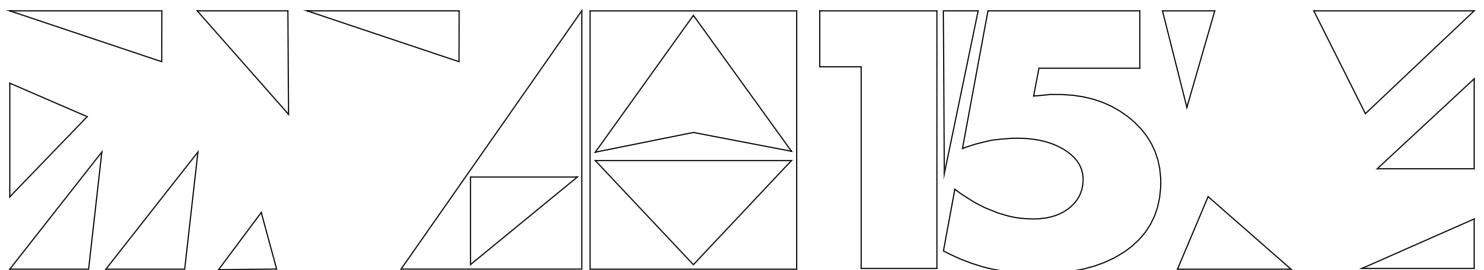
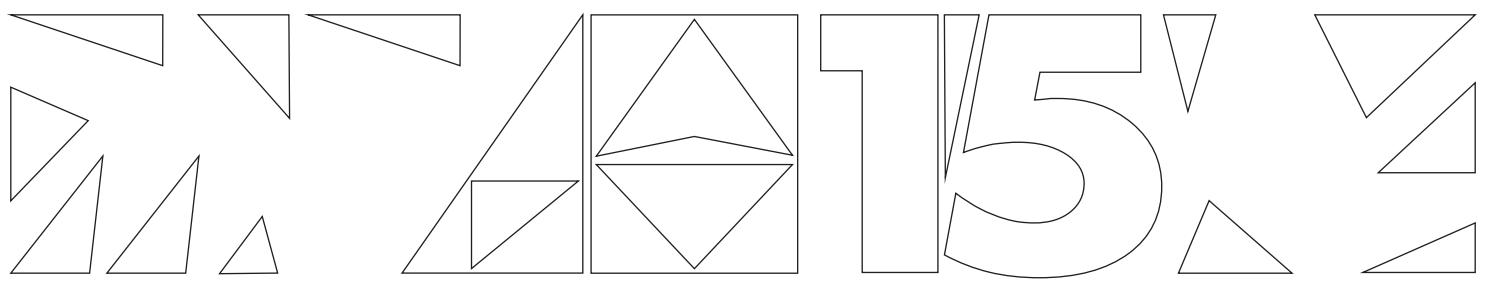


from vision to reality

ANNUAL REPORT 2015



Arif Habib Corp



Partnering for Prosperity



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.

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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, amendments in laws, regulations and policies.

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.

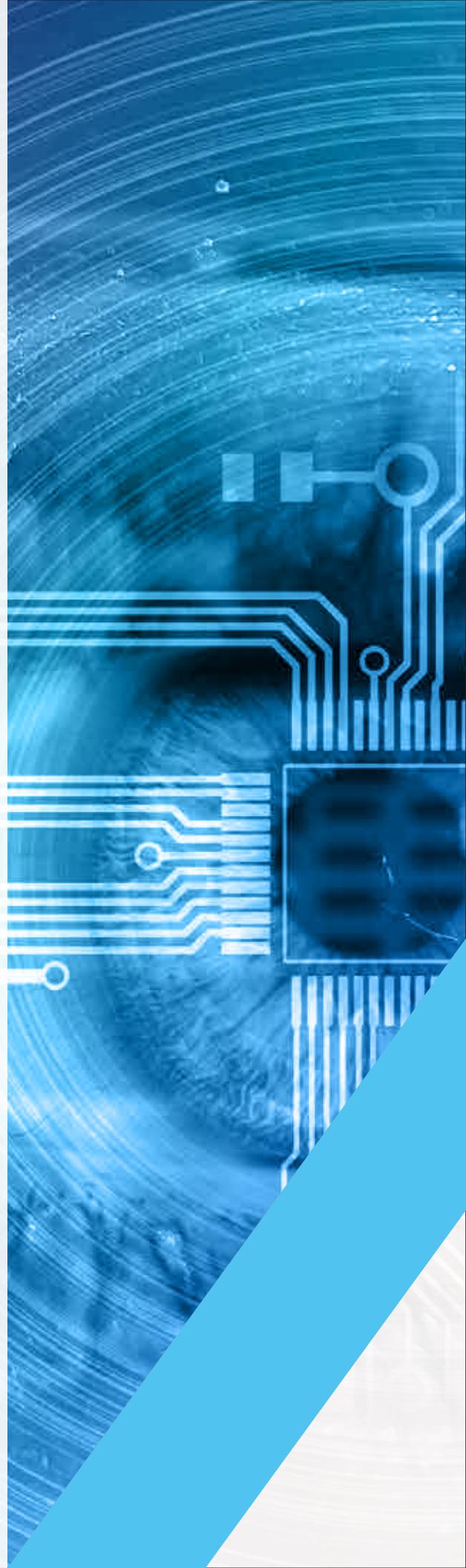
Mission

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.

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

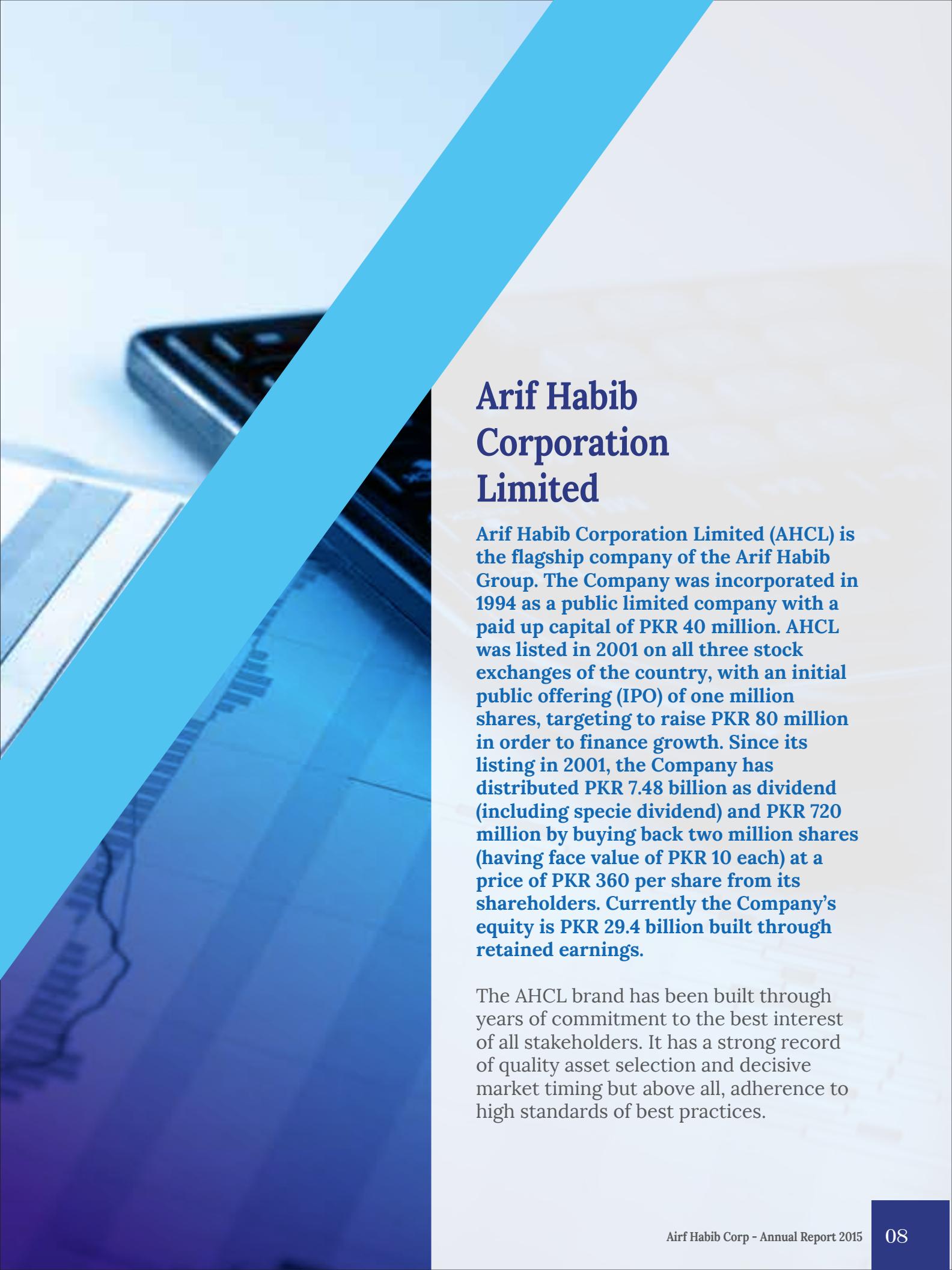
The Arif Habib Group

With its entrepreneurial spirit and passion to undertake business projects that are transformational in nature, the Arif Habib Group has built and continues to develop rewarding businesses in the areas of financial services, fertilizers, cement, steel, energy/wind power and real estate development amongst others. We are amongst the recognised corporate groups of Pakistan and are in the process of expanding our business collaborations around the world.

Over time, the Group has diversified into emerging business areas, with notable contribution to Pakistan's economy. The Group draws strength from its own human resource and its ability to forge strong partnerships and leverage from them. The Group has already partnered some leading names such as Mitsubishi Corporation, Metal-One Corporation, MCB Bank, the Fatima Group and the Dolmen Group; in

addition, it continues the process of building strong business relations with some leading domestic and international names. Quality and excellence are an integral part of the Group's business model and not merely corporate slogans to garner business and profits. There is a strong belief that without setting high standards, the Group cannot measure up to its own ideals.

Additionally, an unconditional commitment to serve the community and all stakeholders is what drives the team to reach its maximum potential. Opportunities are captured by being able to innovate and provide solutions.



Arif Habib Corporation Limited

Arif Habib Corporation Limited (AHCL) is the flagship company of the Arif Habib Group. The Company was incorporated in 1994 as a public limited company with a paid up capital of PKR 40 million. AHCL was listed in 2001 on all three stock exchanges of the country, with an initial public offering (IPO) of one million shares, targeting to raise PKR 80 million in order to finance growth. Since its listing in 2001, the Company has distributed PKR 7.48 billion as dividend (including specie dividend) and PKR 720 million by buying back two million shares (having face value of PKR 10 each) at a price of PKR 360 per share from its shareholders. Currently the Company's equity is PKR 29.4 billion built through retained earnings.

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

Company Information

Board of Directors

Asadullah Khawaja
Chairman

Arif Habib
Chief Executive Officer

Sirajuddin Cassim
Independent Director

Nasim Beg
Non-Executive Director

Samad A. Habib
Non-Executive Director

Kashif A. Habib
Non-Executive Director

Muhammad Ejaz
Non-Executive Director

Audit Committee

Sirajuddin Cassim
Chairman

Kashif A. Habib
Member

Muhammad Ejaz
Member

Management

Arif Habib
Chief Executive Officer

Mohsin Madni
Chief Financial Officer

Manzoor Raza
Company Secretary

Bankers

Allied Bank Limited
Askari Bank Limited
Bank Al Falah 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
Bank Islami 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

Our Partnerships





Pakarab Fertilizers Limited



Pakarab Fertilizers Limited (PAFL) was acquired by a consortium of Arif Habib Group and Fatima Group, in 2005 under the Government of Pakistan's privatization programme.

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. The company is the first Pakistani company to earn and sell Carbon Credits in the international market.

Total Assets
Shareholders' equity
Total liabilities



59,744
Rupees in million

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 1.28 million tons. Commercial production commenced on July 1, 2011. The natural gas is supplied by the Mari Gas field. The Company is listed on all stock exchanges of Pakistan. Fatima Fertilizer is amongst the leading Pakistani companies that are included in the Morgan Stanley Capital International (MSCI) Pakistan Index and MSCI Frontier Index.

Fatima Fertilizer, in partnership with international investors, is in the process of establishing a state-of-the-art fertilizer complex in Indiana, USA at an estimated cost of US\$ 2.6 billion which is likely to commence production in 2018.



84,957
Rupees in million



Total Assets
Shareholders' equity
Total liabilities

Arif Habib Limited



Arif Habib Limited (AHL) commenced securities 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 and debt brokerage, as well as corporate finance services to a large number of institutional, corporate, high net worth 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 & Lahore Stock Exchange and holds a significant market share. The company also works closely with some leading international financial services companies in providing access to the Pakistan capital market.



Total Assets
Shareholders' equity
Total liabilities

4,035
Rupees in million

MCB-Arif Habib Savings and Investments Limited

MCB-Arif Habib Savings and Investments Limited (MCBAH) is a joint-venture Asset

Management, Investment Advisory and Pension Fund Management Company; it is managing Open-end Mutual Funds, Pension Funds as well as Discretionary and Non-discretionary Portfolios for institutional and individual clients.

MCBAH is an industry leader, known for setting international standards and bringing innovative products to market.

The Company enjoys a wide distribution network through MCB and other banks and in addition, has its own institutional and retail marketing teams. It takes pride in being a leader in its retail market share.



Total Assets
■ Shareholders' equity
■ Total liabilities

2,019
Rupees in million



Aisha Steel Mills Limited



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

ASML has a production capacity of over 220,000MT per annum. The plant achieved Commercial Operation in October 2012.



15,337

Rupees in million

Power Cement Limited

Power Cement Limited, (PCL) is majority owned by Arif Habib Corporation Limited. The Company is engaged in the manufacturing and sale of cement. The plant is situated in Nooriabad Industrial Area, Jamshoro, Sindh.

The plant comprises of two production lines and has a total production capacity of 3000 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 markets located in the region.



5,988
Rupees in million



Total Assets
Shareholders' equity
Total liabilities

Javedan Corporation Limited



Javedan Corporation Limited (JCL) owns land measuring over 1300 acres at Manghopir, near SITE, North Nazimabad, North Karachi 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 that is nearly a city within a city with all basic and high-end amenities.

Naya Nazimabad will accommodate the housing demand of the middle income group and is an endeavour not only to alleviate the housing problem of the city but also to provide a quality lifestyle for progressive middle class.

