of running finance for a period of one year and shall be renewable in next general meeting(s) for further period(s) of one year(s).
13	Salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	N/A

2 Loans And Advances

Sr. No.	Description	Information Requried
14	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	The directors of the company have no interest in the investee company except in their capacity as director / shareholder of the holding company.
15	Any other important details necessary for the members to understand the transaction	Not applicable
16	In case of investment in a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information is required, namely	
(i)	a description of the project and its history since conceptualization	Not Applicable
(ii)	starting date and expected date of completion	Not Applicable
(iii)	time by which such project shall become commercially operational	Not Applicable
(iv)	expected return on total capital employed in the project	Not Applicable
(v)	funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts	Not Applicable

3 Loans And Advances

Sr. No.	Description	Information Requried
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	REAL ESTATE MODARABA MANAGEMENT COMPANY LIMITED **An associated undertaking due to common directorships of Mr. Arif Habib, Mr. Samad A. Habib, Mr. Kashif A. Habib and Mr. Muhammad Ejaz in both the companies**
2	Amount of loans or advances	Fresh limit of Rs.300 million is requested for approval. This is in addition to renewal requested seperately for the previously sanctioned limit of loan amounting to Rs.300 million which was unutilised upto 30 June 2013. Above facilities will be in the nature of running finance for a period of one year and shall be renewable in next general meeting(s) for further period(s) of one year(s).
3	Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances	To support the functionality , operations and growth of the associated undertaking.
4	In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof	During 2012-13, no loan was extended to the associated undertaking.
5	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements	Total Equity, Total assets and total liability amounting to Rs. (134.39) million , Rs. 131.50 million and Rs. 265.89 million respectively as on 30 June 2012. Loss after tax amounting to Rs. 0.27 million for 2012
6	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period	Average borrowing cost of the investing company is 11.25% in 2012-13
7	Rate of interest, mark up, profit, fees or commission etc. to be charged	Higher than the companys' prevalent average borrowing cost.
8	Sources of funds from where loans or advances will be given	From company's own available liquidity and credit lines

3 Loans And Advances

Sr. No.	Description	Information Requried
9	Where loans or advances are being granted using borrowed funds	
(i)	justification for granting loan or advance out of borrowed funds	To support the functionality , operations and growth of the associated undertaking.
(ii)	detail of guarantees / assets pledged for obtaining such funds, if any	Pledge of listed securites
(iii)	repayment schedules of borrowing of the investing company	Obtained facilities have different maturity dates upto 30 June 2014.
10	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any	Will be decided with mutual consent at the time of extending the loan.
11	If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	N/A
12	Repayment schedule and terms of loans or advances to be given to the investee company	Above facilities will be in the nature of running finance for a period of one year and shall be renewable in next general meeting(s) for further period(s) of one year(s).
13	Salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	N/A
14	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Following directors of the company have no interest in the investee company except in their capacity as director / shareholder : Mr.Kashif A. Habib - Chief Executive, Mr. Arif Habib - Director, Mr. Samad A. Habib - Director and Mr. Muhammad Ejaz - Director
15	Any other important details necessary for the members to understand the transaction	Not applicable
16	In case of investment in a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information is required, namely	
(i)	a description of the project and its history since conceptualization	Not Applicable
(ii)	starting date and expected date of completion	Not Applicable
(iii)	time by which such project shall become commercially operational	Not Applicable
(iv)	expected return on total capital employed in the project	Not Applicable
(v)	funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts	Not Applicable

4 Loans And Advances

Sr. No.	Description	Information Requried
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	**AISHA STEEL MILLS LIMITED** **An associated undertaking due to holding of more than 20% shares in the capital of Aisha Steel Mills Limited and common directorships of Mr. Arif Habib, Mr. Kashif Shah, Mr. Nasim Beg, Mr. Samad A. Habib, Mr. Kashif A. Habib and Mr. Muhammad Ejaz in both the companies**

