



Arif Habib Corp

from vision to reality



HALF YEARLY REPORT
31st DECEMBER 2015

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Company Information

Board of Directors

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

Audit Committee

Sirajuddin Cassim Chairman	Kashif A. Habib Member	Muhammad Ejaz Member
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Management

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

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

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

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

Auditors

KPMG Taseer Hadi &
Co., Chartered Accountants

Legal Advisors

Bawaney & Partners
Akhund Forbes

Registered & Corporate Office

Arif Habib Centre
23, M.T. Khan Road
Karachi-74000
Phone: (021)32460717-9
Fax: (021)32429653, 32468117
Email: info@arifhabibcorp.com
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

Directors' Review Report

Dear Shareholders

The Directors of Arif Habib Corporation Limited (AHCL) are pleased to present the Directors' report of the Company together with the interim condensed unconsolidated and consolidated financial statements for the half year ended 31st December 2015.

Financial Results

During the period under review, on unconsolidated basis, AHCL recorded operating revenue of Rs.3,284.49 million, which includes dividend income of Rs.304.40 million, net gain on sale of securities amounting to Rs.1,074.67 million and net gain on remeasurement of investments amounting to Rs.1,738.48 million. After accounting for operating, administrative and financial expenses of Rs.222.64 million, the Company earned a profit before tax of Rs.3,002.19 million. The Company has reported after-tax profit of Rs.2,921.12 million for the half year under review as compared to the net profit of Rs.2,901.86 million for the corresponding period ended 31st December 2014. This translates into earnings of Rs.6.44 per share as compared to Rs.6.40 per share in the previous period.

Performance of Subsidiaries and Associates

During the period under review, investee companies have witnessed satisfactory progress in accordance with our expectations. Our financial services companies have performed well, MCB Arif Habib Savings and Investments Limited and Arif Habib Limited continue to serve their clients earnestly. The fertilizer companies, Fatima Fertilizer Company Limited and Pakarab Fertilizers Limited, have improved production but sales remained low, reason being the Government announcing its intent to provide subsidies. This intent, however, was not followed by the issuance of an immediate official notification. This delayed sales of fertilizer, however, their profits for the period July - December 2015 were satisfactory. Power Cement Limited and Javedan Corporation Limited also performed well. Sachal Energy Development (Private) Limited achieved financial close and issued Notice to Commence construction to both foreign and local contractors following which construction has started at the project site. Aisha Steel Mills Limited has been able to achieve cost efficiencies and improve its production and sales but financial performance remains stunted due to inventory losses as international steel prices remained on a declining trajectory.

Economic Review

During the period under review, Pakistan's economy has shown signs of stability in its macroeconomic fundamentals. Foreign currency reserves crossed USD 20 billion with 6 months import coverage. Value of Rupee has been stable. Inflation at 2.2% has been low. Interest discount rates have remained at 6.5%. Remittances grew by 6.0% at USD 11,198 million. However, exports were down 14.4% and imports were down 5.4%, at USD 14,115 million and USD 27,187 million, respectively. The textile industry is under stress owing to the challenging export markets and farm incomes too are under stress as a result of the lower commodity prices worldwide. However, the IMF Programme is on track and credit rating outlook is positive.



Future Outlook

Going forward, we hold an overall positive stance on the economy. Subdued inflation, contraction in current account deficit, and no material change in interest rates are expected to bring economic stability attracting further investment. The China Pakistan Economic Corridor (CPEC) is expected to spur activity in the construction and power sectors resulting in ripple effects for overall economic growth.

Power Cement and Aisha Steel are on the path of improvement. Javedan Corporation Limited is also progressing satisfactorily. Fertilizer margins are under pressure but volumes in both Fatima and Pakarab are expected to increase. Financial services companies, Arif Habib Limited and MCB Arif Habib Savings and Investments Limited are facing a decline in their profitability due to the flat capital market.

During the first half of the current financial year, some of the gains recorded in the Company's investment portfolio may have to be given up unless the market's performance improves in the remaining period of the current financial year. Overall, your Company is expected to provide satisfactory financial results.

Acknowledgement

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

For and on behalf of the Board



Arif Habib
Chief Executive

Karachi
18th February 2016



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 on Review of Condensed Interim Unconsolidated Financial Information

Introduction

We have reviewed the accompanying condensed interim unconsolidated balance sheet of Arif Habib Corporation Limited ("the Company") as at 31 December 2015 and the related condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated cash flow statement, condensed interim unconsolidated statement of changes in equity and notes to the condensed interim unconsolidated financial information for the six-months period then ended (here-in-after referred to as the "condensed interim unconsolidated financial information"). Management is responsible for the preparation and presentation of this condensed interim unconsolidated financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim unconsolidated financial information based on our review.

Scope of Review

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

Conclusion

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

Other matter

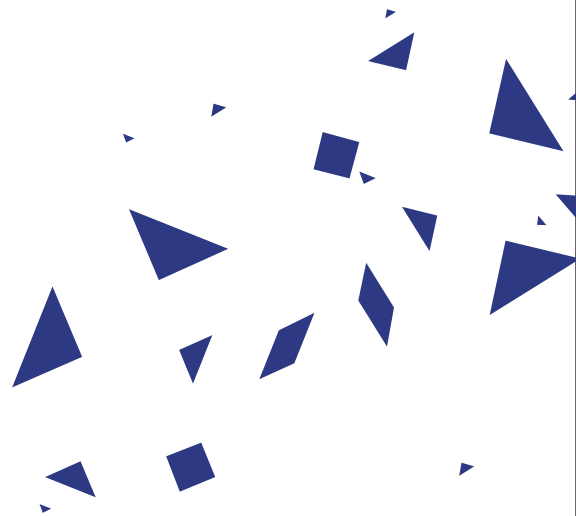
The figures for the quarter ended 31 December 2015 and 31 December 2014 in the condensed interim unconsolidated financial information have not been reviewed by us and we do not express a conclusion on them.

Date: 18th February 2016

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Moneeza Usman Butt

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



Condensed Interim Unconsolidated Financial Information

For the six months period and quarter ended 31st December 2015

Condensed Interim Unconsolidated Balance Sheet

As at 31st December 2015

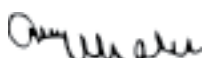
	Note	Unaudited December 2015	Audited June 2015
(Rupees)			
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital 1,000,000,000 ordinary shares of Rs. 10 each		<u>10,000,000,000</u>	<u>10,000,000,000</u>
Issued, subscribed and paid up share capital		4,537,500,000	4,537,500,000
Reserves		26,582,742,939	24,907,431,695
		31,120,242,939	29,444,931,695
Non-current liabilities			
Deferred taxation		2,371,953,451	2,331,789,966
Long term loan - secured	5	247,336,842	346,854,503
Long term payable		1,700,179,646	1,700,179,646
		4,319,469,939	4,378,824,115
Current liabilities			
Trade and other payables	6	3,769,348,423	1,628,915,838
Dividend payable		18,835,618	186,660,640
Interest / mark-up accrued		143,660,316	42,945,861
Short term borrowings	7	2,793,706,126	3,360,000,000
Current maturity of long term loan	5	124,035,322	49,035,322
Provision for taxation		585,711,831	505,567,741
		7,435,297,636	5,773,125,402
		42,875,010,514	39,596,881,212
Contingencies and commitments			
	8		

Condensed Interim Unconsolidated Balance Sheet

As at 31st December 2015

	Note	Unaudited December 2015	Audited June 2015
(Rupees)			
ASSETS			
Non-current assets			
Property and equipment	9	46,890,097	50,787,754
Intangible assets		459,888	566,016
Long term investments	10	32,028,046,937	31,123,833,356
Investment property		2,661,504,400	2,661,504,400
Long term deposits		1,966,390	1,951,390
		34,738,867,712	33,838,642,916
Current assets			
Loans and advances	11	812,735,055	1,087,898,563
Prepayments		7,779,563	15,190,280
Advance tax		533,649,256	487,184,477
Markup receivable		60,614,716	18,855,901
Other receivables		1,223,671,399	1,216,811,964
Short term investments		5,412,549,926	907,015,462
Cash and bank balances		55,196,989	2,025,281,649
Asset held for sale	12	29,945,898	-
		8,136,142,802	5,758,238,296
		42,875,010,514	39,596,881,212

The annexed notes 1 to 19 form an integral part of this condensed interim unconsolidated financial information.