At its completion, Naya Nazimabad will provide amenities like road network, hospital, mosque, school, commercial area, fitness centre, horse club, park and other utilities. The project is envisioned as the largest private sector development initiative within the peripheries of Karachi city, upon completion, it will have up to 30,000 homes accommodating a population of over 100,000 people. After the successful sale of housing units and plots in Naya Nazimabad in 2011, Javedan Corporation will launch the second phase and will offer housing units and plots to the public in 2015. The development of the first phase is progressing on schedule and handover of property shall begin in 2016.

Total Assets
Shareholders' equity
Total liabilities



14,124
Rupees in million

Sachal Energy Development (Pvt.) Limited

Sachal Energy (SEDPL) will commission and operate a 50MW 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 reducing dependence on fossil fuels and producing 136.5 GWh yearly of clean energy. The company has acquired generation license and tariff determination by NEPRA and has received a Letter of Support from the Alternate Energy Development Board (AEDB). Similarly, the company has executed its EPA with NTDC and IA with AEDB. Furthermore, foreign and local financing facility agreements with Industrial and Commercial Bank of China were signed in February 2015 and May 2015 respectively. SEDPL has submitted its application for Clean Development Mechanism (CDM) registration to the CDM Executive Board, which will be followed by registration with the Gold Standard Foundation. The company expects that it will begin construction during 2015.

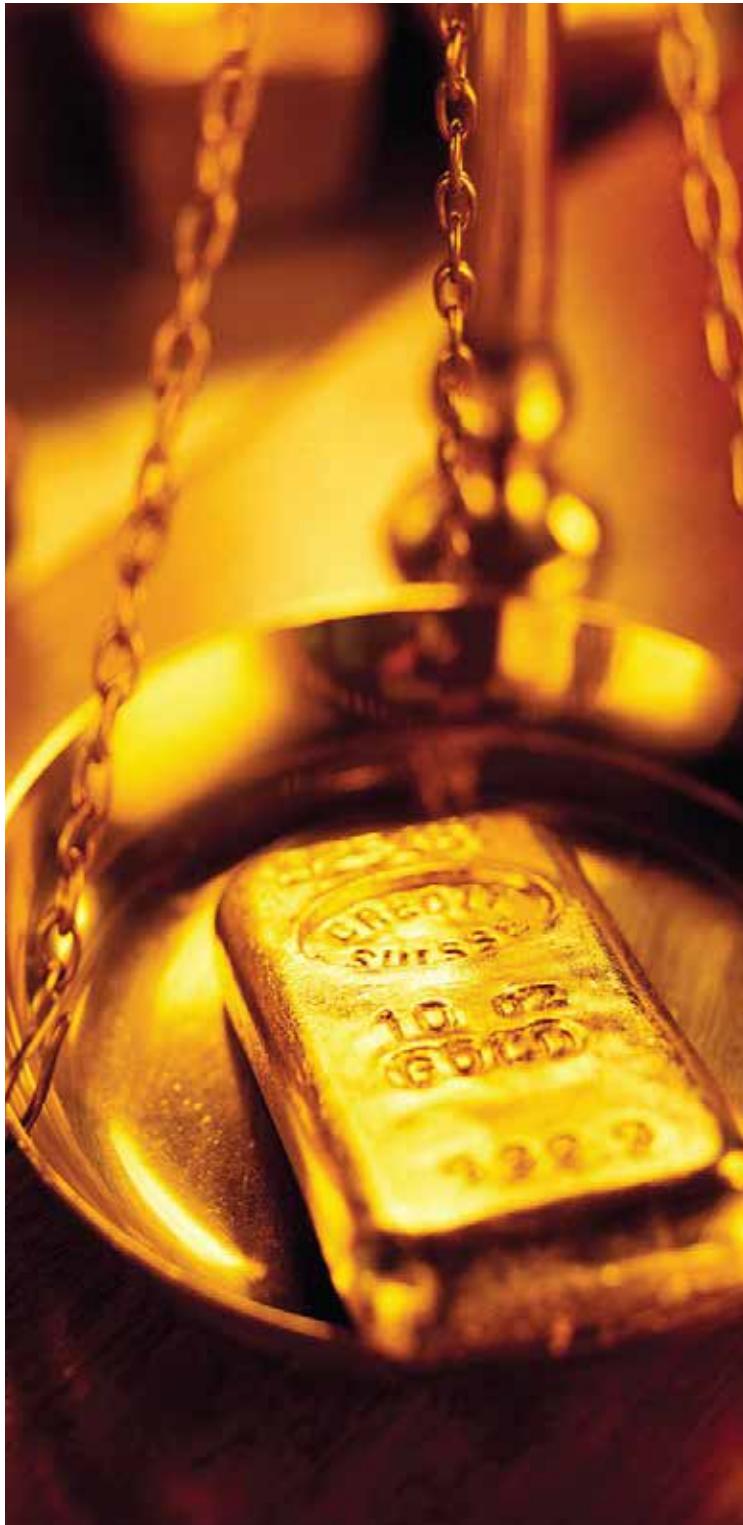


493
Rupees in million



Total Assets
■ Shareholders' equity
■ Total liabilities

Arif Habib Commodities (Pvt.) Limited



Arif Habib Commodities provides a wide range of services to a diversified client base that includes corporations, financial institutions, and high-net-worth individuals.

The company is committed to establishing a strong name for itself in commodity market research and commodity brokerage services of Pakistan Mercantile Exchange, Arif Habib Commodities, with a professional team provides premier services for investors with round the clock services.

Total Assets
■ Shareholders' equity
■ Total liabilities



28
Rupees in million

Other Companies Having Group's Shareholding

Arif Habib Consultancy (Pvt.) Limited

Arif Habib Consultancy (Pvt.) Limited (AHCPL) was incorporated in 2011.

AHCPL leverages on the group-wide expertise, human resource and experience to provide business consultancy services and practical on-ground implementation support to a variety of businesses. It also works closely with a group company that provides corporate finance services.

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, assisting start-up, developing new business lines, business and process re-engineering, financial restructuring, mergers and acquisition amongst others.



Arif Habib Dolmen REIT Management Limited



Arif Habib Dolmen REIT Management Limited; a joint venture between the Arif Habib Group and the Dolmen Group, was incorporated as a public limited company (un-quoted) in 2009 under the Companies Ordinance, 1984 and registered under NBFC Rules with the Securities and Exchange Commission of Pakistan (SECP).

The objective of the company is to launch and manage REITs on carefully selected and commercially viable real estate properties with the aim of bringing real estate investment within the reach of common investors. The company combines the expertise of Arif Habib and Dolmen Group, bringing together strengths in finance and investments, market gap identification, property development and 360 degree property management.

The company launched and listed South Asia's first Real Estate Investment Trust (REIT) – Dolmen City REIT in June 2015.

Total Assets
Shareholders' equity
Total liabilities



1,546
Rupees in million

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 approval of budgets for capital and operational expenditure, investments in new ventures and issuance of further shares.

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

Whistle Blowing

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

Succession Planning

A company is only as strong as the people it employs. We believe in nurturing their strengths by empowering our people through challenging opportunities which enhance their potential and develop 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 engagements is based on business and corporate requirements with the following:

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



Board of Directors

Sitting From Left to Right

Mr. Asadullah Khawaja and Mr. Sirajuddin Cassim

Standing From Left to Right

Mr. Samad A. Habib, Mr. Arif Habib,
Mr. Muhammad Ejaz and Mr. Nasim Beg.

Mr. Kashif A. Habib*

*Not in Picture





Directors Profile

Mr. Asadullah Khawaja

Chairman



Mr. Asadullah Khawaja is the Chairman of Arif Habib Corporation Limited. He started his professional career with United Bank Limited and soon switched to investment banking with Investment Corporation of Pakistan (ICP) where he served 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 Counsellor. During his professional career he has served as Chairman Packages Limited, 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. He has also served as the Chairman of the Board of PICIC Asset Management Company.

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
As Director
Arif Habib Dolmen REIT Management Limited
Pakistan Opportunities Limited
Summit Bank Limited

Mr. Arif Habib

Chief Executive



Mr. Arif Habib is the Chief Executive of Arif Habib Corporation Limited. He is also the Chairman of Pakarab Fertilizers Limited, Fatima Fertilizer Company Limited, DH Fertilizers Limited, Aisha Steel Mills Limited and Javedan Corporation Limited. He also serves as a Director in various companies including Sui Northern Gas Pipelines Company Limited, PIA and Pakistan Engineering Company Limited.

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. Habib participates with significant dedication 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.

Corporate Responsibilities

As Chairman

Aisha Steel Mills Limited
Arif Habib Consultancy (Pvt.) Limited
Arif Habib DMCC (resigned 31st July)
Arif Habib Foundation
DH Fertilizers Limited
Fatima Fertilizer Company Limited
Javedan Corporation Limited
Pakarab Fertilizers Limited
Sachal Energy Development (Pvt.) Limited

As Director

Pakistan International Airlines Corporation
Pakistan Engineering Company Limited
Sui Northern Gas Pipelines Limited
Pakistan Opportunities Limited
International Complex Projects Limited

As Honorary Trustee/Director

Fatimid Foundation
Karachi Education Initiative
Pakistan Veterans Cricket Association
Memon Health and Education Foundation
Pakistan Centre for Philanthropy
Arif Habib Foundation

Mr. Sirajuddin Cassim

Independent Director



Mr. Sirajuddin Cassim started as a partner in Daudally Siraj & Company, Chartered Accountants and has remained engaged in financial, investment advisory and corporate consultancy services since 1985. He brings with him vast knowledge of accounting, tax laws, corporate law, and corporate finance.

He has practical experience of preparing prospectus/offer for sale documents of numerous companies and has successfully listed these companies on all the three stock exchanges of the country.

He was a member of the Karachi Stock Exchange and Islamabad Stock Exchange. He has served on the Board of Directors of the Karachi Stock Exchange in the years 1990 and 1991 and has also held the position of Vice President in 1993 and of President in 1995. He served as the Chairman of the CDC in 1995.

He was also the Vice President of Institute of Chartered Secretaries and Managers from 1997 to 2000.

He has also served as the Executive Director Standard Chartered Mercantile Leasing Company Limited from 1989 to 1998. He has vast experience of serving as member of the Taxation & Fiscal and Banking & Fiscal sub-committees of the Karachi Chamber of Commerce & Industries.

Mr. Nasim Beg

Non-Executive Director



Mr. Nasim Beg, a Fellow Member of the Institute of Chartered Accountants of Pakistan, is the Chief Executive Officer of Arif Habib Consultancy (Pvt.) Limited along with being the 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.

With over forty-five 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 experienced 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 Dhabi Investment Company, UAE, where he was a part of the team that set up the company in 1977. He has also been a member of the Prime Minister's Economic Advisory Council (EAC).

Corporate Responsibilities

Arif Habib Consultancy (Pvt.) Limited (Chief Executive)

As Director

Aisha Steel Mills Limited

Arif Habib Dolmen REIT Management Limited (non-executive Chairman)

MCB-Arif Habib Savings & Investments Limited (Vice Chairman)

Pakarab Fertilizers Limited

Pakistan Opportunities Limited

Power Cement Limited (non-executive Chairman)

Safemix Concrete Limited

Summit Bank Limited

Mr. Samad A. Habib

Non-Executive Director



Mr. Samad A. Habib is 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) and has 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.

Mr. Samad A. Habib holds a Master's degree in Business Administration.

Corporate Responsibilities Javedan Corporation Limited (Chief Executive)

As Director

- Arif Habib Equity (Pvt.) Limited
- Arif Habib Dolmen REIT Management Limited
- Arif Habib Foundation
- MCB-Arif Habib Savings & Investments Limited
- International Complex Projects Limited
- Nooriabad Spinning Mills (Pvt.) Limited
- Pakarab Fertilizers Limited
- Pakistan Opportunities Limited
- Power Cement Limited
- REMMCO Builders & Developers Limited
- Rotocast Engineering Company (Pvt.) Limited
- Safemix Concrete Limited

Mr. Muhammad Ejaz

Non-Executive Director



Mr. Ejaz is the Chief Executive of Arif Habib Dolmen 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 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 Dolmen REIT Management Limited (Chief Executive)

As Director

Aisha Steel Mills Limited
Al- Hamra City (Pvt.) Limited
Dolmen Arif Habib Real Estate Services (Pvt.) Limited
Javedan Corporation Limited
Power Cement Limited
REMMCO Builders & Developers Limited
Sachal Energy Development (Pvt.) Limited

Mr. Kashif A. Habib

Non-Executive Director

Mr. Kashif A. Habib is the Chief Executive of Power Cement Limited. Being a member of the Institute of Chartered Accountants of Pakistan (ICAP) he 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 has to his credit four years of experience in Arif Habib Corporation Limited as well as five years' experience as an Executive Director in cement and fertilizer companies of the group.

Corporate Responsibilities

Power Cement Limited (Chief Executive)
Safe Mix Concrete Products Limited
(Chief Executive)

As Director

Aisha Steel Mills Limited
Arif Habib Dolmen REIT Management Limited
Arif Habib Equity (Pvt.) Limited
Arif Habib Foundation
Bubber Sher (Pvt.) Limited
DH Fertilizers Limited
Dolmen Arif Habib Real Estate Services (Pvt.)
Limited
Fatima Fertilizer Company Limited
Javedan Corporation Limited
Memon Health and Education Foundation
Pakarab Fertilizers Limited
REMMCO Builders & Developers Limited
Reliance Sacks Limited
Rotocast Engineering Company (Pvt.) Limited

Key Management

Mr. Mohsin Madni

Chief Financial Officer

Mr. Mohsin Madni is the Chief Financial Officer of Arif Habib Corporation Limited. His role encompasses a wide range of matters ranging from finance to taxation.

Mr. Madni is an Associate Member of the Institute of Chartered Accountants of Pakistan (ICAP) and holds a Masters degree in Economics & Finance. He is also an associate member of Pakistan Institute of Public Finance Accountants and Institute for Internal Controls, USA. Mr. Madni completed his articleship from KPMG TaseerHadi& Co., Chartered Accountants, where he gained experience of diverse sectors serving clients spanning the Financial, Manufacturing, Trading and Services industries.

Mr. Manzoor Raza

Company Secretary

Mr. Manzoor Raza is the Company Secretary of Arif Habib Corporation Limited. His role encompasses a wide range of matters ranging from corporate law to compliance.