4 Loans And Advances

Sr. No.	Description	Information Requried
2	Amount of loans or advances	Fresh limit of Rs.750 million is requested for approval. This is in addition to renewal requested seperately for the previously sanctioned limit of loan amounting to Rs. 750 million which is utilised upto 16.65 million as on 30 June 2013. Above facilities will be in the nature of running finance for a period of one year and shall be renewable in next general meeting(s) for further period(s) of one year(s).
3	Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances	To support the functionality , operations and growth of the associated undertaking.
4	In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof	As on 30 June 2013, the amount of loan outstanding to the associated undertaking was Rs.16.65 million.
5	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements	Total Equity, Total assets and total liability amounting to Rs. 2,997.54 million , Rs. 10,947.07 million and Rs. 7,949.54 million respectively as on 30 June 2012. Loss before tax and Loss after tax amounting to Rs. (132.44) million and Rs. (86.08) million respectively for 2011-12
6	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period	Average borrowing cost of the investing company is 11.25% in 2012-13
7	Rate of interest, mark up, profit, fees or commission etc. to be charged	6 month KIBOR + 3.25% per annum. Mark-up is payable on quarterly basis.
8	Sources of funds from where loans or advances will be given	From company's own available liquidity and credit lines
9	Where loans or advances are being granted using borrowed funds	
(i)	justification for granting loan or advance out of borrowed funds	To support the functionality, operations and growth of the associated undertaking.
(ii)	detail of guarantees / assets pledged for obtaining such funds, if any	Pledge of listed securites
(iii)	repayment schedules of borrowing of the investing company	Obtained facilities have different maturity dates upto 30 June 2014.
10	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any	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.
11	If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	Not applicable
12	Repayment schedule and terms of loans or advances to be given to the investee company	Above facilities will be in the nature of running finance for a period of one year and shall be renewable in next general meeting(s) for further period(s) of one year(s).
13	Salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	As disclosed.

4 Loans And Advances

Sr. No.	Description	Information Requried
14	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Following directors of the company have no interest in the investee company except in their capacity as director / shareholder : Mr. Kashif Shah - Chief Executive, Mr. Arif Habib - Director, Mr. Nasim Beg - Director, Mr. Samad A. Habib - Director, Mr. Kashif A. Habib - Director and Mr. Muhammad Ejaz - Director
15	Any other important details necessary for the members to understand the transaction	Not applicable
16	In case of investment in a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information is required, namely	
(i)	a description of the project and its history since conceptualization	Not Applicable
(ii)	starting date and expected date of completion	Not Applicable
(iii)	time by which such project shall become commercially operational	Not Applicable
(iv)	expected return on total capital employed in the project	Not Applicable
(v)	funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts	Not Applicable

5 Loans And Advances

Sr. No.	Description	Information Requried
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	**SAFE MIX CONCRETE PRODUCTS LIMITED** **An associated undertaking due to common directorship of Mr. Nasim Beg**
2	Amount of loans or advances	Fresh limit of Rs.150 million is requested for approval. The requested facility will be in the nature of running finance for a period of one year and shall be renewable in next general meeting(s) for further period(s) of one year(s).
3	Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances	To support the functionality , operations and growth of the associated undertaking.
4	In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof	Not applicable
5	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements	Total Equity, Total assets and total liability amounting to Rs. 197.10 million, Rs. 328.99 million and Rs. 131.90 million respectively as on 30 June 2012. Gross profit, Loss before tax and Loss after tax amounting to Rs. 7.12 million, Rs. (1.03) million and Rs. (6.75) million respectively for 2011-12
6	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period	Average borrowing cost of the investing company is 11.25% in 2012-13
7	Rate of interest, mark up, profit, fees or commission etc. to be charged	Higher than the companys' prevalent average borrowing cost.
8	Sources of funds from where loans or advances will be given	From company's own available liquidity and credit lines