Chief Executive Officer



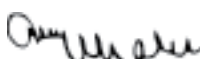
Director

Condensed Interim Unconsolidated Profit and Loss Account (Unaudited)

For the six months period and quarter ended 31st December 2015

	Note	Six months period ended		Quarter ended	
		December 2015	December 2014	December 2015	December 2014
		(Rupees)		(Rupees)	
Operating revenue	13	3,284,487,164	3,297,013,542	563,753,239	2,903,401,212
Operating and administrative expenses		(59,377,026)	(91,452,371)	(39,800,052)	(49,486,833)
Operating profit		3,225,110,138	3,205,561,171	523,953,187	2,853,914,379
Finance cost		(163,260,858)	(135,837,739)	(80,671,675)	(77,016,486)
Other charges		(61,272,518)	(61,474,177)	(8,863,757)	(55,616,128)
Other income - net		1,610,234	1,211,969	773,045	1,135,052
Profit before tax		3,002,186,996	3,009,461,224	435,190,800	2,722,416,817
Taxation	14	(81,063,956)	(107,602,526)	(53,002,057)	21,285,296
Profit after tax		2,921,123,040	2,901,858,698	382,188,743	2,743,702,113
Earnings per share - basic and diluted		6.44	6.40	0.84	6.05

The annexed notes 1 to 19 form an integral part of this condensed interim unconsolidated financial information.



Chief Executive Officer




Director

Condensed Interim Unconsolidated Statement of Comprehensive Income (Unaudited)

For the six months period and quarter ended 31st December 2015

	Six months period ended		Quarter ended	
	December 2015	December 2014	December 2015	December 2014
	(Rupees)		(Rupees)	
Profit for the period	2,921,123,040	2,901,858,698	382,188,743	2,743,702,113
Other comprehensive income				
<i>Items that are to be reclassified subsequently to profit and loss account</i>				
Unrealised appreciation / (diminution) during the period on remeasurement of investments classified as 'available for sale'	564,613,970	(372,249,471)	677,516,119	(153,731,781)
Related tax thereon	(39,243,618)	-	(39,243,618)	-
Reclassification adjustments relating to loss realised on disposal of investment classified as 'available for sale' - net	43,817,852	16,413,378	43,817,852	16,413,378
Other comprehensive income for the period	569,188,204	(355,836,093)	682,090,353	(137,318,403)
Total comprehensive income for the period	3,490,311,244	2,546,022,605	1,064,279,096	2,606,383,710

The annexed notes 1 to 19 form an integral part of this condensed interim unconsolidated financial information.



Chief Executive Officer




Director

Condensed Interim Unconsolidated Cash Flow Statement (Unaudited)

For the six months period ended 31st December 2015

	Note	December 2015	December 2014
(Rupees)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	15	(1,184,950,203)	(450,894,349)
Income tax paid		(46,464,778)	(28,621,578)
Finance cost paid		(62,546,403)	(116,342,592)
Dividend received		304,393,877	232,259,461
Interest received		79,893,396	57,836,720
Net cash used in operating activities		(909,674,111)	(305,762,338)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(420,873)	(2,891,992)
Proceeds from sale of property and equipment		15,000	49,224
Acquisition of long term investments		(2,133,919,390)	(268,322,629)
Change in long term deposits		(15,000)	-
Proceeds from sale of long term investments		3,647,566,271	385,448,855
Net cash generated from investing activities		1,513,226,008	114,283,458
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loan		(24,517,661)	(24,302,147)
Proceeds from long term loan		-	201,688,181
Dividend paid		(1,982,825,022)	(287,612,583)
Net cash used in financing activities		(2,007,342,683)	(110,226,549)
Net decrease in cash and cash equivalents		(1,403,790,786)	(301,705,429)
Cash and cash equivalents at beginning of the period		(1,334,718,351)	(1,371,529,144)
Cash and cash equivalents at end of the period	16	(2,738,509,137)	(1,673,234,573)

The annexed notes 1 to 19 form an integral part of this condensed interim unconsolidated financial information.



Chief Executive Officer



Director

Condensed Interim Unconsolidated Statement of Changes in Equity (Unaudited)

For the six months period ended 31st December 2015

	Issued, subscribed and paid up share capital	Unrealized (diminution) / appreciation on remeasurement of investments classified as 'available for sale'	Reserves			Total
			General reserve	Unappropriated profit	Sub total	
			(Rupees)			
Balance as at 1 July 2014	4,537,500,000	(601,609,981)	4,000,000,000	17,814,689,421	21,213,079,440	25,750,579,440
Total comprehensive income for the six months period ended 31 December 2014						
Profit for the period	-	-	-	2,901,858,698	2,901,858,698	2,901,858,698
Other Comprehensive Income						
Unrealised diminution during the period on remeasurement of investments classified as 'available for sale' - net	-	(372,249,471)	-	-	(372,249,471)	(372,249,471)
Reclassification adjustments relating to loss realised on disposal of investments classified as 'available for sale' - net	-	16,413,378	-	-	16,413,378	16,413,378
Other comprehensive income for the period	-	(355,836,093)	-	-	(355,836,093)	(355,836,093)
Transactions with owners						
Distribution: Final cash dividend for the year ended 30 June 2014 at the rate of Rs. 2.5 per share	-	-	-	(1,134,375,000)	(1,134,375,000)	(1,134,375,000)
Balance as at 31 December 2014	4,537,500,000	(957,446,074)	4,000,000,000	19,582,173,119	22,624,727,045	27,162,227,045
Balance as at 1 July 2015	4,537,500,000	(211,635,998)	4,000,000,000	21,119,067,693	24,907,431,695	29,444,931,695
Total comprehensive income for the six months period ended 31 December 2015						
Profit for the period	-	-	-	2,921,123,040	2,921,123,040	2,921,123,040
Other Comprehensive Income						
Unrealised appreciation during the period on remeasurement of investments classified as 'available for sale' - net	-	564,613,970	-	-	564,613,970	564,613,970
Related tax thereon	-	(39,243,618)	-	-	(39,243,618)	(39,243,618)
Reclassification adjustments relating to loss realised on disposal of investments classified as 'available for sale' - net	-	43,817,852	-	-	43,817,852	43,817,852
Other comprehensive income for the period	-	569,188,204	-	-	569,188,204	569,188,204
Transactions with owners						
Distribution: Final cash dividend for the year ended 30 June 2015 at the rate of Rs. 4 per share	-	-	-	(1,815,000,000)	(1,815,000,000)	(1,815,000,000)
Balance as at 31 December 2015	4,537,500,000	357,552,206	4,000,000,000	22,225,190,733	26,582,742,939	31,120,242,939

The annexed notes 1 to 19 form an integral part of this condensed interim unconsolidated financial information.



Chief Executive Officer



Director

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period and quarter ended 31st December 2015

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

The Company has following long term investments:

<i>Name of Company</i>	Shareholding
Subsidiaries	
- Arif Habib Limited, a brokerage house	<u>73.29%</u>
- Pakistan Opportunities Limited	<u>85.00%</u>
- Sachal Energy Development (Private) Limited, a wind power generation company	<u>99.99%</u>
Associates	
- MCB-Arif Habib Savings and Investments Limited	<u>30.09%</u>
- Power Cement Limited	<u>27.96%</u>
- Pakarab Fertilizers Limited	<u>30.00%</u>
- Fatima Fertilizer Company Limited	<u>15.19%</u>
Others	
- Takaful Pakistan Limited	<u>10.00%</u>
- Khabeer Financial Services (Private) Limited	<u>5.00%</u>
- Sunbiz (Private) Limited	<u>4.65%</u>

1.1 Changes in the composition of the Group

Changes in composition of the Group during the six months period ended 31 December 2015 are summarised as under:

- the Company has sold 106.05 million shares of Power Cement Limited (PCL), a subsidiary of the Company, resulting in decrease in the Company's holding from 56.96% to 27.96% and the Company has lost control over the investee company. PCL has now become an associated company and is classified as 'available for sale'.
- During the period, the Board of Directors of the Company has proposed liquidation of Company's investment in Arif Habib DMCC. Consequently the investment has been classified as 'asset held for sale'.
- the Company has sold 56,493,515 preference shares of Aisha Steel Mills Limited, an associated company, resulting in decrease in Company's holding from 18.93% to 7.97% and has re-classified it to short term investment due to loss of significant influence over the investee company.