He is a member of Institute of Chartered Secretaries and Managers and has been associated with the Arif Habib Group since 2003. He worked with Arif Habib Investments Limited (now MCB-Arif Habib Savings) before moving to Arif Habib Corporation Limited in 2011.

Board & Management Committees

To ensure good Corporate Governance, 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; and
- 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 Head of Internal Audit. After each meeting, the Chairman of the Committee reports to the Board. During the financial year under review, the Committee met 4 times.

S. No.	Name	Designation	Meetings attended during the year
1.	Mr. Sirajuddin Cassim	Chairman	3
2.	Mr. Kashif Habib	Member	4
3.	Mr. Muhammad Ejaz	Member	4

The Internal Audit Department is currently headed by Mr. Muhammad Taha Siddiqui, ACCA, who has vast 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 5 times.

S. No.	Name	Designation	Meetings attended during the year
1.	Mr. Asadullah Khawaja	Chairman	4
2.	Mr. Nasim Beg	Member	1
3.	Mr. Arif Habib	Member	5
4.	Mr. Kashif A. Habib	Member	5

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 regularly reports to the Board. During the year under review, 2 meetings were held.

S. No.	Name	Designation	Meetings attended during the year
1.	Mr. Mr. Arif Habib	Chairman	2
2.	Mr. Nasim Beg	Member	2
3.	Mr. Samad A. Habib	Member	2

Management Committees

Executive Committee on Risk Management (ECRM)

ECRM is headed by the Chief Executive of the Company and includes Group executives. 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 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 HR&RC to oversee the Company's compensation and benefits policies generally, evaluate executive officer performance and review the Company's management succession plan and recommend compensation for the Company's executive officers. The ECHR is committed to develop and make decisions on Human Resource strategy and policy. The ECHR meets on the advice of the Chairman and/or on the request of the members.

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 performance examines 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.

In accordance with this code, the Board undertook a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors conducted by Pakistan Institute of Corporate Governance (PICG) in 2015. The findings and the factors were reassessed and re-evaluated by the Board during the financial year under review.

In continuance of adhering to the Code, the Board undertook an evaluation on the following criteria to assess 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 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 or/and 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.
- Ensuring adequate information is shared with the Board timely and the Board is kept abreast of developments between meetings.

Chief Executive Performance Review

One of the most significant responsibilities of the Board of Directors is to ensure that the company has a 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 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.

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 2015 together with auditors' report thereon.

Principal activities

Arif Habib Corporation Limited (AHCL) is a holding company of diversified businesses consisting of financial services and industries. The Company owns significant interest in fertilizers, securities and commodities brokerage, corporate finance, asset management, cement, steel, wind power and real estate development. It also continues to manage a securities market portfolio earning good returns.

Awards

During the current financial year, your Company was awarded the 'Best Presented Accounts' for 2013 by the South Asian Federation of Accountants (SAFA). Additionally, Arif Habib Limited, a subsidiary of AHCL, was amongst the 'Top 25 Companies Award' recipients for 2012, selected by the Karachi Stock Exchange recognizing its good financial performance and corporate governance.



The Economy

During the year under review Pakistan's economy has improved remarkably, particularly notable was the decline in inflation, in the fiscal deficit, interest rates and the current account deficit. Tax and non-tax revenues, as well as remittances from overseas Pakistanis and foreign exchange reserves have increased impressively. The value of the Rupee remained stable during the year under review, that too in an environment where several currencies declined vis-a-vis the US Dollar.

In terms of numbers comparison, inflation has decreased to 4.56% during FY15 against previous year's 8.62%, the fiscal deficit is at 5% of GDP against 5.5% last year, while the central bank's interest rate has fallen to 7% from 10%; additionally, the current account deficit is 0.8% of GDP as compared to 1.3% last year. Significant growth was witnessed in tax and non-tax revenues at the rate of 14.8% YoY to PKR 2,588 billion; the remittances from overseas Pakistanis went up by 16.5% and the

foreign exchange reserves increased by 32.3% (US Dollars 18.7billion). However, the GDP growth, exports and FDI could not achieve the anticipated targets.

Financial Results

During the year under review, the Company has earned a profit after tax of PKR 4.44 billion as compared with PKR 2.31 billion in 2013-14. This translates to an earning of PKR 9.78 per share as compared with PKR 5.08 per share in previous year. A notable contribution towards this performance came from good dividends and realized & unrealized gains on investment.

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 2015 at PKR 4.00 per share i.e. 40%. This entitlement shall be available to those shareholders whose names appear on the shareholders' register at the close of business on 13th October 2015.



The Summary of Financial Results is as follows:-

	2015	2014
Profit after tax	4,438,753,272	2,306,319,472
Un-appropriated profit brought forward	16,680,314,421	15,508,369,949
Profit available for appropriation	21,119,067,693	17,814,689,421
Appropriations:		
Final Cash Dividend at Rs.4.00 per share i.e. 40% for the year ended 30th June 2015 as recommended by the Board of Directors (Rs. 2.5 per share i.e. 25% for the year ended 30th June 2014)	* 1,815,000,000	1,134,375,000
Un-appropriated profit carried forward	19,304,067,693	16,680,314,421
Earnings per share – basic & diluted	9.78	5.08

* Subject to the approval by members in the AGM to be held on 21st October 2015

Performance of Subsidiaries and Associates

The Group initiated a consolidation strategy last year that has yielded dividends in the shape of improved performance of all investee companies and is reflected in better financial results of your Company (both on the basis of standalone and consolidated financial statements).

Segments at a Glance

Fertilizers

A significant portion of the Company's investment is in the fertilizer sector. The sector is led by Fatima Fertilizer Company Limited (FFCL) and is followed by Pakarab Fertilizers Limited (PAFL). On 3rd July, 2015 FFCL has acquired 100% shareholding of DH Fertilizers Limited, an existent Pakistani company. Further, FFCL has made a commitment to acquire up to 35% shareholding in Midwest Fertilizer Company, a greenfield project in the USA. FFCL has performed well, recording a profit after tax of PKR 9.26 billion with an EPS of PKR 4.41 for the year ended 31st December 2014 and profit after tax of PKR 6.83 billion with an EPS of PKR 3.25 for the half year ended 30th June 2015. AHCL has received PKR 929.5 million as dividend from FFCL for the year ended on 31st December 2014.

PAFL recorded a loss of PKR 44.67 million for the year ended on 31st December 2014 due to non-supply of gas for most of that year; and for the same reason, a loss of PKR 433.18 for the half year ended 30th June 2015. However, PAFL has been operational on relatively high cost feed gas supply based on LNG since 2015.

Financial Services

There has been a marked improvement in the financial performance of the subsidiaries and associates in this sector. Arif Habib Limited (AHL) has recorded a profit after tax of PKR 928.53 million with an EPS of PKR 16.88 during the year, i.e., a growth of 13.44% as compared to last year. AHL has announced a dividend of PKR 7 per share as

compared to PKR 5 per share last year. The company is well positioned to avail profitable opportunities that are available in all areas of its business.

MCB-Arif Habib Savings and Investments Limited has recorded a growth of 52.68% in profit after tax at PKR 278.86 million for the year ended 30th June 2015 and has announced a total dividend of PKR 3.25 per share. The funds under management have also increased impressively to PKR 58.54 billion from PKR 45.44 billion last year.

Arif Habib Commodities (Pvt.) Limited is performing satisfactorily. The company is still in development phase and has been able to curtail its loss to PKR 1.67 million as compared to loss of PKR 4.91 million last year.

Steel

Aisha Steel Mills Limited (ASML), in the year under review maintained its leading position as the largest producer and seller of Cold Rolled Coil (CRC) steel in Pakistan with total sales volume of over 138,900 MT amounting to Gross Sales value of over PKR 11,338 million. ASML has further improved its quality and is now widely seen in the market as the best quality manufacturer of CRC products. The company has been improving its production and sales during the year under review, however, it has yet to achieve full capacity and in the meanwhile, the steel prices continued to fall quite rapidly, which has resulted in inventory losses; the company suffered a loss of PKR 1.21 billion after tax.

Cement

Power Cement Limited has performed better than the previous year, recording a profit after tax of PKR 433.83 million as against a loss of PKR 73.9 million last year. A significant investment has been made in improving the reliability of cement production facilities, positioning the company to achieve improved capacity utilization.

Real Estate

The Naya Nazimabad housing project is progressing as per schedule and has achieved the milestones that had been set for it. Javedan Corporation Limited has recorded a profit after tax of PKR 800.529 million as compared to PKR 842.28 million in the previous year.

Wind power

Your Company's investment in the wind power sector, through Sachal Energy Development (Pvt.) Limited (SEDPL) has achieved major milestones, with respect to the project development and financing.

During the current year SEDPL signed an Implementation Agreement and the Site Sub-lease Deed with the Alternative Energy Development Board (AEDB) in August 2014 and November 2014 respectively. Furthermore, foreign and local financing facility agreements with Industrial and Commercial Bank of China were signed in February 2015 and May 2015 respectively. SEDPL has submitted its application for Clean Development Mechanism (CDM) registration to the CDM Executive Board, which will be followed by registration with the Gold Standard Foundation. The Company expects to achieve financial close in the current quarter and will begin construction immediately thereafter.

Future Outlook

Following the stabilization of its economy, Pakistan stands at a position where it is ready to transition into an era of growth. The government plans to privatize its strategic investments and initiate major infrastructure projects, including energy, in FY16. Not only will these undertakings generate rewarding opportunities to existing group companies but they will also present many new investment opportunities. There has been a visible improvement in the previously challenging security situation of Pakistan, which has led to renewed investor confidence and restoring Pakistan's perception internationally. US Iran agreement is expected to contribute positively for improvement investment activities.

The improved financial performances of investee companies in financial year ended 30th June 2015 should contribute higher dividends as well as value appreciation of investments in the standalone financial statement and overall better earning in consolidated financial statement of the company.

In view of the above the future outlook of your Company looks bright.

Risk Management

The risk management system 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. The Company started with secondary market investments, and has always followed a policy of diversification between sectors and companies and at the same time, basing individual investment decisions on fundamental analysis and following the time-tested rule of value investing. The Company manages risk by applying caution with respect to the security selection; avoiding concentration risk, ensuring adequate underlying collateral and potential cashflows 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.

For its strategic investments, the Company 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 are managed. As an ongoing process and at least once 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.



2015 Rs. in million **2014**
29,444.93
TOTAL EQUITY

2015 Rs. in million **2014**
39,596.88
TOTAL ASSETS

2015 Rs. in million **2014**
24,148.58
MARKET CAPITALIZATION

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 becomes the right option.

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

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 the 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 which is why we continue to encourage our group companies to demonstrate responsibility and sensitivity toward the people and environment in which they operate.

Today, the Arif Habib Group companies are 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 the Arif Habib Group are conscious of the well-being of our employees as well as community at large. The group companies focus on energy conservation and all departments and employees adhere to 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.

Many of the Group companies arranged celebratory activities to commemorate the historic events of Independence Day and Pakistan Day paying tribute to the country which has allowed us to flourish. Keeping true to our commitment to uplift society AHCL and AHL have contributed to the establishment of a school, vocational training centre and Mosque at Naya Nazimabad, which will offer its residents an all-inclusive residential society.

A healthy country is a thriving country. Group companies have played an active role towards contributing to a healthier society by providing support to various organizations, some of which are Aga Khan Hospital & Medical College Foundation, LABARD, Shaukat Khanum Memorial Trust, Sindh Institute of Urology & Transplantation. Details of the contributions made by group companies are presented on page No. 54. Furthermore, AHCL has contributed an amount of PKR 140 million towards tax.

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.

It has always been the Company's endeavour 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 spouses 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 5,262 shareholders of the Company as of 30th June 2015. 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 63) and graphic representation of the important statistics is presented on (Page 65).

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 2014 amounts to PKR 14.14 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 features of its terms of reference are also attached with this report.

Auditors

The present external auditors M/s. KPMG Taseer Hadi & Co., shall retire at the conclusion of Annual General Meeting on 21st October 2015 and being eligible, have offered themselves for reappointment for the year ending on 30th June 2016. 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 TaseerHadi& Co., as auditors of the Company for the financial year ending on 30th June 2016 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 October 2015.

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 2013 will be completed in September 2016.

Post Balance Sheet Events

There have been no material changes since 30th June 2015 to the date of this report except the declaration of a final Cash Dividend @ 40 % which is subject to the approval of the Members at the 21st Annual General Meeting to be held on 21st October 2015. 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

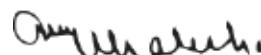
regulations, the Company presented all related party transactions before the Audit Committee and Board for their review and approval. These transactions have been approved by the Audit Committee and Board of Directors in their respective meetings. The details of related transactions have been provided in note 34 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
Chief Executive

Karachi: Septemeber 22, 2015

Annexure I

**Statement showing shares bought and sold by Directors, CEO, CFO, Company Secretary and their Spouses and Minor Children
From 1st July 2014 to 30th June 2015**

Name	Designation	Shares bought * Received vide Gift	Shares sold	Remarks
Mr. Asadullah Khawaja	Chairman	4,500	-	-
Mr. Arif Habib	Chief Executive	-	-	-
Mr. Nasim Beg	Director	-	20,000	-
Mr. Samad A. Habib	Director	-	-	-
Mr. Kashif A. Habib	Director	-	-	-
Mr. Muhammad Ejaz	Director	-	-	-
Mr. Sirajuddin Cassim	Director	* 128,562	-	-
Mr. Abdul Hamid Bhombal	Former CFO & Company Secretary			
Mr. Mohsin Madni	CFO	-	-	-
Mr. Manzoor Raza	Company Secretary			
Mr. Muhammad Taha Siddiqui	Head of Internal Audit	-	-	-
**Mrs. Zetun Arif	Spouse of Mr. Arif Habib	-	** -	-
Minor children	-	-	-	-

** Statement does not include 3,034,000 shares sold by Mrs. Zetun Arif on 29th June 2015. The shares sold were not yet transferred as on 30th June 2015.