5 Loans And Advances

Sr. No.	Description	Information Requried
9	Where loans or advances are being granted using borrowed funds	
(i)	justification for granting loan or advance out of borrowed funds	To support the functionality , operations and growth of the associated undertaking.
(ii)	detail of guarantees / assets pledged for obtaining such funds, if any	Pledge of listed securites
(iii)	repayment schedules of borrowing of the investing company	Obtained facilities have different maturity dates upto 30 June 2014.
10	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any	Will be decided with mutual consent at the time of extending the loan.
11	If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	Not applicable
12	Repayment schedule and terms of loans or advances to be given to the investee company	Above facilities will be in the nature of running finance for a period of one year and shall be renewable in next general meeting(s) for further period(s) of one year(s).
13	Salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	N/A
14	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Following directors of the company have no interest in the investee company except in their capacity as director / shareholder : Mr. Nasim Beg - Director
15	Any other important details necessary for the members to understand the transaction	Not applicable
16	In case of investment in a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information is required, namely	
(i)	a description of the project and its history since conceptualization	Not Applicable
(ii)	starting date and expected date of completion	Not Applicable
(iii)	time by which such project shall become commercially operational	Not Applicable
(iv)	expected return on total capital employed in the project	Not Applicable
(v)	funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts	Not Applicable

*** Following directors of the company have no inertest in the investee company except in their capacity as director / shareholder**

Mr. Arif Habib	Chairman and shareholder of Javedan Corporation Ltd., Aisha Steel Mills Ltd., Real Estate Modaraba Management Company Ltd. & Sachal Energy Development (Pvt.) Ltd.
Mr. Samad A. Habib	Chief Executive and shareholder of Javedan Corporation Ltd., Director and shareholder of Aisha Steel Mills Ltd., Power Cement Ltd. & Real Estate Modaraba Management Company Ltd.
Mr. Kashif Habib	Chief Executive and shareholder of Power Cement Ltd. & Real Estate Modaraba Management Company Ltd. & Director and shareholder of Javedan Corporation Ltd. & Aisha Steel Mills Ltd.
Mr. Nasim Beg	Director and shareholder of Power Cement Ltd., Aisha Steel Mills Ltd. & Safe Mix Concrete Products Ltd.
Mr. Muhammad Ejaz	Director and shareholder of Javedan Corporation Ltd., Aisha Steel Mills Ltd., Power Cement Ltd., Real Estate Modaraba Management Company Ltd. & Sachal Energy Development (Pvt.) Ltd.
Mr. Kashif Shah	Chief Executive and shareholder of Aisha Steel Mills Ltd.

Statement under Section 160(1)(b) of the Companies Ordinance, 1984, in compliance with Regulation 4(2) of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012, for decision to make investment under the authority of a resolution passed pursuant to provisions of section 208 of the Ordinance is not implemented either fully or partially:

"The Company in its previous general meetings had sought approvals under section 208 of the Companies Ordinance, 1984 for investments in the following Associated Companies and Associated Undertakings in which investment has not been made so far, either fully or partially. Approval of renewal of unutilised portion of equity investments and sanctioned limit of loans and advances is also hereby sought for some of the companies as per following details : "

1 **Name of associated company / undertaking : Javedan Corporation Limited**

Sr. No.	Description	Investment in Securities		Loans and Advances	
a)	total investment approved;	1,000,000,000		981,550,000	
b)	amount of investment made to date;	99,999,754		757,423,564	
c)	reasons for not having made complete investment so far whereresolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders		Waiting for an appropriate time in the interest of the shareholders	
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :	2012	2011	2012	2011
i	Loss per share	(5.78)	(2.25)	(5.78)	(2.25)
ii	Net Loss	(335,743,000)	(130,846,000)	(335,743,000)	(130,846,000)
iii	Shareholders Equity	4,743,221,000	3,951,251,000	4,743,221,000	3,951,251,000
iv	Total Assets	10,670,147,000	9,687,851,000	10,670,147,000	9,687,851,000
v	Break-up value	27.75	67.97	27.75	67.97
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised	900,000,246	Sanctioned	981,550,000