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period and quarter ended 31st December 2015

- the Company converted 13,505,900 preference shares into ordinary shares and has sold 45,200,900 ordinary shares of Javedan Corporation Limited, resulting in decrease in the Company's holding from 27.25% to 5.39% and has re-classified it to short term investment due to loss of significant influence over the investee company.
- the Company has sold 10,000,000 shares of Fatima Fertilizer Company Limited, an associate of the Company, resulting in decrease in the Company's holding from 15.67% to 15.19%.

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim unconsolidated financial information for the six months period ended 31 December 2015 has been prepared in accordance with the requirements of International Accounting Standards 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, have been followed.

This condensed interim unconsolidated financial information does not include all the information required for full annual financial statements and should be read in conjunction with the audited annual unconsolidated financial statements of the Company as at and for the year ended 30 June 2015.

The comparative balance sheet presented in this condensed interim unconsolidated financial information has been extracted from the audited annual unconsolidated financial statements of the Company for the year ended 30 June 2015, whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are extracted from the unaudited condensed interim unconsolidated financial information for the period ended 31 December 2014.

This condensed interim unconsolidated financial information is unaudited and is being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984. The figures for the six months period ended 31 December 2015 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance.

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

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

2.2 Basis of measurement

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

3. ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim unconsolidated financial information are the same as those applied in the preparation of audited annual unconsolidated financial statements of the Company as at and for the year ended 30 June 2015.

During the period certain new standards, amendments to existing standards and interpretations became effective which were either not relevant or significant impact on the Company's accounting policies except for IFRS 13 'Fair Value Measurement' which resulted in an additional disclosure with respect to financial instruments.

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period and quarter ended 31st December 2015

3.2 Change in accounting policy - fair value measurement

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7. Some of these disclosures are specifically required for financial instruments hereby affecting condensed interim financial information which have been disclosed in Note 17.

In accordance with the transitional provisions of IFRS 13, the Company has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the application of IFRS 13 has not materially impacted the fair value measurement carried out by the Company.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

- 4.1** The preparation of condensed interim unconsolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience. Actual results may differ from these estimates.
- 4.2** The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual unconsolidated financial statements as at and for the year ended 30 June 2015.

5. LONG TERM LOAN - secured

LONG TERM LOAN – Secured		Unaudited December 2015	Audited June 2015
		(Rupees)	
From related party			
Term finance loan	5.1	200,000,000	200,000,000
less: current portion		(75,000,000)	-
		125,000,000	200,000,000
Others			
Term finance loan	5.2	170,115,011	194,417,158
less: current portion		(48,604,294)	(48,604,294)
		121,510,717	145,812,864
Diminishing Musharakah Financing	5.3	1,257,153	1,472,667
less: current portion		(431,028)	(431,028)
		826,125	1,041,639
		247,336,842	346,854,503

- 5.1** The Company obtained term finance facility of Rs. 200 million from a commercial bank under mark-up arrangement at the rate of 3 month KIBOR+2.00% to be charged on quarterly basis. The loan is repayable in eight equal quarterly installments after completion of one year grace period ending on 18 November 2017. The loan is secured against ranking charge on an associate's property situated at Naya Nazimabad, Survey # 248, 249, 250 with 30% margin.

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period and quarter ended 31st December 2015

- 5.2** The Company obtained term finance facility of Rs. 243.021 million from a commercial bank under mark-up arrangement at the rate of 6 month KIBOR+2.50% to be charged on semi-annual basis. The loan is repayable in ten equal semi-annual installments ending on 19 March 2019. The loan is secured against first pari passu charge of Rs. 333.333 million over present and future assets (excluding shares pledged against short term borrowings) of the Company inclusive of 25% margin and pledge of shares of associated undertaking with 30% margin. During the period, the Company has paid an installment of Rs. 24.302 million.

The market value of pledged shares as collateral amounts to Rs. 295.818 million (30 June 2015: Rs. 289.737 million) at balance sheet date.

- 5.3** The Company has acquired a vehicle under diminishing musharakah financing arrangement entered into with First Habib Modaraba for a period of 4 years with monthly principal repayment. The financing is secured against the respective vehicle and promissory note issued in favor of the lender. The interest on the borrowing is 6 months KIBOR+2.00 % per annum.

6. TRADE AND OTHER PAYABLES

Trade and other payables include deposit amounting to Rs. 1.499 billion received from a Profit Participant procured by the existing Sponsor of Silkbank Limited, under the Option Agreement dated 15 December 2015. As per the terms of the agreement and subject to regulatory approvals, the Company has granted one year option to existing sponsor to purchase entire investment in Silkbank Limited at an agreed price not more than Rs. 1.872 per share. In the event of exercise of Purchase option, the profit will be shared by the Company with the Profit Participant in an agreed ratio and the deposit amount will be refunded to the profit participant. In case the option is not exercised the Company will adjust entire amount of deposit through sale and repurchase transaction between the Company and Profit Participant, thereby reducing the Company's purchase price as per agreement.

7. SHORT TERM BORROWINGS

		Unaudited December 2015	Audited June 2015
			(Rupees)
<i>Secured- from banking companies</i>			
Term finance	7.1	360,000,000	360,000,000
Running finance	7.2	2,433,706,126	-
<i>Unsecured</i>			
Other than banking companies - related party		-	3,000,000,000
		2,793,706,126	3,360,000,000

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

- 7.2** Short term running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 2,800 million (30 June 2015: Rs. 2,800 million) which represents the aggregate of sale prices of all mark-up agreements between the Company and the banks. These facilities have various maturity dates upto 30 September 2016. These arrangements are secured against pledge of marketable securities with minimum 30% margin (30 June 2015: 30% margin).

These running finance facilities carry mark-up ranging from 1 month KIBOR + 1% to 3 month KIBOR + 2.25% per annum (30 June 2015: 1 month KIBOR + 1% to 3 month KIBOR + 2.25% per annum) calculated on a daily product basis and is payable on quarterly basis. The aggregate amount of these facilities which have not been availed as at the balance sheet date amounts to Rs. 366.293 million (30 June 2015: Rs. 2,800 million).

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period and quarter ended 31st December 2015

- 7.3** The fair value of shares of associated companies, shares held for trading and other securities pledged as collateral against short term borrowings amount to Rs. 2,179.469 million (30 June 2015: Rs. 2,540.556 million).

8. CONTINGENCIES AND COMMITMENTS

- 8.1** During the period, the Company has issued Corporate Guarantee on behalf of a subsidiary namely Sachal Energy Development (Private) Limited (SEDPL) amounting to USD 1,732,500. The guarantee has been issued in favour of National Transmission and Dispatch Company (NTDC) in pursuance of Energy Purchase Agreement entered between SEDPL and NTDC.

There is no other change in the status of contingencies and commitments as disclosed in the preceeding audited annual unconsolidated financial statements as at and for the year ended 30 June 2015.