Annexure II

Statement showing attendance at Board Meetings From 1st July 2014 to 30th June 2015

Name	Designation	Total	Eligible to attend	Attended	Leaves granted	Remarks
Mr. Asadullah Khawaja	Chairman	5	5	3	2	
Mr. Arif Habib	Chief Executive	5	5	5	-	
Mr. Nasim Beg	Director	5	5	5	-	-
Mr. Samad A. Habib	Director	5	5	3	2	-
Mr. Kashif A. Habib	Director	5	5	4	1	-
Mr. Muhammad Ejaz	Director	5	5	1	4	-
Mr. Sirajuddin Cassim	Director	5	5	3	2	-

Annexure III

Pattern of Shareholding

Categories of Shareholders as at 30th June 2015

Category	Number of shareholders	Number of shares held	Holding %
*Directors, Chief Executive, and their Spouses and minor children	8	339,024,361	74.72
Executives	-	-	-
NIT and ICP	1	774,292	0.17
Associated Companies, Undertakings and Related Parties	1	207,213	0.05
Public Sector Companies and Corporations	2	3,539,589	0.78
Bank, Development Finance Institutions, Non-Banking Finance Institutions	2	8,106	0.00
Insurance Companies	5	102,423	0.02
Modarabas	-	-	-
Mutual Funds	1	23,937	0.01
Others	91	46,418,963	10.23
General Public - Local	5,142	54,185,795	11.94
General Public - Foreign	9	9,465,321	2.09
	5,262	453,750,000	100.00

* This include 3,034,000 shares sold by Mrs. Zetun Arif on 29th June 2015. However, the shares were not transferred from her account as of 30th June 2015.

Pattern of Shareholding

Categories of Shareholders as at 30th June 2015

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	51,006	0.01
Mr. Nasim Beg	1	2,078	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. Sirajuddin Cassim	1	229,893	0.05
*Mrs. Zetun Arif	1	76,932,000	16.95
	8	339,024,361	74.72
Executives			
Associated Companies, Undertakings and Related Parties			
Summit Bank Limited	1	207,213	0.05
	1	207,213	0.05
NIT and ICP			
CDC - Trustee National Investment (Unit) Trust	1	774,292	0.17
	1	774,292	0.17
Joint Stock Companies			
Public Sector Companies and Corporations	2	3,539,589	0.78
Bank, Development Finance Institutions, Non-Banking Finance Institutions	2	8,106	0.00
Insurance Companies	5	102,423	0.02
Modarabas	-	-	-
	9	3,650,118	0.80
Mutual Funds			
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	23,937	0.01
	1	23,937	0.01
Others	91	46,418,963	10.23
General Public			
Local	5,142	54,185,795	11.94
Foreign	9	9,465,321	2.09
	5,151	63,651,116	14.03
	5,262	453,750,000	100

Shareholders holding 5% or more

Mr. Arif Habib	1	261,772,967	57.69
*Mrs. Zetun Arif	1	76,932,000	16.95

* This include 3,034,000 shares sold by Mrs. Zetun Arif on 29th June 2015. However, the shares were not transferred from her account as of 30th June 2015.

Pattern of Shareholding

Categories of Shareholders as at 30th June 2015

Number of Shareholders		Shareholdings' Slab	Holding
929	1	to 100	26,120
1062	101	to 500	317,004
759	501	to 1,000	594,001
1525	1,001	to 5,000	3,704,535
356	5,001	to 10,000	2,694,199
174	10,001	to 15,000	2,173,191
91	15,001	to 20,000	1,595,724
59	20,001	to 25,000	1,367,825
36	25,001	to 30,000	1,000,799
23	30,001	to 35,000	738,756
23	35,001	to 40,000	879,070
16	40,001	to 45,000	689,025
34	45,001	to 50,000	1,652,138
14	50,001	to 55,000	726,315
10	55,001	to 60,000	579,901
6	60,001	to 65,000	374,948
3	65,001	to 70,000	203,037
12	70,001	to 75,000	880,707
5	75,001	to 80,000	388,250
1	80,001	to 85,000	82,300
6	85,001	to 90,000	534,111
2	90,001	to 95,000	187,500
18	95,001	to 100,000	1,795,020
1	100,001	to 105,000	104,000
2	105,001	to 110,000	215,795
4	110,001	to 115,000	454,137
3	115,001	to 120,000	358,000
3	120,001	to 125,000	367,100
2	125,001	to 130,000	254,457
1	130,001	to 135,000	133,500
2	135,001	to 140,000	278,600
2	140,001	to 150,000	286,550
3	150,001	to 155,000	460,017
2	155,001	to 160,000	318,500
2	160,001	to 165,000	323,579
1	165,001	to 170,000	170,000
2	170,001	to 175,000	342,454
3	175,001	to 180,000	533,125
1	180,001	to 190,000	186,000
2	190,001	to 195,000	386,758
2	195,001	to 200,000	400,000
2	200,001	to 205,000	406,500
1	205,001	to 210,000	207,213
2	210,001	to 230,000	456,768
1	230,001	to 250,000	242,000
1	250,001	to 265,000	252,023
1	265,001	to 275,000	270,000
2	275,001	to 280,000	555,600
1	280,001	to 290,000	287,000
1	290,001	to 300,000	300,000
1	300,001	to 305,000	302,500
1	305,001	to 310,000	310,000
1	310,001	to 325,000	315,500
1	325,001	to 350,000	350,000
1	350,001	to 360,000	352,000
1	360,001	to 370,000	360,048
1	370,001	to 375,000	373,000

Pattern of Shareholding

Categories of Shareholders as at 30th June 2015

Number of Shareholders		Shareholdings' Slab		Holding
1	375,001	to	400,000	382,000
1	400,001	to	425,000	418,000
1	425,001	to	440,000	440,000
1	440,001	to	450,000	450,000
2	450,001	to	475,000	924,975
1	475,001	to	490,000	489,000
1	490,001	to	500,000	490,193
1	500,001	to	515,000	504,165
1	515,001	to	550,000	516,000
1	550,001	to	575,000	565,500
1	575,001	to	700,000	577,218
1	700,001	to	715,000	710,000
1	715,001	to	725,000	719,500
1	725,001	to	750,000	731,500
1	750,001	to	800,000	774,292
1	800,001	to	820,000	813,206
1	820,001	to	825,000	820,400
1	825,001	to	900,000	847,000
1	900,001	to	950,000	933,500
2	950,001	to	975,000	1,904,867
1	975,001	to	1,000,000	1,000,000
1	1,000,001	to	1,500,000	1,201,500
1	1,500,001	to	1,600,000	1,590,465
1	1,600,001	to	1,800,000	1,622,330
1	1,800,001	to	2,000,000	1,835,500
1	2,000,001	to	2,250,000	2,250,000
1	2,250,001	to	2,500,000	2,420,000
1	2,500,001	to	2,600,000	2,588,722
2	2,600,001	to	2,900,000	5,303,000
1	2,900,001	to	3,000,000	2,950,000
1	3,000,001	to	5,000,000	3,602,500
1	5,000,001	to	7,000,000	6,472,500
1	7,000,001	to	7,500,000	7,200,000
1	7,500,001	to	7,750,000	7,700,000
1	7,750,001	to	10,000,000	8,000,000
1	10,000,001	to	50,000,000	11,200,000
1	50,000,001	to	100,000,000	76,932,000
1	100,000,001	to	261,775,000	261,772,967
5262				453,750,000





Corporate Social Responsibility (CSR)

Sustainability Report - Investing in Pakistani Economy, Society and Environment

CEO's Message

There are several ways to gauge a company's success. At the Arif Habib Group, we believe a truly successful company is the one that gives back and rewards the communities in which it operates.

As one of the largest organisations, we believe we can make a difference through several means, including financially and morally supporting credible causes, helping the environment and improving the society in general for our stakeholders.

Our practice of returning to society what we earn evokes trust among partners, employees, shareholders and the community. We remain committed to protecting our heritage through trust and it is reflected in the manner we conduct our business.

It is my hope that we can set an example for other companies by demonstrating that these contributions to society will help in creating awareness to save our planet, which would entail that we can collectively take great pride in making the world a safer and more sustainable place for future generations.



Our Vision for Sustainability

Societies around the world today face a wide range of pressing needs in nearly every aspect of life. Our environment is challenged by issues such as global warming and human rights violations that are far too common. The ever-increasing global population is putting a strain on our energy, water and food resources. At the same time, resources such as power, transportation and communications infrastructure, along with fundamental community services such as education and healthcare, are unable to keep pace.

Despite staring down the barrel of several challenges, the Pakistani economy has recovered through effective management, good governance, transparency and sincere commitment. However, the road remains lengthy in ensuring socio-economic growth as many areas in the country remain deprived of even basic necessities such as education, healthcare, energy and clean water amongst others. Here, we have only scratched the surface.

Our businesses at the Arif Habib Group span across the country, and through our daily interaction with stakeholders we are able to understand the society's real needs. Our aim is always to undertake worthwhile businesses that draw on this understanding and help in addressing core societal issues. In every business domain, we are driven by a sense of challenge that seeks to build a track record of improved service in Pakistan and worldwide as a company that is valued by society and contributes to a better, more sustainable future where the aspirations of people are fulfilled.

We strive to ensure that we maximize positive impacts and minimize, as much as we can, the negative affect on communities and environment. It is our vision to continue contributing to economic growth and stability in Pakistan through actively investing in its economy, its people and the sustainability of its environment.

Our Approach

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



Arif Habib Foundation

Our goal is charitable giving and to better align our objectives the Arif Habib Foundation was established. In the current year the Foundation has donated almost PKR 80 million in cash and grants to several groups and individuals. Some of the esteemed and devoted organisations that Arif Habib Foundation works with include The Citizens Foundation, The Cardiovascular Foundation, Jinnah Foundation, The Kidney Centre, Fatimid Foundation, Marie Adelaide Leprosy Centre and Hunar Foundation.

The Foundation hopes to contribute and empower others in eliminating the dearth of basic necessities that should be available to all regardless of financial income, religion, gender or national origin. We believe that only a nation that has access to basic necessities will be able to contribute positively to the country. Major initiatives in the previous year include:

Naya Nazimabad – Providing a Holistic Life

Naya Nazimabad was launched in 2011 with the aim of accommodating the housing demand of the middle income group of Karachi along with providing them with an unmatched quality lifestyle. At its completion, the project will provide amenities such as internal road networks, fully functional and state of the art hospital, grand mosque, completely

equipped school, commercial area, various sports stadiums and clubhouse, vocational center and other utilities.

Naya Nazimabad reached out to Arif Habib Foundation for its support to assist them empower and nurture the youth by providing them a holistic education through three projects; a school at Naya Nazimabad's Health & Education City, a grand mosque and a vocational center which they envision at Naya Nazimabad.

Arif Habib Foundation carried out a detailed due diligence activity to ensure that the proposal was meritorious. Satisfied that Naya Nazimabad has concrete plans to follow through with their proposal; donors were appealed to for funds and the respondents who pledged their support include Arif Habib Corporation and Arif Habib Limited.

Upon completion, the project will have up to 30,000 homes accommodating a population of over 100,000 people to whom a holistic life shall be provided.

HANDS- Health and Nutrition Development Society

To demonstrate our pledge towards ensuring availability of basic facilities and education of local communities, Arif Habib Foundation has adopted five villages in partnership with HANDS. HANDS has evolved into

one of the largest Non-Profit Organization of the country with an integrated development model which reaches out to over 16 million people in nearly 20,274 villages/ settlement in 35 districts of Pakistan over the last 35 years. The partnership is an ongoing effort which focuses on a number of areas to strengthen the community's development.

These areas include the availability of basic health facilities along with training and education of the women of the communities on basic health needs and issues. An Early Childhood Development Program is in place to provide children between 0-8 years an opportunity to sharpen their learnings at school and take part in recreational yet educational activities.

The Livelihood Enhancement Program's Entrepreneur Strategy is aimed at improving socio-economic conditions of the communities and create income generation opportunities through skill enhancement trainings, establishment of small enterprises and assets transfer. Preventive infrastructure have been developed which aims to minimise the potential impact of natural disasters in the five villages. Hand pumps have also been provided in these villages for the access to drinking water.



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.

The Group Companies have contributed over PKR 60 million towards the education sector in the year under review.

The Group companies have collectively pledged support to Institute of Business Administration (IBA), Karachi School for Business &

Leadership (KSBL), Habib University Foundation (HUF) Lahore University of Management Sciences (LUMS), Ghulam Ishaq Khan Institute of Engineering Sciences and Technology (GIKI) and Namal Education Foundation. Other causes supported by the Group include CARE Foundation, Progressive Education Network, The Citizens Foundation and Fatima Fertilizer School amongst others.



Investing in the Enabling Environment

A supportive operating environment for business and industry is essential in creating a healthier economy. At the 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.

Being an active member of Pakistan's economy, we work tirelessly on nurturing the development and advancement of events and projects that directly result in the enhancement of the sector. During the year under review, Arif Habib Limited (AHL) contributed and participated in a number of initiatives in order to help create this environment.

Several group companies have actively donated to a tune of over PKR 100 million to support various initiatives to create hospitable work and developmental environments.



Investing in Health

We believe that a healthy population is essential to a healthy economy, thus over the past year, the Group has played its role in contributing to better health for our human resource and the communities in which we work.

Group companies have contributed to this sector by donating over PKR 125 million to various causes which include but are not limited to Shaukat Khanum Memorial Cancer Hospital and Research Centre, Patients Behbud Society (Agha Khan

University), Multan Diabetic Foundation, Sindh Institute of Urology and Transplantation (SIUT), Layton Rehmatullah Benevolent Trust (LRBT), Patients Welfare Society, Fatimid Foundation and The Kidney Centre.

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.

Many of the Group companies arranged celebratory activities to commemorate the historic events of

Independence Day and Pakistan Day paying tribute to the country which has allowed us to flourish.

As a Group operating across the country we have the opportunity to support various cultural and sporting events. To lead by example, JCL's housing project, Naya Nazimabad

organised and hosted the Ramadan Peace Cup Tournament at Naya Nazimabad Lawai Cricket Stadium.

The Group Companies have contributed over PKR 16 million towards this sector in the year under review.