2 Name of associated company / undertaking : Summit Bank Limited

Sr. No.	Description	Investment in Securities		Loans and Advances	
a)	total investment approved;	1,000,000,000		-	
b)	amount of investment made to date;	255,822,522		-	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders		N/A	
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:	**Dec-12**	**Dec-11**	**Dec-12**	**Dec-11**
i	Loss per share	(2.54)	(1.17)	(2.54)	(1.17)
ii	Net Loss	(2,734,156,000)	(1,209,268,000)	(2,734,156,000)	(1,209,268,000)
iii	Shareholders Equity	3,062,675,000	5,774,049,000	3,062,675,000	5,774,049,000
iv	Total Assets	134,385,195,000	119,348,333,000	134,385,195,000	119,348,333,000
v	Break-up value	2.84	5.36	2.84	5.36
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised	250,000,000	Sanctioned	N/A

3 Name of associated company / undertaking : Arif Habib Limited

Sr. No.	Description	Investment in Securities		Loans and Advances	
a)	total investment approved;	2,921,676,000		250,000,000	
b)	amount of investment made to date;	2,733,252,036		-	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders		Waiting for an appropriate time in the interest of the shareholders	
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed forapproval of investment in such company:	**2013**	**2012**	**2013**	**2012**
i	Earnings per share	7.65	7.32	7.65	7.32
ii	Net Profit	382,469,463	365,911,313	382,469,463	365,911,313
iii	Shareholders Equity	1,343,415,798	1,095,946,335	1,343,415,798	1,095,946,335
iv	Total Assets	3,616,899,486	3,257,943,540	3,616,899,486	3,257,943,540
v	Break-up value	26.87	24.35	26.87	24.35
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	**Unutilised**	**188,423,964**	**Sanctioned**	**250,000,000**

4 Name of associated company / undertaking : MCB - Arif Habib Savings and Investments Limited

Sr. No.	Description	Investment in Securities		Loans and Advances	
a)	total investment approved;	281,200,000		-	
b)	amount of investment made to date;	81,947,527		-	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders		N/A	
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :	2013	2012	2013	2012
i	Earnings per share	2.19	2.01	2.19	2.01
ii	Net Profit	157,649,698	144,579,667	157,649,698	144,579,667
iii	Shareholders Equity	1,273,028,929	1,281,927,110	1,273,028,929	1,281,927,110
iv	Total Assets	1,411,536,548	1,410,024,333	1,411,536,548	1,410,024,333
v	Break-up value	17.68	17.80	17.68	17.80
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised	199,252,473	Sanctioned	N/A

5 Name of associated company / undertaking : Pakistan Private Equity Management Limited

Sr. No.	Description	Investment in Securities		Loans and Advances	
a)	total investment approved;	1,004,250,000		250,000,000	
b)	amount of investment made to date;	42,500,000		-	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and"	Waiting for an appropriate time in the interest of the shareholders		Waiting for an appropriate time in the interest of the shareholders	
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:	2013	2012	2013	2012
i	Loss per share	(0.60)	(0.53)	(0.60)	(0.53)
ii	Net Loss	(2,980,149)	(2,625,542)	(2,980,149)	(2,625,542)
iii	Shareholders Equity	3,143,341	6,123,490	3,143,341	6,123,490
iv	Total Assets	3,222,357	6,190,690	3,222,357	6,190,690
v	Break-up value	0.63	1.22	0.63	1.22
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised	961,750,000	Sanctioned	250,000,000

6 **Name of associated company / undertaking : Real Estate Modaraba Management Company Limited**