9. PROPERTY AND EQUIPMENT

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

	Six months period ended December 2015		Six months period ended December 2014	
	Additions	Disposals	Additions	Disposals
	(Rupees)			
Vehicle	-	-	2,463,000	-
Office equipment	195,373	-	60,000	44,752
Computer and allied equipments	225,500	18,396	368,992	29,224
	420,873	18,396	2,891,992	73,976

10. LONG TERM INVESTMENTS

		Unaudited December 2015	Audited June 2015
		(Rupees)	
Subsidiaries - at cost	10.1	5,121,640,246	3,833,385,578
At fair value through profit or loss	10.2	25,995,303,473	24,573,963,057
Available for sale	10.3	911,103,218	2,716,484,721
		32,028,046,937	31,123,833,356

10.1 Subsidiaries - at cost

		Cost	Provision for Impairment	Carrying amount	
				Unaudited December 2015	Audited June 2015
(Rupees)					
Arif Habib Limited (AHL)		2,511,675,186	-	2,511,675,186	2,375,720,796
Power Cement Limited (PCL)	10.3.1	-	-	-	815,718,824
Arif Habib DMCC (AHD)	12	-	-	-	29,945,898
Pakistan Opportunities Limited (POL)		42,500,000	(42,500,000)	-	-
Sachal Energy Development (Private) Limited (SEDPL)		2,609,965,060	-	2,609,965,060	612,000,060
		5,164,140,246	(42,500,000)	5,121,640,246	3,833,385,578

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period and quarter ended 31st December 2015

10.2 At fair value through profit or loss

		Cost	Unrealised appreciation on remeasurement of investments	Carrying amount	
				Unaudited December 2015	Audited June 2015
				(Rupees)	
Associates:					
MCB - Arif Habib Savings and Investments Limited (MCB-AH)	10.2.1	477,694,882	178,729,378	656,424,260	649,925,010
Pakarab Fertilizers Limited (PFL)		1,324,332,073	9,745,667,927	11,070,000,000	11,070,000,000
Fatima Fertilizer Company Limited (FFCL)		3,512,782,226	10,756,096,987	14,268,879,213	12,854,038,047
		5,314,809,181	20,680,494,292	25,995,303,473	24,573,963,057

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

10.3 Available for sale

		Cost	Unrealised appreciation/ (diminution) on remeasurement of investments	Provision for Impairment	Carrying amount				
					Unaudited December 2015	Audited June 2015			
					(Rupees)				
Associates									
Aisha Steel Mills Limited (ASML)		-	-	-	-	119,743,767			
Aisha Steel Mills Limited - Preference shares I (ASML- PS-I)		-	-	-	-	217,859,560			
Aisha Steel Mills Limited - Preference shares II (ASML- PS-II)		-	-	-	-	593,181,908			
Javedan Corporation Limited (JCL)		-	-	-	-	1,590,979,467			
Javedan Corporation Limited- convertible preference shares (JCL-PS)		-	-	-	-	194,620,019			
Power Cement Limited (PCL)	10.3.1	400,408,957	510,594,261	-	911,003,218	-			
		400,408,957	510,594,261	-	911,003,218	2,716,384,721			

Other investments:

Takaful Pakistan Limited	30,000,000	-	(30,000,000)	-	-
Al-Khabeer Financial Services (Private) Limited	1,000,000	-	(900,000)	100,000	100,000
Sun Biz (Private) Limited	1,000,000	-	(1,000,000)	-	-
	<u>32,000,000</u>	<u>-</u>	<u>(31,900,000)</u>	<u>100,000</u>	<u>100,000</u>
	<u>432,408,957</u>	<u>510,594,261</u>	<u>(31,900,000)</u>	<u>911,103,218</u>	<u>2,716,484,721</u>

- 10.3.1** On loss of control, the remaining interest in PCL is stated at Rs. 400.409 million which was the deemed cost as per IAS 27. Historical cost of investment is Rs. 742.29 million (30 June 2015: Rs. 1,157.6 million).

- 10.4** Fair value of long term investments pledged with banking companies against various financing facilities amounts to Rs. 2,475.287 million (30 June 2015: Rs. 2,232.493 million) and Rs. 50.298 million (30 June 2015: Rs. 83.004 million) which have been pledged with Pakistan Stock Exchange Limited against exposure for regular business.

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period and quarter ended 31st December 2015

10.5 Movement in provision for impairment

	Unaudited December 2015	Audited June 2015
	(Rupees)	
Opening balance	(502,409,244)	(74,400,000)
Reversal on sale of investment	286,359,943	-
Provision during the period	-	(428,009,244)
Reclassified to short term investment on loss of significant influence	141,649,301	-
Closing balance	(74,400,000)	(502,409,244)

11. LOANS AND ADVANCES

Unsecured

Advances:

- for new investment	-	425,494,937
- against salaries	1,303,955	764,705

Loan to related party:

Aisha Steel Mills Limited	11.1	596,825,213	493,156,204
		598,129,168	919,415,846

Secured

Receivable against reverse repurchase agreement (Reverse repo)

153,876,830

Loans to related parties:

Aisha Steel Mills Limited	11.2	14,605,887	14,605,887
Javedan Corporation Limited	11.3	200,000,000	-
		812,735,055	1,087,898,563

11.1 The mark-up rate on the said loan is 3 month KIBOR plus 3% per annum. Mark-up is payable on quarterly basis. The effective mark-up charged during the period was 9.60% to 10.29% (30 June 2015: 10.99% to 13.43%) per annum. The loan is repayable within 30 business days on notice of demand.

11.2 The loan is secured against first charge on all present and future fixed assets, accounts receivables and interest in any insurance claim and equitable mortgage of land and building. The mark-up rate in the said loan is 6 month KIBOR + 3.25% per annum (30 June 2015: 6 months KIBOR + 3.25% per annum). The effective rate of markup on the loan during the period was 10.29% (30 June 2015: ranged between 11.23% to 13.42%) per annum. Mark-up is payable on semi-annually basis.

11.3 The mark-up rate on said loan is 3 month KIBOR plus 2.65% and is repayable on a quarterly basis. The effective rate of mark-up charged during the period ranged between 9.25% to 9.64% (30 June 2015: Nil) per annum. The loan is repayable within 30 business days of notice of demand by the Company.

11.4 Maximum balance due from related party during the year was Rs. 2,805.931 million (30 June 2015: Rs. 1,361.5 million)

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period and quarter ended 31st December 2015

12. ASSET HELD FOR SALE

During the period, the Board of Directors of the Company has decided to liquidate Arif Habib DMCC, subsidiary company subject to approval of the Dubai Multi Commodities Centre Authority. Accordingly the investment is classified as an asset held for sale. Management considers that realizable value of underlying investee company is higher than its carrying amount and consequently the management is not expecting to incur impairment thereagainst.

13. OPERATING REVENUE

	Six months period ended		Quarter ended	
	December 2015	December 2014	December 2015	December 2014
	(Rupees)		(Rupees)	
Dividend income	304,393,877	232,259,461	37,890,226	32,510,776
Markup on loans and advances	105,121,634	84,535,524	53,936,005	54,010,751
Profit on bank accounts	4,590,797	168,114	3,695,837	110,238
Income from reverse repurchase transactions	16,530,577	28,575,317	8,641,526	12,507,698
Put option fee	40,700,000	40,700,000	20,350,000	20,350,000
Gain on sale of securities - net	1,074,671,447	23,198,313	618,773,118	32,695,057
Gain on remeasurement of investments-net	1,738,478,832	2,887,576,813	(179,533,473)	2,751,216,692
	<u>3,284,487,164</u>	<u>3,297,013,542</u>	<u>563,753,239</u>	<u>2,903,401,212</u>

- 13.1 This includes amount tendered to Javedan Corporation Limited (JCL) amounting to Rs. 1.964 million (2015: Nil) on gain that arise on trading of shares of JCL by the Company under Section 105 of the Securities Act 2015.

14. TAXATION

	Six months period ended		Quarter ended	
	December 2015	December 2014	December 2015	December 2014
	(Rupees)		(Rupees)	
For the period				
-Current	(80,144,090)	(24,764,055)	(57,414,574)	(22,739,653)
-Deferred	(919,866)	(82,838,471)	4,412,517	44,024,949
	<u>(81,063,956)</u>	<u>(107,602,526)</u>	<u>(53,002,057)</u>	<u>21,285,296</u>

- 14.1 The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 at the rate of ten percent on every public company other than a scheduled bank or modaraba, that derives profits for tax year and does not distribute cash dividend within six months of the end of said tax year or distributes dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid up capital, so much of its reserves as exceed the threshold shall be treated as income of the said company. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40% of its after tax profits or 50% of its paid up capital, whichever is less, within six months of the end of the tax year.

Board of Directors of the Company intends to distribute sufficient cash dividend for the year ending 30 June 2016 to comply with the above stated requirement. Accordingly, no provision for tax on undistributed reserves has been recognized in these condensed unconsolidated interim financial information.