Investing in the Environment



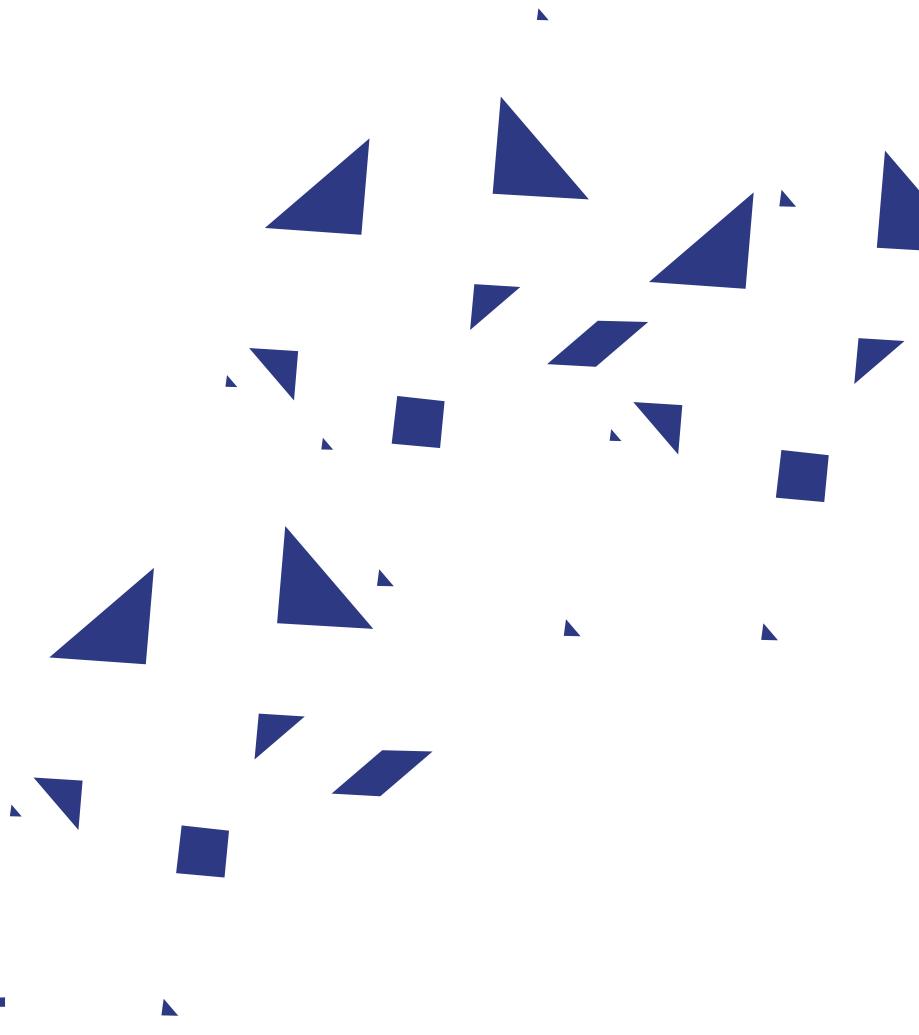
We believe that sustainable use of resources lies at the heart of maintaining a healthy environment. The Group continuously endeavours to support initiatives to reduce resource consumption and encourage research into renewable energy.

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. SEDPL is a special-purpose company that has been acquired to commission and operate a 50MW wind farm at Jhimpur, Sindh through which we hope to contribute to a more sustainable future for the country's energy needs.

Raising awareness around environmental issues and sustainable resource allocation is critical to environmental sustainability. In order to reduce the environmental burden, tree plantation was carried out in operational areas including neighbouring township by Fatima Fertilizer and Naya Nazimabad respectively, where thousands of different flowers, trees, vegetation etc. were planted.

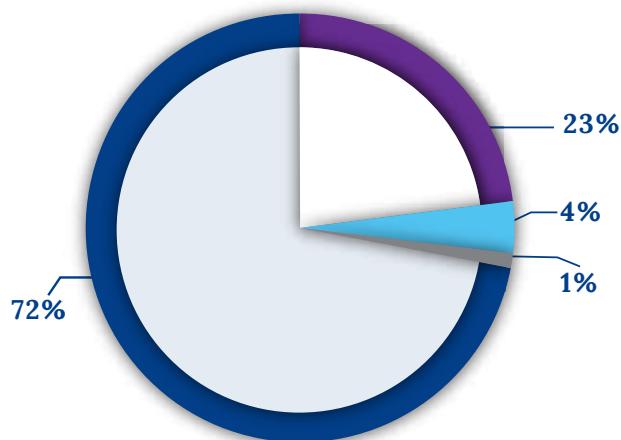




Financial Highlights

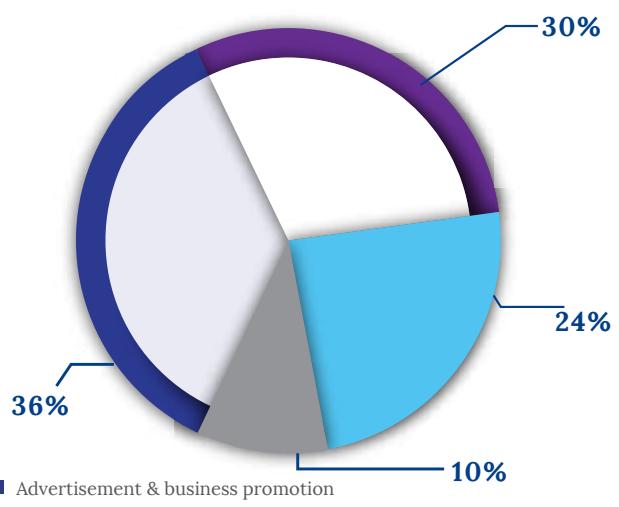
AHCL at a Glance

Operating Revenue



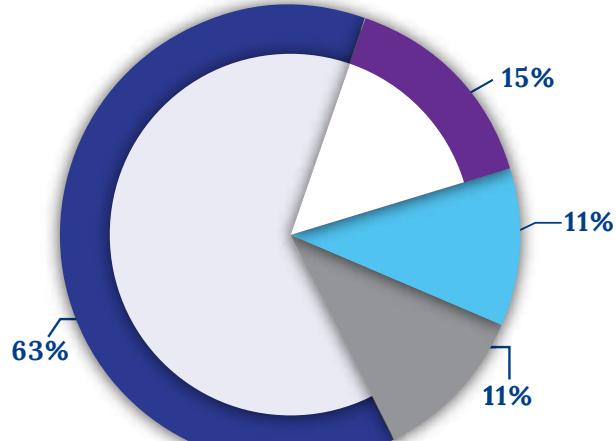
- Realized & unrealized capital gain
- Dividend income
- Markup income
- Others

Operating & Administrative Expenses



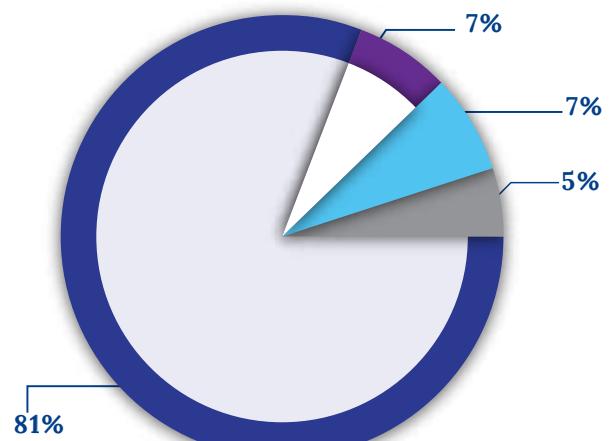
- Advertisement & business promotion
- Others
- Salaries & benefits
- Rent, rates & taxes

Equity & Liabilities



- Reserves
- Current Liabilities
- Non Current Liabilities
- Paid up Capital

Assets



- Investments in securities
- Investments properties
- Other assets
- Cash

Key Figures & Highlights

Total revenue

Rs. in million	2014
	2,032.91
2015	5,241.67

Profit after tax

Rs. in million	2014
	2,306.32
2015	4,438.75

EBITDA

Rs. in million	2014
	2,491.71
2015	4,496.49

Total assets

Rs. in million	2014
	33,510.68
2015	39,596.88

Total Equity

Rs. in million	2014
	25,750.58
2015	29,444.93

Net assets per share

Rupees	2014
	56.75
2015	64.89

Return on equity (%)

	2014
	9.15%
2015	16.08%

Dividend payout ratio (%)

	2014
	49.19%
2015	40.89%

Market capitalization

Rs. in million	2014
	12,632.40
2015	24,148.58

Number of shareholders

	2014
	5,928
2015	5,262

Market price per share (year end)

Rupees	2014
	27.84
2015	53.22

Earnings per share

Rupees	2014
	5.08
2015	9.78

Financial & Business Highlights

Six Years at a Glance

Year ended 30 June	2015	2014	2013	2012	2011	2010
Profit and Loss Account (Rs. in million)						
Total revenue	5,241.67	2,032.91	2,033.22	4,417.37	4,318.49	4,189.37
Operating & administrative expenses	(757.98)	451.14	(226.99)	(122.38)	(993.30)	(129.99)
Finance cost	(241.61)	(208.40)	(292.03)	(300.76)	(177.12)	(229.46)
Profit before tax	4,245.08	2,275.65	1,514.20	3,994.23	3,148.07	3,732.50
Profit after tax	4,438.75	2,306.32	1,365.74	4,254.31	2,840.48	3,798.47
EBITDA	4,496.49	2,491.71	1,813.11	4,302.87	3,334.17	3,972.39
Balance Sheet (Rs. in million)						
Share capital	4,537.50	4,537.50	4,537.50	4,125.00	3,750.00	3,750.00
Reserves	24,907.43	21,213.08	20,147.03	20,120.02	17,361.65	16,034.15
Property and equipment	50.79	57.42	39.59	46.21	53.33	61.15
Long term investments	31,123.83	27,407.13	26,649.85	26,596.46	23,840.73	19,535.27
Current assets	5,758.24	3,381.29	2,777.40	3,424.82	1,787.87	3,791.01
Current liabilities	5,773.13	3,117.82	2,375.15	2,336.02	1,480.77	720.69
Deferred liabilities	2,331.79	2,747.68	2,910.45	2,832.88	3,092.02	2,883.40
Total assets	39,596.88	33,510.68	29,970.12	30,070.46	25,684.45	23,388.23
Total liabilities	10,151.95	7,760.10	5,285.59	5,825.44	4,572.80	3,604.08
Ratios						
Performance						
Return on equity (%)	16.08%	9.15%	5.58%	18.76%	13.89%	21.15%
Return on assets (%)	12.14%	7.27%	4.55%	15.26%	11.58%	16.77%
Return on capital employed (%)	13.26%	8.17%	6.55%	15.49%	13.74%	17.48%
Income/expense ratio (x)	15.89	11.19	5.77	36.09	1.92	12.59
Earning Asset/Total Asset Ratio (%)	95.48%	95.99%	96.24%	97.17%	96.96%	97.83%
Leverage						
Financial leverage ratio (%)	34.47%	30.14%	21.41%	24.03%	21.66%	18.22%
Weighted average cost of debt (%)	11.15%	11.55%	11.25%	12.32%	14.67%	15.93%
Debt to equity ratio (%)	6.95%	7.36%	2.66%	2.71%	-	-
Interest cover ratio (x)	18.57	11.92	6.19	14.28	18.77	17.27

Year ended 30 June	2015	2014	2013	2012	2011	2010
Liquidity						
Current ratio (x)	1.00	1.08	1.17	1.47	1.21	5.26
Cash to current liabilities (%)	35.10%	0.74%	4.09%	0.48%	0.58%	1.03%
Valuation						
Price earning ratio (x)	5.44	5.48	7.36	3.30	3.82	3.28
Break-up value per share (PKR)	64.89	56.75	54.40	58.78	56.30	52.76
Cash dividend per share (PKR)	4*	2.5	2.5	2.0	2.0	-
Specie dividend per share (PKR)	-	-	-	1.0	-	3.00
Dividend declared (%)	40%*	25%	25%	40%	30%	30%
Dividend yield (%)	7.52%	8.98%	11.28%	12.93%	11.41%	9.02%
Dividend payout ratio (%)	40.89%	49.19%	83.06%	38.78%	39.61%	34.59%
Dividend cover ratio (x)	2.45	2.03	1.20	2.58	2.52	2.89
Bonus shares issued (%)	-	-	-	10.00%	10.00%	-
Market value per share (end of year) (PKR)	53.22	27.84	22.16	30.93	26.30	33.27
High (during the year) (PKR)	53.22	32.00	29.11	36.09	35.65	54.80
Low (during the year) (PKR)	22.27	19.16	22.01	20.72	18.84	26.01
Earnings Per Share (PKR)	9.78	5.08	3.01	9.38	6.89	10.13

*Proposed

Shareholders' Return

Arif Habib Corporation Limited						
- annual total return (%)	111.52%	39.67%	(16.01%)	36.43%	(10.15%)	20.15%
Karachi Stock Exchange 100 Index						
- annual return (%)	15.67%	41.20%	52.20%	22.41%	28.53%	35.74%
Shareholders' return differential:						
AHCL-KSE-100 Index (%)	95.84%	(1.53%)	(68.26%)	14.02%	(38.68%)	(15.59%)

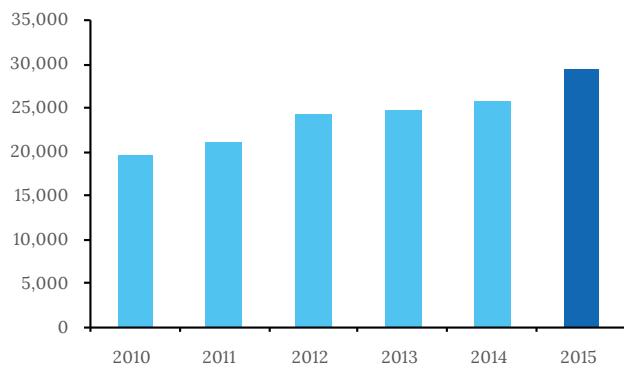
Graph for the year ended on 30th June 2015



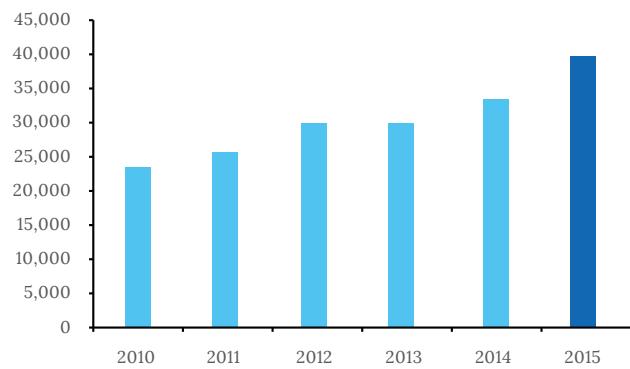
Source: Bloomberg, Arif Habib Limited,
Equity Research Division