Sr. No.	Description	Investment in Securities		Loans and Advances	
a)	total investment approved;	300,000,000		300,000,000	
b)	amount of investment made to date;	-		-	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders		Waiting for an appropriate time in the interest of the shareholders	
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:	2012	2011	2012	2011
i	Loss per share	(1.09)	(2.80)	(1.09)	2.80)
ii	Net Loss	(272,264)	(700,392)	(272,264)	(700,392)
iii	Shareholders Equity	(134,392,089)	(134,119,825)	(134,392,089)	(134,119,825)
iv	Total Assets	131,497,537	131,681,689	131,497,537	131,681,689
v	Break-up value	(537.57)	(536.48)	(537.57)	(536.48)
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised	300,000,000	Sanctioned	300,000,000

7 **Name of associated company / undertaking : Pakarab Fertilizers Limited**

Sr. No.	Description	Investment in Securities		Loans and Advances	
a)	total investment approved;	2,324,332,000		1,000,000,000	
b)	amount of investment made to date;	1,324,332,073		-	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders		Waiting for an appropriate time in the interest of the shareholders	
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :	Dec - 2012	Dec - 2011	Dec - 2012	Dec - 2011
i	(Loss) / Earnings per share	(0.53)	10.20	(0.53)	10.20
ii	Net (Loss) / Profit	(239,788,000)	4,590,139,000	(239,788,000)	4,590,139,000
iii	Shareholders Equity	19,896,491,000	22,356,334,000	19,896,491,000	22,356,334,000
iv	Total Assets	54,636,251,000	65,340,926,000	54,636,251,000	65,340,926,000
v	Break-up value	44.21	49.68	44.21	49.68
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised	999,999,927	Sanctioned	1,000,000,000

8 Name of associated company / undertaking : Fatima Fertilizer Company Limited

Sr. No.	Description	Investment in Securities		Loans and Advances	
a)	total investment approved;	1,500,000,000		1,000,000,000	
b)	amount of investment made to date;	700,037,106		-	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders		Waiting for an appropriate time in the interest of the shareholders	
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :	Dec-2012	Dec-2011	Dec-2012	Dec-2011
i	Earnings per share - basic	2.86	1.90	2.86	1.90
ii	Net Profit	6,111,119,000	4,116,975,000	6,111,119,000	4,116,975,000
iii	Shareholders Equity	28,950,354,000	28,054,865,000	28,950,354,000	28,054,865,000
iv	Total Assets	76,004,796,000	76,347,248,000	76,004,796,000	76,347,248,000
v	Break-up value	13.79	14.03	13.79	14.03
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised	799,962,894	Sanctioned	1,000,000,000

9 Name of associated company / undertaking : Rotocast Engineering Company (Pvt.) Limited

Sr. No.	Description	Investment in Securities		Loans and Advances	
a)	total investment approved;	300,000,000		200,000,000	
b)	amount of investment made to date;	-		-	
c)	reasons for not having made complete investment so far whereresolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders		Waiting for an appropriate time in the interest of the shareholders	
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :	2012	2011	2012	2011
i	Earnings per share	116.45	16.52	116.45	16.52
ii	Net Profit	116,450,235	16,523,962	116,450,235	16,523,962
iii	Shareholders Equity	2,588,788,360	2,533,563,243	2,588,788,360	2,533,563,243
iv	Total Assets	3,274,018,122	4,808,483,444	3,274,018,122	4,808,483,444
v	Break-up value	2,588.79	2,533.56	2,588.79	2,533.56
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised	300,000,000	Sanctioned	200,000,000

10 Name of associated company / undertaking : Thatta Cement Company Limited

Sr. No.	Description	Investment in Securities		Loans and Advances	
a)	total investment approved;	300,000,000		200,000,000	
b)	amount of investment made to date;	188,370,257		-	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders		Waiting for an appropriate time in the interest of the shareholders	
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :	2012	2011	2012	2011
i	Loss per share	(0.44)	(0.93)	(0.44)	(0.93)
ii	Net Loss	(43,882,000)	(74,495,000)	(43,882,000)	(74,495,000)
iii	Shareholders Equity	958,240,000	979,622,000	958,240,000	979,622,000
iv	Total Assets	2,041,987,000	1,992,166,000	2,041,987,000	1,992,166,000
v	Break-up value	9.61	12.28	9.61	12.28
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised	111,629,743	Sanctioned	To be lapsed