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period and quarter ended 31st December 2015

15. CASH USED IN OPERATIONS

	Six months period ended	
	December 2015	December 2014
	(Rupees)	
Profit before tax	3,002,186,996	3,009,461,224
Adjustments for non cash and other items		
Depreciation and amortization	4,406,262	4,987,599
Dividend income	(304,393,877)	(232,259,461)
Mark-up on loans and advances	(105,121,634)	(84,535,524)
Gain on disposal of investments	(1,074,671,447)	(219,755,280)
Loss on disposal of asset	3,396	24,752
Unrealised gain on remeasurement of investments	(1,738,478,832)	(2,887,576,813)
Income from reverse repurchase transactions	(16,530,577)	(28,575,317)
Workers' Welfare fund	61,269,122	61,449,425
Finance cost	163,260,858	135,837,739
	(3,010,256,729)	(3,250,402,880)
	(8,069,733)	(240,941,656)
Changes in working capital		
<i>(Increase) / decrease in current assets</i>		
Loans and advances - net of repayments	275,163,508	(623,850,009)
Prepayments	7,410,717	810,238
Trade and other receivables	(6,859,435)	671,550
Short term investments	(3,115,124,660)	526,289,775
Asset held for sale	-	27,891,903
	(2,839,409,870)	(68,186,543)
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payables	1,662,529,400	(141,766,150)
Cash used in operations	(1,184,950,203)	(450,894,349)
16. CASH AND CASH EQUIVALENTS		
Cash and bank balances	55,196,989	33,380,298
Short term borrowings	(2,793,706,126)	(1,706,614,871)
	(2,738,509,137)	(1,673,234,573)

17. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. This condensed interim unconsolidated financial information does not include all financial risk management information and disclosures required in the audited annual unconsolidated financial statements; they should be read in conjunction with the Company's audited annual unconsolidated financial statements as at 30 June 2015 as financial risk management objectives and policies are consistent with the prior year.

Financial Instruments carried at fair value

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability,

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period and quarter ended 31st December 2015

either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs (Level 3)).

	Level 1	Level 2 (Rupees)	Level 3	Total
31 December 2015				
Financial assets at fair value through profit or loss				
Equity securities	20,337,853,399	-	11,070,000,000	31,407,853,399
Available-for-sale financial assets				
Equity securities	911,103,218	-	-	911,103,218
Financial Liabilities				
Put option and option arrangement	-	-	1,631,034,063	1,631,034,063

The Company has an established control framework with respect to the measurement of fair values. The Company's finance department performs the valuations of financial assets required for financial reporting purposes, including Level 3 fair values. The Company engages valuation expert to assist in performing level 3 valuations. The fair value of a security listed on a stock exchange is valued at the closing price on respective stock exchange at the measurement date. For unquoted equity securities, the fair value is determined using a valuation techniques including discounted cash flow method. Assumptions and input used in valuation techniques include risk free rate, bond and equity prices, foreign currency exchange rates etc. Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a high degree of management judgment and estimation in the determination of fair value. Management's judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on which the financial instrument is being valued and selection of appropriate discount rates, etc. For valuation of options, Company used 'Black Scholes' model.

Assumptions and inputs used to determine level 3 fair value measurement is same as in the previous year and no significant / material changes occurred in valuation assumptions and inputs during the period. The Company has the policy to recognize transfers into and transfers out of fair value hierarchy levels as on the date of the event or change in circumstances that caused the transfer. There were no changes in valuation techniques and no transfer in and out of fair value hierarchy occurred during the period.

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period and quarter ended 31st December 2015

Financial instruments by category

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

	At fair value 'through profit or loss' - held for trading	Designated at fair value through profit or loss	Loans and receivables	Available for sale	Cost/ amortized cost	Total carrying amount	Fair Value
(Rupees)							
31 December 2015							
Financial assets							
Cash and bank balances	-	-	-	-	55,196,989	55,196,989	-
Long term investments	-	25,995,303,474	-	911,103,217	5,121,640,245	32,028,046,937	32,187,565,489
Short term investments *	4,673,028,694	-	-	739,521,232	-	5,412,549,926	5,412,549,926
Long term deposits	-	-	-	-	104,590	104,590	-
Loans and advances	-	-	811,431,100	-	-	811,431,100	-
Markup receivable	-	-	60,614,716	-	-	60,614,716	-
Other receivables	-	-	1,221,951,399	-	-	1,221,951,399	-
	4,673,028,694	25,995,303,474	2,093,997,215	1,650,624,449	5,176,941,824	39,589,895,657	37,600,115,415
Financial liabilities							
Long term loan - secured	-	-	-	-	247,336,842	247,336,842	-
Interest/mark-up accrued on borrowings	-	-	-	-	143,660,316	143,660,316	-
Long term payable	-	-	-	-	1,700,179,646	1,700,179,646	-
Trade and other payables **	1,631,034,063	-	-	-	2,138,314,360	3,769,348,423	1,631,034,063
Current maturity of long term loan	-	-	-	-	124,035,322	124,035,322	-
Short term borrowings	-	-	-	-	2,793,706,126	2,793,706,126	-
	1,631,034,063	-	-	-	7,147,232,612	8,778,266,675	1,631,034,063

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

*This includes Rs. 3.999 billion invested in ordinary shares of Silkbank Limited during the period.

** This includes put option liability entered in prior years and option arrangement entered during the period.

18. TRANSACTIONS AND BALANCES 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 entered into at commercial terms and conditions. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment while contribution to the provident fund is in accordance with staff service rules. Transactions and balances with related parties during the period other than those disclosed elsewhere in the condensed interim unconsolidated financial information are given below:

	Six months period ended	
	December 2015	December 2014
	(Rupees)	
Transactions with Subsidiaries		
Services availed	5,530,838	4,661,910
Loan extended	1,750,000,000	260,000,000
Loan repayment	1,750,000,000	130,000,000
Mark-up income accrued on loan and advance	41,819,635	5,730,874
Dividend income	265,648,159	189,748,665
Subscription of right shares/ fresh equity investment	1,997,965,000	25,000,000

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period and quarter ended 31st December 2015

	Six months period ended	
	December 2015	December 2014
	(Rupees)	
Transactions with Associates		
Dividend income	37,912,292	32,496,250
Dividend received	37,912,292	32,496,250
Markup on loan and advance	13,329,507	78,804,650
Markup income received	8,717,808	10,645,973
Loan extended	400,000,000	1,380,000,000
Loan repayment	400,000,000	543,400,000
Commission on guarantee from Power Cement Limited	133,931	-
Transactions with Other related parties		
Dividend income	817,209	-
Dividend received	817,209	-
Provident fund contribution	1,640,559	870,520
Payment of rent and maintenance charges	3,089,189	10,179,961
Markup on loan and advance	49,972,492	-
Markup income received	34,911,662	-
Loan extended	1,438,169,776	-
Loan repayment	1,134,500,767	-
Commission on guarantee from Aisha Steel Mills Limited	1,250,000	250,000
Commission on guarantee from Javedan Corporation Limited	100,000	50,000
Markup on loan from Summit Bank	24,936,198	13,637,622
Remuneration to Key management personnel		
Remuneration	10,543,762	9,507,048


	Unaudited December 2015	Audited June 2015
	(Rupees)	

Balances as at :

Commission on guarantee receivable from Javedan Corporation Limited	50,000	-
Markup receivable from Javedan Corporation Limited	6,082,192	-
Markup receivable from Aisha Steel Mills Limited	24,701,806	15,723,167
Commission on guarantee receivable from Aisha Steel Mills Limited	625,000	625,000
Markup receivable from Power Cement Limited	4,611,699	-
Commission on guarantee receivable from Power Cement Limited	66,972	66,964
Markup receivable from Arif Habib Limited	25,219,020	-
Markup payable to Summit Bank Limited	9,166,816	2,080,438
Payable to Arif Habib Limited against purchase of listed securities from stock exchange under T+2 settlement method	423,153	5,959,200

19. DATE OF AUTHORIZATION FOR ISSUE

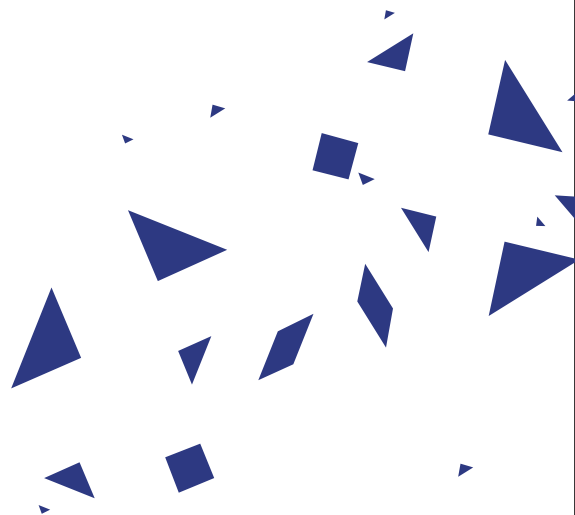
This condensed interim unconsolidated financial information has been authorized for issue on 18th February 2016 by the Board of Directors of the Company.