Graphical Representation

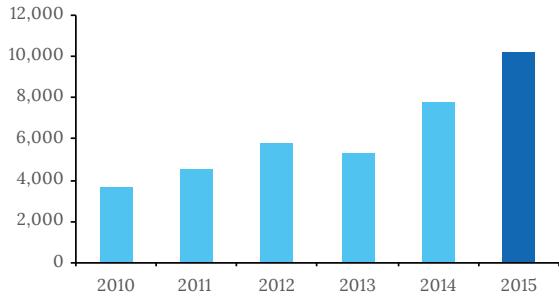
Share holders equity
Rupees in million



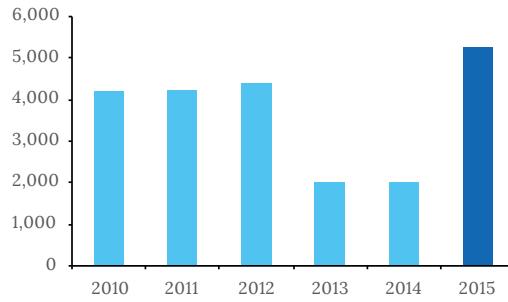
Total assets
Rupees in million



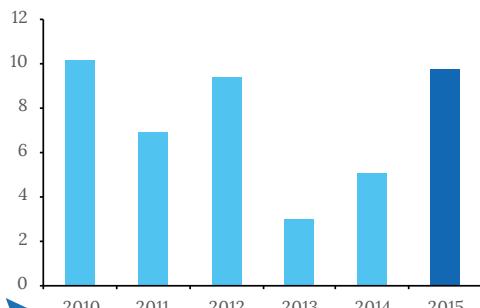
Total liabilities
Rupees in million



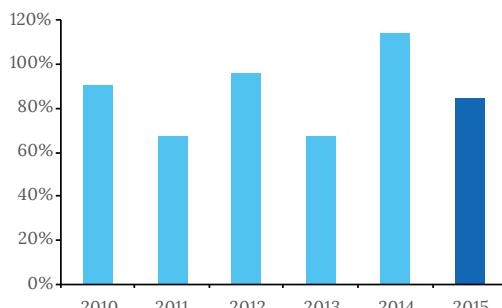
Net turnover
Rupees in million



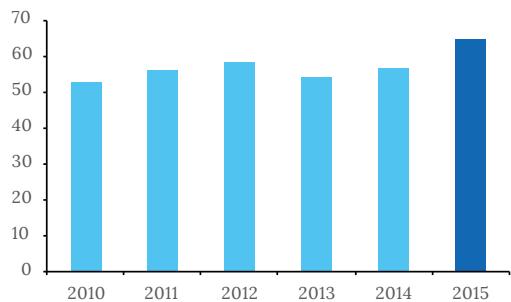
Earnings per share
Rupees



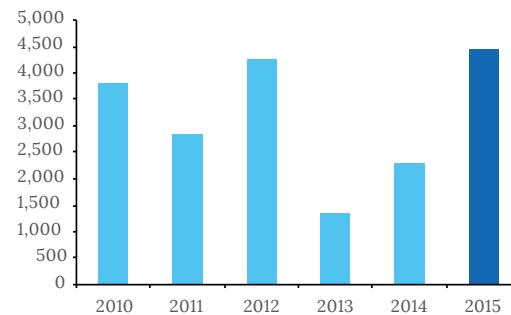
Net margin
Percentage



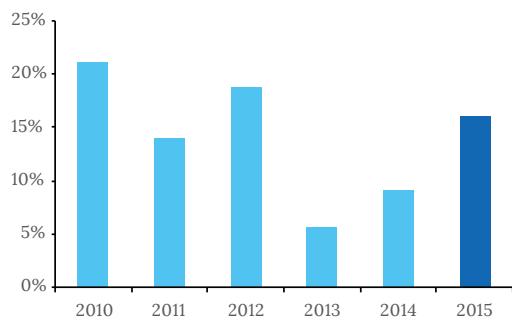
Break-up value per share
Rupees



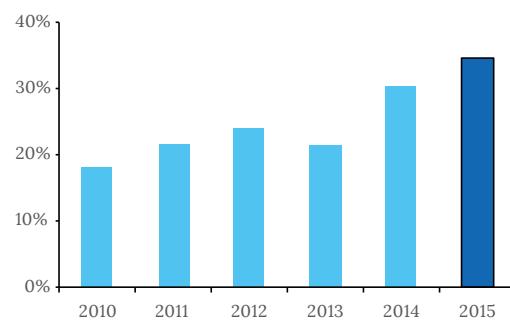
Profit after tax
Rupees in million



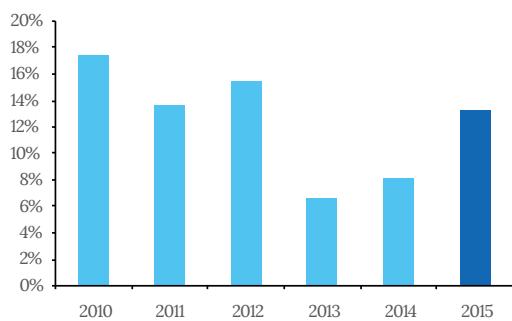
Return on equity
Percentage



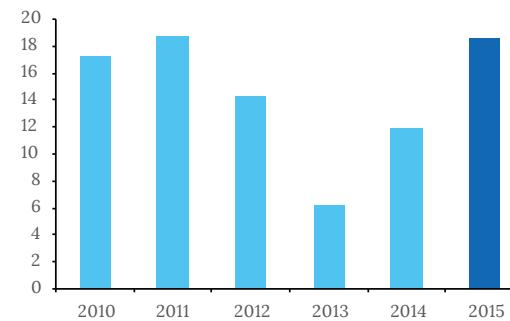
Financial leverage ratio
Percentage



Return on capital employed
Percentage



Interest cover ratio
Times



Horizontal Analysis of Financial Statements

	2015	%Δ YoY 2015-14	2014	%Δ YoY 2014-13	2013	%Δ YoY 2013-12
Balance Sheet	Rupees in million		Rupees in million		Rupees in million	
Total equity	29,444.9	14.3	25,750.58	4.3	24,684.5	1.8
Total non-current liabilities	4,378.8	(5.7)	4,642.27	59.5	2,910.4	(16.6)
Total current liabilities	5,773.1	85.2	3,117.82	31.3	2,375.1	1.7
Total equity and liabilities	39,596.9	18.2	33,510.7	11.8	29,970.1	(0.3)
Total non-current assets	33,838.6	12.3	30,129.39	10.8	27,192.7	2.1
Total current assets	5,758.2	70.3	3,381.29	21.7	2,777.4	(18.9)
Total assets	39,596.9	18.2	33,510.7	11.8	29,970.1	(0.3)
Profit and Loss Account						
Total revenue	5,241.7	157.8	2,032.91	(0.0)	2,033.0	(54.0)
Operating and administrative expenses	(143.3)	44.2	(99.37)	4.5	(95.1)	11.4
Impairment reversal/ (loss) on investments	(428.0)	(167.6)	632.82	404.6	125.4	-
Operating (loss) / profit	4,670.3	82.0	2,566.4	24.4	2,063.4	(52.4)
Other incomes / (charges) - net	(183.7)	123.1	(82.31)	(68.0)	(257.2)	601.8
Finance cost	(241.6)	15.9	(208.40)	(28.6)	(292.0)	(2.9)
Profit / (loss) before tax	4,245.1	86.5	2,275.7	50.3	1,514.2	(62.1)
Taxation	193.7	531.5	30.67	(120.7)	(148.5)	(157.1)
Profit / (loss) after tax	4,438.8	92.5	2,306.3	68.9	1,365.7	(67.9)

	2012	%Δ YoY 2012-11	2011	%Δ YoY 2011-010	2010
Balance Sheet	Rupees in million		Rupees in million		Rupees in million
Total equity	24,245.0	14.8	21,112.0	6.7	19,784.2
Total non-current liabilities	3,489.4	12.9	3,092.0	7.2	2,883.4
Total current liabilities	2,336.0	57.7	1,481.0	105.5	720.7
Total equity and liabilities	30,070.5	17.1	25,685.0	9.8	23,388.2
Total non-current assets	26,645.6	11.5	23,897.0	21.9	19,597.2
Total current assets	3,424.8	91.5	1,788.0	(52.8)	3,791.0
Total assets	30,070.5	17.1	25,685.0	9.8	23,388.2

Profit and Loss Account

Total revenue	4,417.0	1.1	4,368.1	4.3	4,189.4
Operating and administrative expenses	(85.3)	22.9	(69.4)	(46.6)	(130.0)
Impairment reversal/ (loss) on investments	-	-	(995.5)	-	-
Operating (loss)/profit	4,331.6	31.1	3,303.1	(18.6)	4,059.4
Other incomes/(charges) - net	(36.6)	(266.0)	22.1	-	-
Finance cost	(300.8)	69.8	(177.1)	(22.8)	(229.5)
Profit / (Loss) before tax	3,994.2	26.9	3,148.1	(17.8)	3,829.9
Taxation	260.1	(184.6)	(307.6)	(566.3)	66.0
Profit / (Loss) after tax	4,254.3	49.8	2,840.5	(27.1)	3,895.9

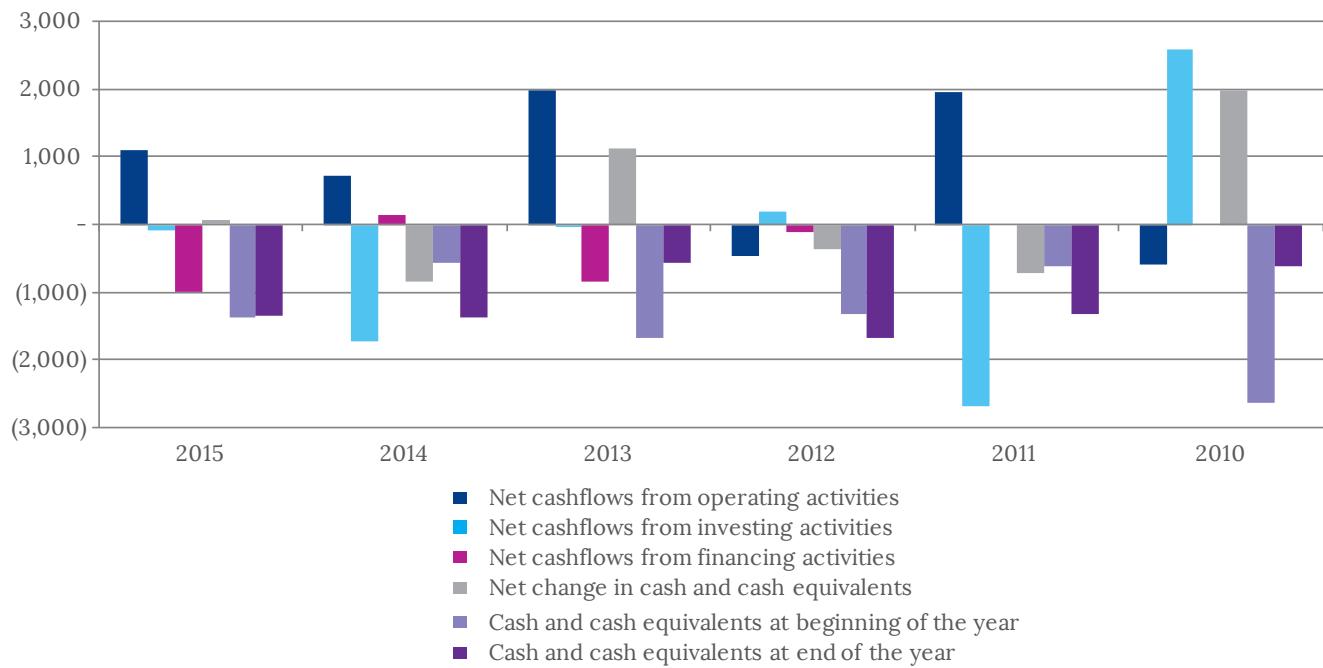
Vertical Analysis of Financial Statements

	2015		2014		2013	
	Rupees in million	%	Rupees in million	%	Rupees in million	%
Balance Sheet						
Total equity	29,444.9	74.4	25,750.6	76.8	24,684.5	82.4
Total non-current liabilities	4,378.8	11.1	4,642.3	13.9	2,910.4	9.7
Total current liabilities	5,773.1	14.6	3,117.8	9.3	2,375.1	7.9
Total equity and liabilities	39,596.9	100.0	33,510.7	100.0	29,970.1	100.0
Total non-current assets	33,838.6	85.5	30,129.4	89.9	27,192.7	90.7
Total current assets	5,758.2	14.5	3,381.3	10.1	2,777.4	9.3
Total assets	39,596.9	100.0	33,510.7	100.0	29,970.1	100.0
Profit and Loss Account						
Total revenue	5,241.7	100.0	2,032.9	100.0	2,033.0	100.0
Operating and administrative expenses	(143.3)	(2.7)	(99.4)	(4.9)	(95.1)	(4.7)
Impairment (loss)/ reversal on investments	(428.0)	(8.2)	632.8	31.1	125.4	6.2
Operating profit / (loss)	4,670.3	89.1	2,566.4	126.2	2,063.4	101.5
Other incomes / (charges) - net	(183.7)	(3.5)	(82.3)	(4.0)	(257.2)	(12.6)
Finance cost	(241.6)	(4.6)	(208.4)	(10.3)	(292.0)	(14.4)
Profit / (loss) before tax	4,245.1	81.0	2,275.7	111.9	1,514.2	74.5
Taxation	193.7	3.7	30.7	1.5	(148.5)	(7.3)
Profit / (loss) after tax	4,438.8	84.7	2,306.3	113.4	1,365.7	67.2

	2012		2011		2010	
	Rupees in million	%	Rupees in million	%	Rupees in million	%
Balance Sheet						
Total equity	24,245.0	80.6	21,112.0	82.2	19,784.2	84.6
Total non-current liabilities	3,489.4	11.6	3,092.0	12.0	2,883.4	12.3
Total current liabilities	2,336.0	7.8	1,481.0	5.8	720.7	3.1
Total equity and liabilities	30,070.5	100.0	25,685.0	100.0	23,388.2	100.0
Total non-current assets	26,645.6	88.6	23,897.0	93.0	19,597.2	83.8
Total current assets	3,424.8	11.4	1,788.0	7.0	3,791.0	16.2
Total assets	30,070.5	100.0	25,685.0	100.0	23,388.2	100.0
Profit and Loss Account						
Total revenue	4,417.0	100.0	4,368.1	100.0	4,189.4	100.0
Operating and administrative expenses	(85.3)	(1.9)	(69.4)	(1.6)	(130.0)	(3.1)
Impairment (loss)/ reversal on investments	-	-	(995.5)	(22.8)	-	-
Operating profit/(loss)	4,331.6	98.1	3,303.1	75.6	4,059.4	96.9
Other incomes/(charges) - net	(36.6)	(0.8)	22.1	0.5	-	-
Finance cost	(300.8)	(6.8)	(177.1)	(4.1)	(229.5)	(5.5)
Profit / (Loss) before tax	3,994.2	90.4	3,148.1	72.1	3,829.9	91.4
Taxation	260.1	5.9	(307.6)	(7.0)	66.0	1.6
Profit / (Loss) after tax	4,254.3	96.3	2,840.5	65.0	3,895.9	93.0