11 Name of associated company / undertaking : International Complex Projects Limited

Sr. No.	Description	Investment in Securities		Loans and Advances	
a)	total investment approved;	1,500,000,000		1,000,000,000	
b)	amount of investment made to date;	-		-	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and"	Waiting for an appropriate time in the interest of the shareholders		Waiting for an appropriate time in the interest of the shareholders	
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :	2012	2011	2012	2011
i	Earnings per share	268.34	8.10	268.34	8.10
ii	Net Profit	10,133,980,609	182,248,671	10,133,980,609	182,248,671
iii	Shareholders Equity	16,813,785,300	6,084,804,691	16,813,785,300	6,084,804,691
iv	Total Assets	19,812,097,101	9,157,487,479	19,812,097,101	9,157,487,479
v	Break-up value	445.22	270.44	445.22	270.44
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised	1,500,000,000	Sanctioned	1,000,000,000

12 Name of associated company / undertaking : Arif Habib REIT Management Limited

Sr. No.	Description	Investment in Securities		Loans and Advances	
a)	total investment approved;	1,500,000,000		1,000,000,000	
b)	amount of investment made to date;	-		-	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders		Waiting for an appropriate time in the interest of the shareholders	
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :	**2013**	**2012**	**2013**	**2012**
i	Loss per share	(1.84)	(2.71)	(1.84)	(2.71)
ii	Net Loss	(9,215,587)	(13,564,731)	(9,215,587)	(13,564,731)
iii	Shareholders Equity	3,012,341	12,222,387	3,012,341	12,222,387
iv	Total Assets	28,985,857	20,311,309	28,985,857	20,311,309
v	Break-up value	0.60	2.44	0.60	2.44
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised	1,500,000,000	Sanctioned	1,000,000,000

13 Name of associated company / undertaking : Serendib Stock Brokers (Pvt.) Limited

Sr. No.	Description	Investment in Securities		Loans and Advances	
a)	total investment approved;	150,000,000		100,000,000	
b)	amount of investment made to date;	91,893,357		-	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders		Waiting for an appropriate time in the interest of the shareholders	
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :	**Mar-2013**	**Mar-2012**	**Mar-2013**	**Mar-2012**
i	Loss per share	(1.11)	(4.08)	(1.11)	(4.08)
ii	Net Loss	(26,481,887)	(40,767,818)	(26,481,887)	(40,767,818)
iii	Shareholders Equity	73,663,455	(5,813,522)	73,663,455	(5,813,522)
iv	Total Assets	93,068,211	80,005,366	93,068,211	80,005,366
v	Break-up value	3.09	(0.58)	3.09	(0.58)
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised	58,106,643	Sanctioned	100,000,000

14 Name of associated company / undertaking : Aisha Steel Mills Limited

Sr. No.	Description	Investment in Securities		Loans and Advances	
a)	total investment approved;	1,750,000,000		750,000,000	
b)	amount of investment made to date;	1,638,687,429		16,650,000	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders		Waiting for an appropriate time in the interest of the shareholders	
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :	2012	2011	2012	2011
i	(Loss) / Earnings per share	(0.82)	0.39	(0.82)	0.39
ii	Net (Loss) / Profit	(86,083,000)	139,339,000	(86,083,000)	139,339,000
iii	Shareholders Equity	2,997,537,000	2,849,326,000	2,997,537,000	2,849,326,000
iv	Total Assets	10,947,074,000	8,475,912,000	10,947,074,000	8,475,912,000
v	Break-up value	8.72	8.90	8.72	8.90
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised	111,312,571	Sanctioned	750,000,000