Chief Executive Officer



Director



Condensed Interim Consolidated Financial Information

For the six months period and quarter ended 31st December 2015

Condensed Interim Consolidated Balance Sheet

As at 31st December 2015

	Note	Unaudited December 2015	Audited June 2015
(Rupees)			
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital 1,000,000,000 ordinary shares of Rs. 10 each		10,000,000,000	10,000,000,000
Issued, subscribed and paid-up share capital		4,537,500,000	4,537,500,000
Reserves		15,357,944,714	13,705,671,841
Equity attributable to owners of the Parent		19,895,444,714	18,243,171,841
Non-Controlling interest		649,821,402	1,550,040,084
		20,545,266,116	19,793,211,925
Surplus on revaluation of fixed assets		15,432,500	15,432,500
Non-current liabilities			
Long term loans		246,710,717	1,252,251,503
Loans from related parties - unsecured		-	1,180,989,352
Long term payable		1,700,179,646	1,700,179,646
Liabilities against assets subject to finance lease		3,005,741	1,660,874
Deferred liability - Staff gratuity		11,719,386	50,073,519
Deferred taxation - net		609,974,477	621,315,664
		2,571,589,967	4,806,470,558
Current liabilities			
Loan from previous sponsors		-	735,000
Trade and other payables		4,197,853,580	3,124,271,790
Interest / mark-up accrued on borrowings		135,328,647	102,354,574
Short term borrowings - secured		4,950,000,909	4,621,066,027
Current portion of long term loans		123,604,294	544,143,322
Current portion of liabilities against assets subject to finance lease		1,118,215	500,013
Provision for taxation		796,947,105	670,102,867
Payable against sale of securities		67,156,450	44,558,395
Liabilities held for sale	6	13,236,771	-
		10,285,245,971	9,107,731,988
		33,417,534,554	33,722,846,971

Contingencies and commitments


4

Condensed Interim Consolidated Balance Sheet

As at 31st December 2015

	Note	Unaudited December 2015	Audited June 2015
(Rupees)			
ASSETS			
Non-current assets			
Property, plant and equipment	5	781,913,817	4,790,605,043
Intangible assets - others		3,890,369	15,037,353
Goodwill		910,206,118	1,163,961,863
Trading right entitlement certificate, membership cards and offices		24,600,000	24,600,000
Equity accounted investees		13,859,317,554	14,293,581,206
Other long term investments		121,442,551	121,442,551
Investment property		3,182,024,374	3,173,144,374
Long term deposits and prepayments		58,439,118	47,599,877
		18,941,833,901	23,629,972,267
Current assets			
Stock-in-trade		-	284,975,000
Stores, spares and loose tools		-	562,409,000
Trade debts		565,256,525	791,170,241
Loans and advances - considered good		2,706,721,401	1,349,239,951
Deposits and prepayments		221,631,754	433,919,303
Advance tax		663,899,362	533,133,862
Tax refund due from government		-	287,265,000
Markup receivable		35,395,942	18,856,147
Other receivables - considered good		1,289,701,502	1,320,649,417
Short term investments		8,529,420,605	1,682,189,185
Cash and bank balances		399,503,031	2,829,067,598
Assets held for sale	6	64,170,531	-
		14,475,700,653	10,092,874,704
		33,417,534,554	33,722,846,971

The annexed notes 1 to 10 form an integral part of this condensed interim consolidated financial information.



Chief Executive Officer




Director

Condensed Interim Consolidated Profit and Loss Account (Unaudited)

For the six months period and quarter ended 31st December 2015

Note	Six months period ended		Quarter ended	
	December 2015	December 2014 Restated	December 2015	December 2014 Restated
	(Rupees)		(Rupees)	
Continuing Operations				
Operating revenue	1,085,171,303	1,142,062,037	404,633,571	854,419,829
Operating, administrative and other expenses	(198,871,534)	(332,850,461)	(92,311,806)	(167,914,926)
Operating profit	886,299,769	809,211,576	312,321,765	686,504,903
Other income	81,369,399	294,745,246	34,904,385	64,129,457
Finance cost	(189,321,093)	(462,295,169)	(57,964,508)	(165,306,162)
Other charges	(67,544,420)	(125,600,712)	3,647,448	(116,379,670)
	710,803,655	516,060,941	292,909,090	468,948,528
Share of profit of equity -accounted associates - net of tax	2,823,206,479	1,239,591,695	644,388,373	777,973,593
Profit before tax	3,534,010,134	1,755,652,636	937,297,463	1,246,922,121
Taxation				
For the period				
- Current	(126,844,247)	(128,726,138)	(75,104,195)	(71,209,049)
- Deferred	(193,872,812)	(232,181,640)	65,966,404	(143,791,065)
	(320,717,059)	(360,907,778)	(9,137,791)	(215,000,114)
Profit after tax from continuing operations	3,213,293,075	1,394,744,858	928,159,672	1,031,922,007
Discontinued operations 6				
Profit for the period from discontinued operations - net of tax	294,169,129	242,444,369	294,169,129	132,232,724
Gain on loss of control of subsidiary	644,631,326	-	644,631,326	-
	938,800,455	242,444,369	938,800,455	132,232,724
Profit for the period	4,152,093,530	1,637,189,227	1,866,960,127	1,164,154,731
Profit attributable to:				
Equity holders of the Parent Company	3,956,877,959	1,418,274,070	1,767,909,424	1,018,926,797
Non-controlling interests	195,215,571	218,915,157	99,050,703	145,227,934
	4,152,093,530	1,637,189,227	1,866,960,127	1,164,154,731
Earnings per share - basic & diluted				
From continuing operations	6.93	2.83	2.11	2.09
From discontinued operations	1.79	0.30	1.79	0.16
	8.72	3.13	3.90	2.25

The annexed notes 1 to 10 form an integral part of this condensed interim consolidated financial information.



Chief Executive Officer




Director

Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited)

For the six months period and quarter ended 31st December 2015

	Six months period ended		Quarter ended	
	December 2015	December 2014 Restated	December 2015	December 2014 Restated
	(Rupees)		(Rupees)	
Profit after tax	4,152,093,530	1,637,189,227	1,866,960,127	1,164,154,731
Other comprehensive income				
<i>Items that are to be reclassified subsequently to profit and loss account</i>				
Unrealised appreciation / (diminution) during the period on remeasurement of investments classified as 'available for sale'	(486,757,386)	-	(486,757,386)	-
Effect of translation of net assets of foreign subsidiary to presentation currency - net	718,235	673,988	78,056	(801,723)
Share of other comprehensive income of equity-accounted associates -net of tax	51,323,136	-	56,333,566	-
Reclassification of share of other comprehensive income of equity accounted investee on loss of significant influence	(1,976,494)	-	(1,976,494)	-
Other comprehensive income for the period	(436,692,509)	673,988	(432,322,258)	(801,723)
Total comprehensive income for the period	3,715,401,021	1,637,863,215	1,434,637,869	1,163,353,008
Total comprehensive income attributable to:				
Equity holders of Arif Habib Corporation Limited	3,520,185,450	1,418,948,058	1,335,587,166	1,018,125,074
Non-controlling interests	195,215,571	218,915,157	99,050,703	145,227,934
	3,715,401,021	1,637,863,215	1,434,637,869	1,163,353,008

The annexed notes 1 to 10 form an integral part of this condensed interim consolidated financial information.