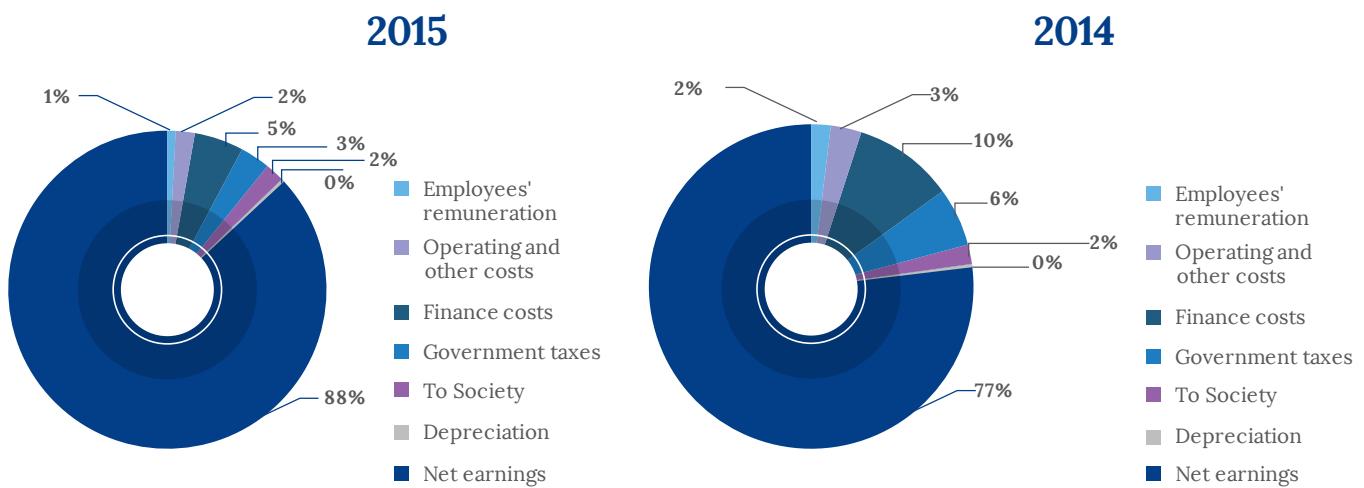
Summary of Cashflow Statement

Year ended June 30



	2015	2014	2013	2012	2011	2010
	Rupees in million					
Net cashflows from operating activities	1,103.10	740.87	1,988.19	(464.90)	1,963.27	(588.84)
Net cashflows from investing activities	(84.78)	(1,719.28)	(34.08)	202.74	(2,669.35)	2,589.89
Net cashflows from financing activities	(981.51)	152.28	(825.00)	(93.45)	-	-
Net change in cash and cash equivalents	36.81	(826.14)	1,129.11	(355.61)	(706.08)	2,001.05
Cash and cash equivalents at beginning of the year	(1,371.53)	(545.39)	(1,674.50)	(1,318.89)	(612.81)	(2,613.86)
Cash and cash equivalents at end of the year	(1,334.72)	(1,371.53)	(545.39)	(1,674.50)	(1,318.89)	(612.81)

Statement of Value Added and its Distribution

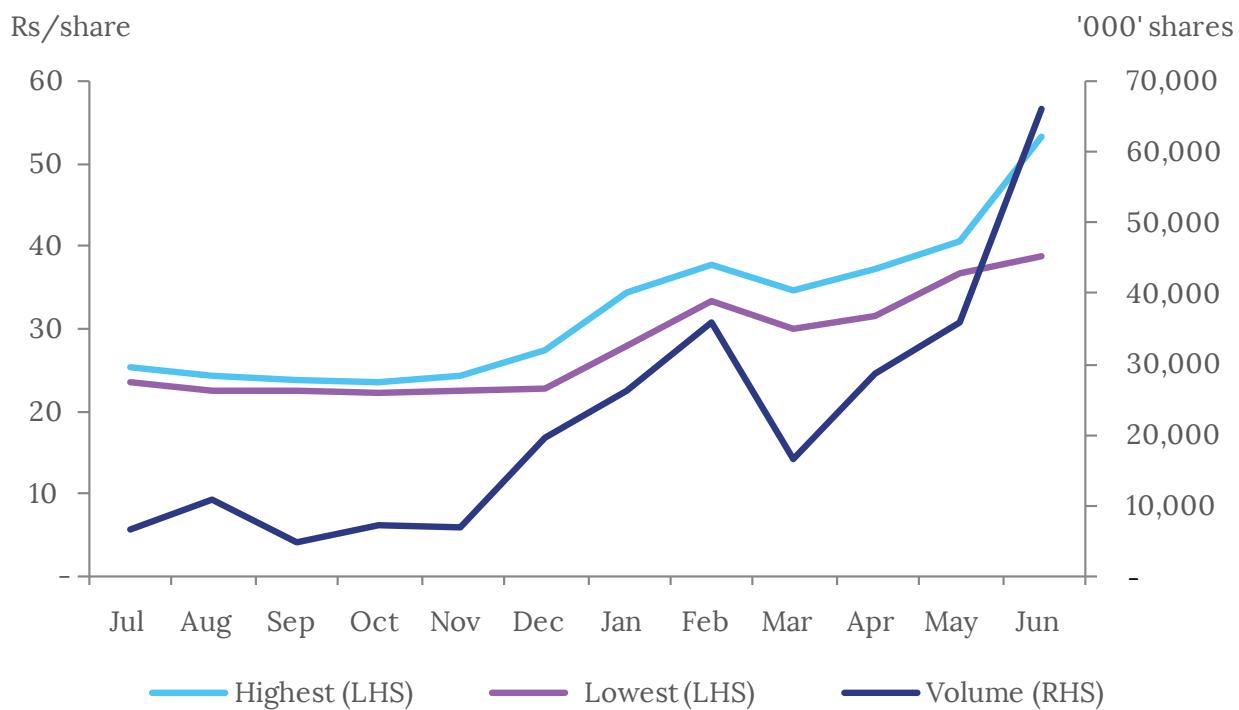


Value Added	2015		2014	
	Rupees in million	%	Rupees in million	%
Operating revenue	5,241.67	99.94	2,032.91	100.00
Other income	3.00	0.06	-	-
	5,244.67	100.00	2,032.91	100.00
Distributed As Follows				
Employees' remuneration	33.71	0.64	36.95	1.82
Operating and other costs	100.02	1.91	54.83	2.70
Finance costs	241.61	4.61	208.40	10.25
Government taxes	140.01	2.67	117.76	5.79
To Society	100.00	1.91	35.75	1.76
Retained within the business:				
Depreciation	9.58	0.18	7.59	0.37
Net earnings	4,619.74	88.08	1,571.62	77.31
	4,629.32	88.27	1,579.21	77.68
	5,244.67	100.00	2,032.91	100.00

Share Price / Volume Analysis

Month	Highest (LHS)	Lowest (LHS)	Volume (RHS)
AHCL Share Price on the KSE			
July-14	25.42	23.46	6,640,500
August-14	24.22	22.62	10,800,500
September-14	23.88	22.65	4,851,000
October-14	23.54	22.27	7,313,500
November-14	24.27	22.49	6,856,000
December-14	27.50	22.80	19,542,000
January-15	34.40	27.94	26,225,000
February-15	37.74	33.33	35,983,000
March-15	34.58	30.01	16,546,500
April-15	37.19	31.60	28,718,000
May-15	40.58	36.64	35,967,000
June-15	53.22	38.80	66,041,500

Share price movement at KSE during FY15

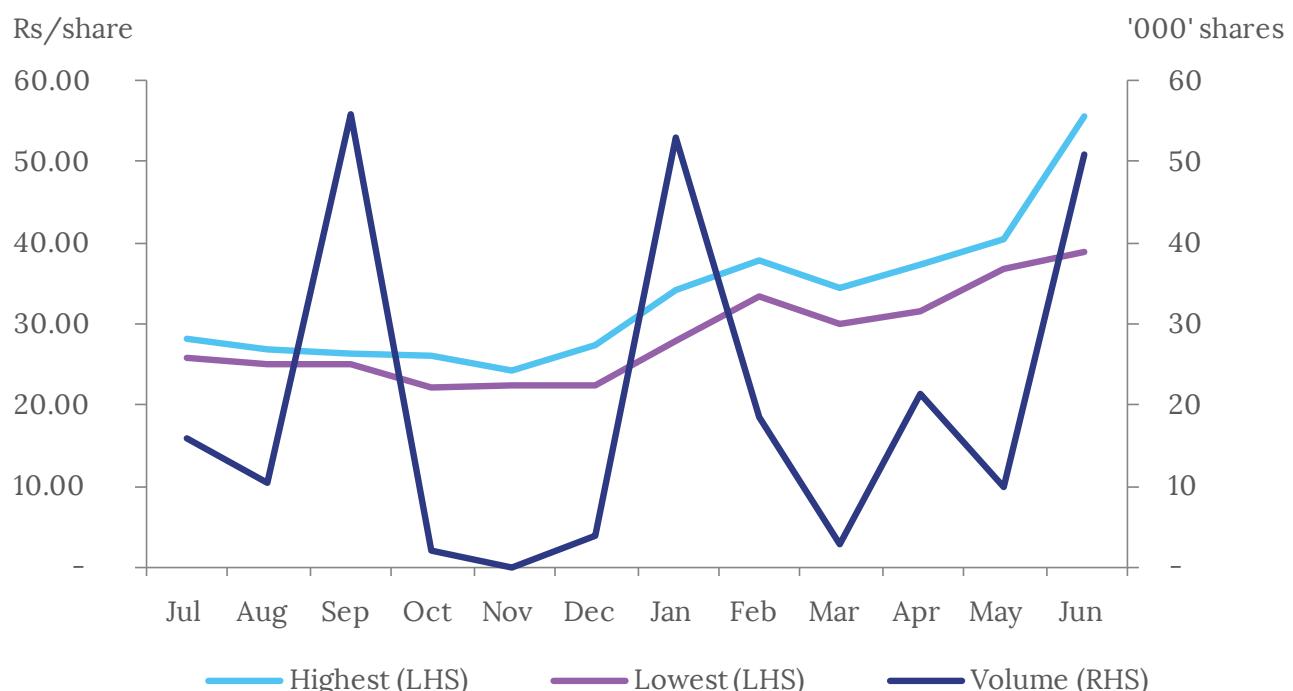


Month	Highest (LHS)	Lowest (LHS)	Volume (RHS)
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AHCL Share Price on LSE

July-14	28.13	25.90	16,000
August-14	26.80	25.03	10,500
September-14	26.42	25.06	56,000
October-14	26.05	22.27	2,000
November-14	24.27	22.49	-
December-14	27.50	22.55	4,000
January-15	34.35	27.96	53,000
February-15	37.90	33.33	18,500
March-15	34.42	30.01	3,000
April-15	37.26	31.60	21,500
May-15	40.58	36.64	10,000
June-15	55.74	38.80	51,000

Share price movement at LSE during FY15



Comments on the Results of Financial Performance

Comments on six years Profitability

Post capital market crises in 2008-09, the return on equity fluctuated from 5.5% to 21.5%. The variation is mainly attributable to Company's nature of business and dependence on performance of its investee companies and capital market.

Comments on six years Liquidity

The company has maintained its current ratio equivalent to or beyond 1.0x throughout the previous five years demonstrating sufficient capacity to pay its short term obligations.

Comments on six years Investment / Market

Consequent to the satisfactory profits after 2009, the company has made consistent annual distributions to its shareholders including cash dividends, bonus shares and specie dividends. The EPS of the Company hasn't dipped below the level of Rs.3 per share during the six years.

Comments on six years Capital Structure

With a successful investment history, the company exhibited a healthy equity base. Approximately 90% of the assets of the Company contributed towards the earnings of the Company during the preceding five years indicating the efficient use of assets. Owing to the nature of the business, the Company endeavors to maintain a diversified portfolio.

Comments on six years Cash Flows

The company efficiently manages its cash flows which is reflected in its summary of cashflow statement. The nature of business requires the company to inject cash through equity and loan in some of its strategic investments which is usually resourced from the dividends received from stable investee companies and financing from banks.

Comments on six years Balance sheet analysis

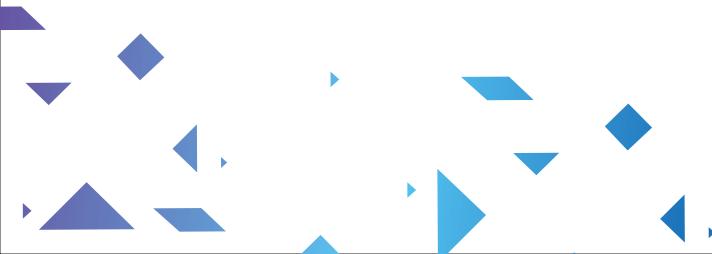
Currently, total asset base of the company stands at Rs. 39.5 billion, growing from Rs. 23.3 billion in the last 5 years. This translated into average growth rate of 11.1% during the same period.

Shareholders' equity grew on average by 8.3% during the last five years. Reiteratively, the growth rate in equity is in addition to earnings distributed to the shareholders as dividends.

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 20-35%. At the end of current year, the ratio stands at 34.5%.

Comments on six years Profit and Loss analysis

Owning to the nature of business of the company inherent to implied risk factors sensitive to capital market, dividends and capital appreciation in value of strategic investments are the main contributors for revenues of the company whereas impairment loss and finance cost remained the major expenses in most of the years.