15 Name of associated company / undertaking : Power Cement Limited

Sr. No.	Description	Investment in Securities		Loans and Advances	
a)	total investment approved;	2,022,000,000		1,000,000,000	
b)	amount of investment made to date;	1,558,388,199		587,500,000	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders		Waiting for an appropriate time in the interest of the shareholders	
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :	2012	2011	2012	2011
i	Earnings / (Loss) per share	0.42	(4.27)	0.42	(4.27)
ii	Net Profit / (Loss)	153,431,000	(926,670,000)	153,431,000	(926,670,000)
iii	Shareholders Equity	1,125,410,000	971,979,000	1,125,410,000	971,979,000
iv	Total Assets	5,183,077,000	5,051,256,000	5,183,077,000	5,051,256,000
v	Break-up value	3.08	2.66	3.08	2.66
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	Unutilised	463,611,801	Sanctioned	1,000,000,000

16 Name of associated company / undertaking : Sweetwater Dairies Pakistan (Pvt.) Limited

Sr. No.	Description	Investment in Securities		Loans and Advances	
a)	total investment approved;	600,000,000		100,000,000	
b)	amount of investment made to date;	342,735,585		-	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders		Waiting for an appropriate time in the interest of the shareholders	
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :	2012	2011	2012	2011
i	Loss per share	(7.71)	(1.75)	(7.71)	(1.75)
ii	Net Loss	(479,397,124)	(107,836,765)	(479,397,124)	(107,836,765)
iii	Shareholders Equity	129,229,479	580,880,962	129,229,479	580,880,962
iv	Total Assets	136,129,705	649,151,268	136,129,705	649,151,268
v	Break-up value	2.08	9.43	2.08	9.43
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.	Unutilised :	257,264,416	Sanctioned :	100,000,000

17 Name of associated company / undertaking : Memon Health & Educational Foundation

Sr. No.	Description	Investment in Securities		Loans and Advances	
a)	total investment approved;	-		50,000,000	
b)	amount of investment made to date;	-		-	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	N/A		Waiting for an appropriate time in the interest of the shareholders	
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :	2012	2011	2012	2011
i	Total Income	483,850,824	313,898,002	483,850,824	313,898,002
ii	Surplus / (Deficit) for the year	144,267,833	(7,754,961)	144,267,833	(7,754,961)
iv	Total Assets	1,247,567,303	1,208,963,432	1,247,567,303	1,208,963,432
v	Net Assets	813,780,117	669,512,284	813,780,117	669,512,284
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.	Unutilised :	N/A	Sanctioned :	To be lapsed

18 Name of associated company / undertaking : Arif Habib Foundation

Sr. No.	Description	Investment In Securities		Loans and Advances	
a)	total investment approved;	-		250,000,000	
b)	amount of investment made to date;	-		-	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	N/A		Waiting for an appropriate time in the interest of the shareholders	
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :	2013	2012	2013	2012
i	Donation received during the year	15,500,000	14,432,077	15,500,000	14,432,077
ii	Donation utilised during the year	13,006,278	14,645,492	13,006,278	14,645,492
iii	Net Assets	1,027,331	28,819	1,027,331	28,819
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.	Unutilised :	N/A	Sanctioned :	250,000,000

19 Name of associated company / undertaking : Crescent Textile Mills Limited

Sr. No.	Description	Investment In Securities		Loans and Advances	
a)	total investment approved;	700,000,000		-	
b)	amount of investment made to date;	292,566,283		-	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and"	Waiting for an appropriate time in the interest of the shareholders		N/A	
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :	2012	2011	2012	2011
i	Loss per share	(2.38)	(2.31)	(2.38)	(2.31)
ii	Net Loss	(117,089,000)	(113,884,000)	(117,089,000)	(113,884,000)
iii	Shareholders Equity	4,082,060,000	4,153,273,000	4,082,060,000	4,153,273,000
iv	Total Assets	13,212,985,000	12,616,421,000	13,212,985,000	12,616,421,000
v	Break-up value	82.95	84.40	82.95	84.40
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.	Unutilised :	407,433,717	Sanctioned :	N/A