Chief Executive Officer



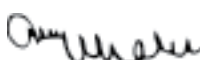
Director

Condensed Interim Consolidated Cash Flow Statement (Unaudited)

For the six months period ended 31st December 2015

Note	Six months period ended	
	December 2015	December 2014
(Rupees)		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	3,966,093,262	2,032,542,005
Adjustments for:		
Depreciation	9,242,340	35,729,575
Loss/(gain) on sale of property and equipment	54,855	(332,434)
Gain on loss of control of a subsidiary	(644,631,326)	-
Unrealised gain on short term investments	(564,912,260)	(847,124,227)
Share of profit of equity-accounted associates - net of tax	(2,823,206,479)	(1,239,591,695)
Amortization	578,653	535,270
Mark-up on loans and advances	(49,972,493)	(91,232,493)
Finance cost	189,321,093	388,592,169
	(3,883,525,617)	(1,753,423,835)
Operating profit before working capital changes	82,567,645	279,118,170
Changes in working capital:		
<i>(Increase) / decrease in current assets</i>		
Stock in trade	-	(212,595,000)
Store and spares	-	(48,546,000)
Trade debts	(33,808,284)	(637,220,410)
Loans and advances	(1,410,333,450)	(229,150,548)
Deposits and prepayments	204,559,117	(65,169,194)
Tax refund due from government	-	(46,428,000)
Receivable against sale of securities - net	-	388,363,508
Other receivables	30,650,140	(321,810,080)
Short term investments	(6,371,853,916)	801,461,337
Assets and liabilities held for sale	(50,933,760)	41,900,809
<i>(Decrease) / increase in current liabilities</i>		
Trade and other payables	1,935,525,489	(20,424,644)
Payable against sale of securities	22,598,055	-
	(5,673,596,609)	(349,618,222)
Cash used in operations	(5,591,028,964)	(70,500,052)
Taxes paid	(174,219,508)	(48,788,284)
Finance cost paid	(140,692,020)	(362,995,854)
Interest received	33,432,698	14,058,388
Net cash used in operating activities	(5,872,507,794)	(468,225,802)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(447,152,738)	(25,348,992)
Proceeds from sale of assets	733,156	756,278
Acquisition of intangible assets	-	(255,075)
Acquisition of Trading right entitlement certificate	-	(9,500,000)
Acquisition of Investment Property	(8,880,000)	(8,540,000)
Dividend received	37,912,292	32,496,250
Long term investments - net	4,130,561,056	2,304,103
Disposal of discontinued operation / acquisition of - net of cash disposed of / acquired	1,552,185,373	-
Long term deposits	(30,916,618)	(8,126,184)
Net cash generated from investing activities	5,234,442,521	(16,213,620)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	(26,309,814)	(43,490,550)
Dividend paid	(2,097,292,298)	(372,863,898)
Deferred liability	1,204,867	3,977,276
Lease liability	1,963,069	1,385,399
Net cash used in financing activities	(2,120,434,176)	(410,991,773)
Net decrease in cash and cash equivalents	(2,758,499,449)	(895,431,195)
Cash and cash equivalents at beginning of the period	(1,791,998,429)	(4,082,919,304)
Cash and cash equivalents at end of the period	(4,550,497,878)	(4,978,350,499)

The annexed notes 1 to 10 form an integral part of this condensed interim consolidated financial information.



Chief Executive Officer



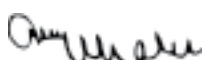
Director

Condensed Interim Consolidated Statement of Changes in Equity (Unaudited)

For the six months period ended 31st December 2015

	Equity attributable to owners of the Parent						Non-controlling interests	Total equity
	Issued, subscribed and paid up share capital	Unrealized (diminution) / appreciation on remeasurement of investments classified as 'available for sale'	Exchange difference on translation to presentation currency	General reserve	Unappropriated profit	Total		
	(Rupees)							
Balance as at 1 July 2014	4,537,500,000	68,004,298	48,111,521	4,019,567,665	7,216,972,718	15,890,156,202	1,055,597,355	16,945,753,557
Total comprehensive income for the six months period								
Profit for the six months period ended 31 December 2014	-	-	-	-	1,418,274,070	1,418,274,070	218,915,157	1,637,189,227
Other comprehensive income								
Effect of translation of net assets of foreign subsidiary to presentation currency - net	-	-	673,988	-	-	673,988	-	673,988
Reclassification adjustments relating to gain realized on disposal of investments classified as 'available for sale' -net of tax	-	-	-	-	-	-	-	-
	-	-	673,988	-	1,418,274,070	1,418,948,058	218,915,157	1,637,863,215
Transactions with owners								
Distribution: Final cash dividend for the year ended 30 June 2014	-	-	-	-	(1,134,375,000)	(1,134,375,000)	(85,251,315)	(1,219,626,315)
Increase in non-controlling interest on further disposal	-	-	-	-	29,848,162	29,848,162	41,874,393	71,722,555
	-	-	-	-	(1,104,526,838)	(1,104,526,838)	(43,376,922)	(1,147,903,760)
Balance as at 31 December 2014	4,537,500,000	68,004,298	48,785,509	4,019,567,665	7,530,719,950	16,204,577,422	1,231,135,590	17,435,713,012
Balance as at 1 July 2015	4,537,500,000	115,262,601	46,886,652	4,019,567,665	9,523,954,923	18,243,171,841	1,550,040,084	19,793,211,925
Total comprehensive income for the six months period								
Profit for the six months period ended 31 December 2015	-	-	-	-	3,956,877,959	3,956,877,959	195,215,571	4,152,093,530
Other comprehensive income								
Unrealised appreciation / (diminution) during the period on remeasurement of investments classified as 'available for sale'	-	(486,757,386)	-	-	-	(486,757,386)	-	(486,757,386)
Effect of translation of net assets of foreign subsidiary to presentation currency - net	-	-	718,235	-	-	718,235	-	718,235
Share of other comprehensive income of equity-accounted associates -net of tax	-	51,323,136	-	-	-	51,323,136	-	51,323,136
Reclassification of share of other comprehensive income of equity - accounted investee on loss of significant influence	-	(1,976,494)	-	-	-	(1,976,494)	-	(1,976,494)
	-	(437,410,744)	718,235	-	3,956,877,959	3,520,185,450	195,215,571	3,715,401,021
Transactions with owners								
Distribution: Final cash dividend for the year ended 30 June 2015	-	-	-	-	(1,815,000,000)	(1,815,000,000)	(119,351,841)	(1,934,351,841)
Disposal of equity interest in subsidiary with loss of control	-	-	-	-	-	-	(893,040,599)	(893,040,599)
Acquisition of non-controlling interest without change in control	-	-	-	-	(52,912,577)	(52,912,577)	(83,041,813)	(135,954,390)
	-	-	-	-	(1,867,912,577)	(1,867,912,577)	(1,095,434,253)	(2,963,346,830)
Balance as at 31 December 2015	4,537,500,000	(322,148,143)	47,604,887	4,019,567,665	11,612,920,305	19,895,444,714	649,821,402	20,545,266,116

The annexed notes 1 to 10 form an integral part of this condensed interim consolidated financial information.



Chief Executive Officer



Director

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period and quarter ended 31st December 2015

1. LEGAL STATUS AND NATURE OF BUSINESS

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

This condensed interim consolidated financial information of Arif Habib Corporation Limited for the six months period ended 31 December 2015 comprise of the Parent and following subsidiary companies (here-in-after referred to as "the Group").

<i>Name of Company</i>		Shareholding (including indirect holding)
Subsidiaries	Note	
- Arif Habib Limited, a brokerage house	1.1	<u>73.29%</u>
- Arif Habib Commodities (Private) Limited, investment management of commodities, wholly owned subsidiary of Arif Habib Limited	1.2	<u>73.29%</u>
- Arif Habib 1857 (Private) Limited, investments and share brokerage company, wholly owned subsidiary of Arif Habib Limited	1.3	<u>73.29%</u>
- Pakistan Opportunities Limited (POL)	1.4	<u>85.00%</u>
- Sachal Energy Development (Private) Limited, a wind power generation company	1.5	<u>99.99%</u>

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

Associates

- Pakarab Fertilizers Limited	<u>30.00%</u>
- Power Cement Limited, a cement manufacturing company	<u>27.96%</u>
- MCB-Arif Habib Savings and Investments Limited	<u>30.09%</u>
- Fatima Fertilizer Company Limited	<u>15.19%</u>

- 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 Pakistan Stock Exchange. The principal activities of AHL are investments, share brokerage, interbank brokerage, initial public offering (IPO) underwriting, advisory and consultancy services.