20 Name of associated company / undertaking : Sachal Energy Development (Pvt). Limited

Sr. No.	Description	Investment in Securities		Loans and Advances	
a)	total investment approved;	1,000,000,000		250,000,000	
b)	amount of investment made to date;	250,000,060		-	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders		Waiting for an appropriate time in the interest of the shareholders	
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :	2012	2011	2012	2011
i	Loss per share	(0.63)	(1.15)	(0.63)	(1.15)
ii	Net Loss	(15,686,787)	(21,265,338)	(15,686,787)	(21,265,338)
iii	Shareholders Equity	177,562,546	128,249,333	177,562,546	128,249,333
iv	Total Assets	184,878,898	134,699,213	184,878,898	134,699,213
v	Break-up value	7.10	6.93	7.10	6.93
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.	Unutilised :	749,999,940	Sanctioned :	250,000,000

21 Name of associated company / undertaking : Thatta Power (Pvt.) Limited

Sr. No.	Description	Investment in Securities		Loans and Advances	
a)	total investment approved;	150,000,000		-	
b)	amount of investment made to date;	-		-	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders		N/A	
d)	material change in financial statements of associated company or associate undertaking since date of the resolution passed for approval of investment in such company :	2013	2012	2013	2012
i	Earnings per share	37.29	3.90	37.29	3.90
ii	Net Profit	162,028,000	10,243,000	162,028,000	10,243,000
iii	Shareholders Equity	651,130,000	336,102,000	651,130,000	336,102,000
iv	Total Assets	2,047,085,000	427,201,000	2,047,085,000	427,201,000
v	Break-up value	135.89	112.35	135.89	112.35
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.	Unutilised :	150,000,000	Sanctioned :	N/A

Form of Proxy

19th Annual General Meeting

The Company Secretary
Arif Habib Corporation Limited
Arif Habib Centre
23, M.T. Khan Road
Karachi.

I/ we ______________________ of ____________________ being a member(s) of Arif Habib Corporation Limited holding ____________________ ordinary shares as per CDC A/c. No.____________ hereby appoint Mr./Mrs../Miss ________________________ ____________________ of (full address)______________________________ ____ or failing him/her Mr./Mrs./Miss ______________________________________ of (full address) ____

(being member of the company) as my/our Proxy to attend, act vote for me/us and on my/our behalf at the 19th Annual General Meeting of the Company to be held on 21st September 2013 and/or any adjournment thereof.

Signed this____________ day of ____________ 2013.

Witnesses:

1. Name : ____________________
   Address : ____________________
   CNIC No. : ____________________
   Signature : ____________________

2. Name : ____________________
   Address : ____________________
   CNIC No. : ____________________
   Signature : ____________________

Signature on Rs. 5/- Revenue Stamp

NOTES:

1. A member entitled to attend and vote at the meeting may appoint another member as his / her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.

2. Proxy shall authenticate his/her identity by showing his/her identity by showing his/her original passport and bring folio number at the time of attending the meeting.

3. In order to be effective, the proxy Form must be received at the office of our Registrar M/s. Central Depository Company of Pakistan, Share Registrar Department, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahra-e-Faisal, Karachi, not later than 48 hours before the meeting duly signed and stamped and witnessed by two persons with their signature, name, address and CNIC number given on the form.

4. In the case of individuals attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy Form.

5. In the case of proxy by a corporate entity, Board of Directors resolution/power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted alongwith proxy Form.

AFFIX
CORRECT
POSTAGE

ARIF HABIB CORPORATION LIMITED

Registrar:
Central Depository Company of Pakistan,
Share Registrar Department, CDC
House, 99-B, Block-B, S.M.C.H.S,
Main Shahra-e-Faisal, Karachi.

Fold : Here

Fold : Here

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
Group website: www.arifhabib.com.pk

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