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

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period and quarter ended 31st December 2015

- 1.3** Arif Habib 1857 (Private) Limited (AH1857) was incorporated on 17 July 2014 as a private limited company in Pakistan under Companies Ordinance, 1984. The registered office of the Company is located at Arif Habib Centre, 23 M.T. Khan road, Karachi. The principal activities of the Company are investment and shares brokerage. The AH1857 is a wholly owned Subsidiary of Arif Habib Limited. AH1857 holds Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange Limited.
- 1.4** Pakistan Opportunities Limited (POL) was incorporated in Pakistan on 6 September 2006 under the Companies Ordinance, 1984 as a public limited company (Un-Quoted). The registered office of the POL is situated at 23 M.T. Khan Road, Karachi, Pakistan.
- 1.5** Sachal Energy Development (Private) Limited (SEDPL) is a company incorporated in Pakistan under the Companies Ordinance, 1984 on 20 November 2006. SEDPL's registered office is located in Islamabad, Pakistan with the objectives to carry out the business of purchasing, generating, importing, distributing, supplying and dealing in electricity and all other form of energy and the related services. SEDPL has achieved financial close on 17 December 2015. It is in process of constructing 49.5MW wind power project in Jhampir, Sindh, Pakistan.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

This condensed interim consolidated financial information does not include all the information required for full financial statements and should be read in conjunction with the annual audited consolidated financial statements as at and for the year ended 30 June 2015.

The comparative balance sheet presented in this condensed interim consolidated financial information has been extracted from the annual audited consolidated financial statements of the Group for the year ended 30 June 2015, whereas the comparative condensed interim consolidated profit and loss account, condensed interim consolidated statement of comprehensive income, condensed interim consolidated cash flow statement and condensed interim consolidated statement of changes in equity are extracted from the unaudited condensed interim consolidated financial information for the period ended 31 December 2014.

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

2.2 Significant accounting policies

The accounting policies and methods of computation adopted by the Group in the preparation of this condensed interim consolidated financial information are the same as those applied in preparation of the preceding annual audited consolidated financial statements of the Group as at and for the year ended 30 June 2015.

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period and quarter ended 31st December 2015

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

2.3 Use of estimates and judgments

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

In preparing this condensed interim consolidated financial information, significant judgments made by management and the key sources of estimating uncertainty were the same as those that were applied to the annual audited consolidated financial statements of the Company as at and for the year ended 30 June 2015.

3. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual audited consolidated financial statements of the Group as at and for the year ended 30 June 2015.

4. CONTINGENCIES AND COMMITMENT

Parent Company

During the period, Arif Habib Corporation Limited has issued Corporate Guarantees, on behalf of a subsidiary namely Sachal Energy Development (Private) Limited (SEDPL) amounting to USD 1,732,500. The guarantee has been issued in favour of National Transmission and Dispatch Company (NTDC) in pursuance of Energy Purchase Agreement entered between SEDPL and NTDC.

There are no other changes in the status of contingencies and commitments as disclosed in the preceding annual audited consolidated financial statements as at and in the year ended 30 June 2015.

AHL, Subsidiary Company

There are no other changes in the status of contingencies as disclosed in the preceding annual audited financial statements as at and in the year ended 30 June 2015.

Further following commitments are outstanding as at the period end

	Unaudited December 2015	Audited June 2015
	(Rupees)	
- Outstanding Settlements against Marginal Trading contracts	1,718,684,725	1,286,119,630
- Outstanding Settlements against (purchase)/sale of securities in regular market.	199,629,325	87,182,861
- Guarantee given by a commercial bank on behalf of the company	100,000,000	100,000,000
	<u>2,018,314,050</u>	<u>1,473,302,491</u>

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period and quarter ended 31st December 2015

5. PROPERTY AND EQUIPMENT

Capital expenditure incurred during the period amounted to Rs 447.15 million. Further, assets having WDV of Rs. 788,011 were sold for Rs. 733,156.

6. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

During the period, the Board of Directors of the Parent Company has decided to liquidate Arif Habib DMCC, subsidiary company, subject to approval of the Dubai Multi Commodities Centre Authority. Accordingly the assets and liabilities of the subsidiary are presented as disposal group classified as held for sale and its results presented as discontinued operations. Management considers that realizable value of underlying investee company is higher than its carrying amount and consequently management is not expecting to incur impairment thereagainst.

Further during the period, Parent Company has lost control of Power Cement Limited, a subsidiary, by reducing its stake to 27.96%. Accordingly, results of the Subsidiary are presented as discontinued operations.

The above Subsidiaries were not discontinued operations or classified as held for sale as at 30 June 2015 and comparative profit and loss account has been represented to show the discontinued operation separately from continuing operations

7. CASH AND CASH EQUIVALENTS

	Six months period ended	
	December 2015	December 2014
	(Rupees)	
Cash and bank balances	399,503,031	308,800,763
Short term borrowings	(4,950,000,909)	(5,287,151,262)
	(4,550,497,878)	(4,978,350,499)

8. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the Group companies, directors and their close family members, major shareholders of the Group, key management personnel and staff provident fund. Transactions with related parties are on arm's length. Remuneration and benefits to executives of the Group are in accordance with the terms of the employment while contribution to the provident fund is in accordance with staff service rules.

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

	Six months period ended	
	December 2015	December 2014
	(Rupees)	
Transaction with associates		
Dividend income	37,912,292	32,496,250
Dividend received	37,912,292	32,496,250
Mark-up on loan and advance	13,329,507	78,804,650
Mark-up income received	8,717,808	10,645,973
Loan extended	400,000,000	1,380,000,000
Loan repayment	400,000,000	543,400,000
Sale of goods	-	6,143,000
Commission on guarantees	133,931	300,000

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period and quarter ended 31st December 2015

	Six months period ended	
	December 2015	December 2014
	(Rupees)	
Transaction with Other related party		
Provident fund contribution	3,513,137	2,128,068
Payment of rent and maintenance charges	13,556,309	20,647,081
Payment to key management personnel	22,071,045	43,252,338
Sale of goods & services	6,171,145	8,322,000
Mark-up on borrowing	50,609,669	-
	Unaudited December 2015	Audited June 2015
	(Rupees)	

Balances as at

Commission on guarantee receivable from Javedan Corporation Limited	50,000	-
Markup receivable from Aisha Steel Mills Limited	24,701,806	15,723,167
Payable to Javedan Corporation Limited	1,700,179,646	1,700,179,646
Trade receivable from Safe Mix Concrete Products Limited	-	8,036,000
Trade Receivable from Javedan Corporation Limited	-	6,523,000
Trade Receivable from Aisha Steel Mills Limited	-	165,000
Commission on guarantee receivable from Aisha Steel Mills Limited	625,000	-
Loan to Aisha Steel Mills Limited	611,431,100	507,762,091
Loan to Javedan Corporation Limited	200,000,000	-
Loan payable to Mr. Arif Habib	-	1,325,500,000

9. REPORTABLE SEGMENTS

- 9.1** The group has three reportable segments: Capital Market Operations, Brokerage and others. The capital market operations' segment is principally engaged in trading of equity securities and maintaining strategic and trading portfolios. The brokerage segment is principally engaged in brokerage, underwriting, corporate consultancy, research and corporate finance services. Others includes assets of energy development entity.
- 9.2** The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies in the last published annual audited consolidated financial statements for the year ended 30 June 2015. The group evaluates performance on the basis of profit or loss from operations before tax expense not including non-recurring gains and losses and foreign exchange gains and losses. The group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market price unless disclosed otherwise.
- 9.3** The group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology, professional skills and marketing strategies. Most of the businesses were acquired as individual units, and the management at the time of the acquisition was retained.

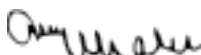
Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period and quarter ended 31st December 2015

- 9.4** The group does not allocate tax expense / tax income or non-recurring gains and losses to reportable segments. In addition, not all reportable segments have material non-cash items other than depreciation, amortization and remeasurement of equity and debt instruments in profit or loss.

10. Date of Authorization for issue

This condensed interim consolidated financial information has been authorized for issue on 18th February 2016 by the Board of Directors of the Company.



Chief Executive Officer



Director



Arif Habib Corp

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