Analysis of Quarterly Results

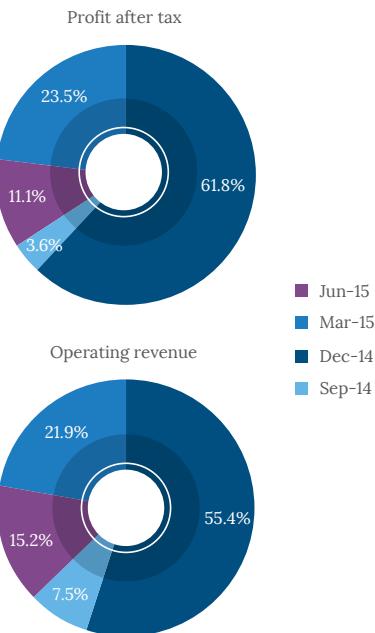
		Quarter ended			
		Jun-15	Mar-15	Dec-14	Sep-14
Operating revenue	Quarter end	798,456,177	1,146,199,848	2,903,401,212	393,612,330
	Contribution to FY2015	15.2%	21.9%	55.4%	7.5%
	Year to date	5,241,669,567	4,443,213,390	3,297,013,542	393,612,330
Profit after tax	Quarter end	492,056,342	1,044,838,232	2,743,702,113	158,156,585
	Contribution to FY2015	11.1%	23.5%	61.8%	3.6%
	Year to date	4,438,753,272	3,946,696,930	2,901,858,698	158,156,585

Analysis of quarterly results

Significant portion of the Company's strategic investments are marked to market; and the interim operating results of the Company reflect the fluctuation in the capital market. Moreover, dividend income is essentially 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 7.5% of its annual operating revenue being Rs. 393.6 million, majorly based on dividend income and gain on remeasurement of investments amounting to Rs. 199.7 million and Rs. 136.3 million respectively. Whereby, subsequently there was a significant surge in the operating revenue clocked in for 2nd quarter amounting to Rs. 2,903.4 million constituting substantial 55.4% contribution to the top line of the year. Remeasurement gain on investments of Rs. 2,751 million was the key player for the second quarter's notable upshot, supported by capital gains amounting to Rs. 32.6 million.



The escalating trend was followed by 3rd quarter's resulting operating revenue figures of Rs. 1,146 million again with the backing of gain on investments' remeasurement, constituting 22% of the top line for the year. For the 4th quarter of the year dividend income came forward as the major participant amounting to Rs. 929.5 million being 78% of the cumulative dividends earned during year under review, offsetting losses on marked to market investments in order to report Rs. 798.5 million revenue for the quarter.

Operating & other expenses:

Operating expenses were more uniformly distributed throughout the four quarters where the 4th quarter emerged as the most efficient, contributing 20% to operating expenses for the year while the 2nd quarter had the highest contribution of 35%. Other charges, which were largely incurred during the 4th quarter, stood at Rs. 186.7 million as compared to Rs. 82million of the previous year. The main component of other charges was donations during the period amounting to Rs. 100 million.

Finance costs:

Finance costs incurred in the last quarter were relatively lower as compared to the rest of the year while due to the downward trend in interest rates by central bank's monetary policy throughout the year under review, combined with prominent reduction in company's short term borrowings during second quarter.

Profit after tax:

The company's profitability principally followed the quarterly trends observed in operating revenues with Rs. 158 million of net income earned during the 1st quarter. The 2nd quarter emerged as the best performing; contributing Rs. 2,743.7 million (61.8%) to profitability as the major share of operating revenues were recorded in the said quarter. Whereas, 3rd quarter qualified as runner up with the net contribution of Rs. 1,045 million (23.5%) towards the net profit for the financial year 2014-15.

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 5,262 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
 Tel: (021)32467456
 Email:manzoor.raza@arifhabibcorp.com

Mr. Hasnain Ather
 Tel: (021) 111-111-500
 Email: hasnain_athar@cdcpak.com

Statutory Compliance

During the year the Company has complied with all applicable provisions, filed 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 2015 at Rs. 4.00 per share i.e. 40% has been recommended by the Board of Directors.

Book Closure Dates

The Share Transfer Books of the Company will be closed from 14th October, 2015 to 21st October, 2015 (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 Tuesday, 13th October, 2015 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

Subject to the approval by members in the AGM, the company expects to dispatch the final dividend warrants on or before 20th November 2015, 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 web site, www.arifhabibcorp.com

Shareholding Pattern

The shareholding pattern of the equity share capital of the Company as on 30th June 2015 alongwith categories of shareholders are given on page 49 to 52 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 become 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 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 PCP. Furthermore, the Board of Directors of PCP has invited the CEO of AHCL to be part of their Board.

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 2015, and reports that:

- The Company has adhered in full, without any material departure, with both mandatory and voluntary 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 ensured.
- 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 2015, which present fairly the state of affairs, results of operations, profits, cash flows and changes in equities of the Company and its 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/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

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

- The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy.
- 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.
- 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.
- 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 2015 and shall retire on the conclusion of the 21st 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 compliant 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 October 2015.
- 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 2016.

Karachi: 22nd September 2015

Chairman – Audit Committee

Statement of Compliance with the Code of Corporate Governance

Arif Habib Corporation Limited For The Year Ended 30th June 2015

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:

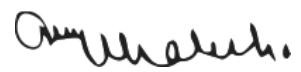
1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Director	Mr. Sirajuddin Cassim
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

The independent director meets the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies).
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.

9. No director is required to attend the directors training course conducted by the Pakistan Institute of Corporate Governance (PICG) during the year. Three directors had already completed this course earlier. Other directors are exempt from attending the directors training program as per criteria approved under Code of Corporate Governance.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit including 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 3 members, of whom all are non-executive directors and the chairman of the committee is an independent director.
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 4 members, of whom 3 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.



ARIF HABIB

Chief Executive Officer

Karachi, 22nd September 2015



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Chartered Accountants
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Karachi, 75530 Pakistan

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Review Report to the Members on Statement of Compliance of Code of the Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of **Arif Habib Corporation Limited** ("the Company") for the year ended 30 June 2015 to comply with the requirements of Listing Regulation No. 35 of Karachi, Lahore and Islamabad Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the 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 of Directors' 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.

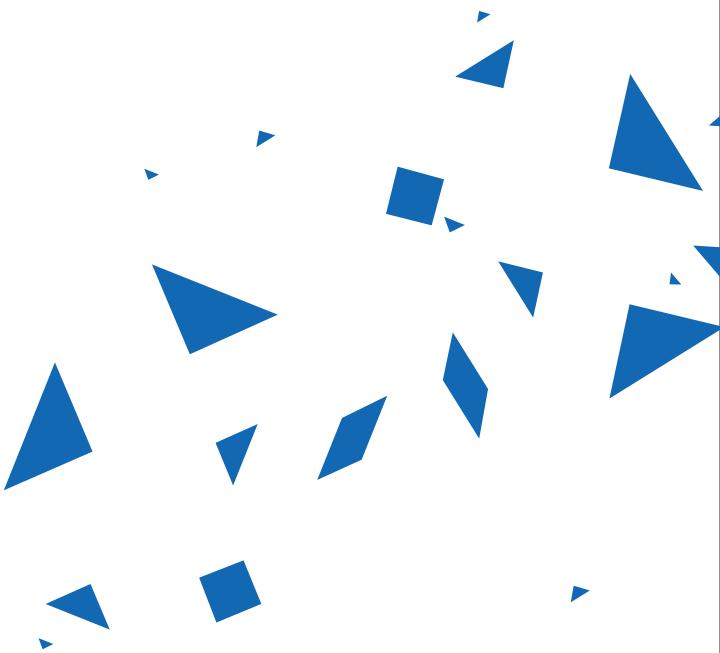
The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of 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 as applicable to the Company for the year ended 30 June 2015.

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

Date: 22nd September 2015

Karachi



Audited Financial Statements For the year ended 30th June, 2015



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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 2015 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 2015 and of the profit, other comprehensive income, its cash flows and changes in equity for the year then ended; and



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-
- 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.

Date: August 6, 2015

Karachi

Moneeza Usman Butt

KPMG Taseer Hadi & Co.
Chartered Accountants
Moneeza Usman Butt

Balance Sheet

As at 30th June, 2015

	Note	2015	2014		
		(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	4,537,500,000		
Reserves		24,907,431,695	21,213,079,440		
		29,444,931,695	25,750,579,440		
Non-current liabilities					
Deferred taxation	5	2,331,789,966	2,747,677,107		
Long term loan	6	346,854,503	194,417,162		
Long term payable	7	1,700,179,646	1,700,179,646		
		4,378,824,115	4,642,273,915		
Current liabilities					
Trade and other payables	8	1,815,576,478	1,332,920,961		
Mark-up accrued on borrowings		42,945,861	58,312,389		
Short term borrowings	9	3,360,000,000	1,394,632,677		
Current maturity of long term loan	6	49,035,322	48,604,290		
Provision for taxation		505,567,741	283,354,607		
		5,773,125,402	3,117,824,924		
		39,596,881,212	33,510,678,279		
Contingencies and commitments	10				

Balance Sheet

As at 30th June, 2015

	Note	2015	2014		
		(Rupees)			
ASSETS					
Non-current assets					
Property and equipment	11	50,787,754	57,424,607		
Intangible assets	12	566,016	778,272		
Long term investments	13	31,123,833,356	27,407,132,914		
Investment properties	14	2,661,504,400	2,661,504,400		
Long term deposits	15	1,951,390	2,551,390		
		33,838,642,916	30,129,391,583		
Current assets					
Loans and advances	16	1,087,898,563	1,682,818,863		
Prepayments		15,190,280	2,063,062		
Advance tax		487,184,477	347,177,583		
Markup receivable	17	18,855,901	50,916,916		
Other receivables	18	1,216,811,964	854,225,478		
Short term investments	19	907,015,462	393,089,358		
Cash and bank balances	20	2,025,281,649	23,103,533		
Assets held for sale		-	27,891,903		
		5,758,238,296	3,381,286,696		
		39,596,881,212	33,510,678,279		

The annexed notes from 1 to 36 form an integral part of these financial statements

Chief Executive Officer

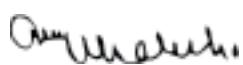
Director

Profit and Loss Account

For the year ended 30th June, 2015

	Note	2015 (Rupees)	2014
Operating revenue	21	5,241,669,567	2,032,913,630
Reversal of impairment on subsidiary		-	716,627,289
Operating and administrative expenses	22	(143,311,687)	(99,369,296)
Impairment loss on investments	13.5	(428,009,244)	(83,807,982)
Other income		3,002,061	-
Finance cost	23	(241,612,409)	(208,404,709)
Other charges	24	(186,659,023)	(82,308,451)
Profit before tax		4,245,079,265	2,275,650,481
Taxation	25	193,674,007	30,668,991
Profit after tax		4,438,753,272	2,306,319,472
Earnings per share - basic and diluted	26	9.78	5.08

The annexed notes from 1 to 36 form an integral part of these financial statements



Chief Executive Officer



Director

Statement of Comprehensive Income

For the year ended 30th June, 2015

	Note	2015	2014
		(Rupees)	
Profit for the year		4,438,753,272	2,306,319,472
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to profit and loss account</i>			
Unrealised diminution during the year on remeasurement of investments classified as 'available for sale'		(103,996,280)	(202,400,919)
Reclassification adjustments relating to disposal of investments		65,961,019	96,504,272
Impairment loss recognised on investment		428,009,244	-
Other comprehensive income - net of tax		389,973,983	(105,896,647)
Total comprehensive income		4,828,727,255	2,200,422,825

The annexed notes from 1 to 36 form an integral part of these financial statements

Chief Executive Officer

Director

Cash Flow Statement

For the year ended 30th June, 2015

	Note	2015	2014
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	28	60,283,711	(277,461,586)
Income taxes paid		(140,006,894)	(117,764,647)
Dividend received		1,194,276,536	1,027,278,437
Interest received		245,525,038	323,641,356
Finance cost paid		(256,978,937)	(214,826,326)
Net cash generated from operating activities		1,103,099,454	740,867,234
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(3,037,414)	(26,347,951)
Proceeds from sale of property and equipment		67,352	868,478
Purchase of intangible assets		-	(849,024)
Acquisition of investment properties		-	(2,661,504,400)
Acquisition of long term investments		(1,114,597,987)	(1,778,191,248)
Proceeds from sale of long term investments		1,032,186,015	2,246,015,284
Repayment from subsidiary of long term loan		-	500,000,000
Long term deposits		600,000	728,900
Net cash used in investing activities		(84,782,034)	(1,719,279,961)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of long term loan		201,724,100	243,021,452
Repayment of long term loan		(48,855,727)	(656,550,000)
Long term payable		-	1,700,179,646
Dividend paid		(1,134,375,000)	(1,134,375,000)
Net cash (used in) / from financing activities		(981,506,627)	152,276,098
Net increase / (decrease) in cash and cash equivalents		36,810,793	(826,136,629)
Cash and cash equivalents at beginning of the year		(1,371,529,144)	(545,392,515)
Cash and cash equivalents at end of the year	29	(1,334,718,351)	(1,371,529,144)

The annexed notes from 1 to 36 form an integral part of these financial statements

Chief Executive Officer

Director

Statement of Changes in Equity

For the year ended 30th June, 2015

	Issued, subscribed and paid up share capital	Unrealized appreciation / (diminution) on remeasurement of investments classified as 'available for sale'	General reserve	Unappropriated profit	Sub total	Total
	(Rupees)					
Balance as at 1 July 2013	4,537,500,000	(495,713,334)	4,000,000,000	16,642,744,949	20,147,031,615	24,684,531,615
Total comprehensive income for the year						
Profit for the year	-	-	-	2,306,319,472	2,306,319,472	2,306,319,472
Other comprehensive income						
Unrealized diminution during the year on remeasurement of investments classified as 'available for sale'	-	(202,400,919)	-	-	(202,400,919)	(202,400,919)
Reclassification adjustments relating to disposal of investments - net of tax	-	96,504,272	-	-	96,504,272	96,504,272
Total comprehensive income for the year	-	(105,896,647)	-	2,306,319,472	2,200,422,825	2,200,422,825
<i>Transactions with owners recorded directly in equity - distributions</i>						
Final cash dividend at the rate of Rs. 2.5 per share for the year ended 30 June 2013	-	-	-	(1,134,375,000)	(1,134,375,000)	(1,134,375,000)
Balance as at 30 June 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 year						
Profit for the year	-	-	-	4,438,753,272	4,438,753,272	4,438,753,272
Other comprehensive income						
Unrealized diminution during the year on remeasurement of investments classified as 'available for sale'	-	(103,996,280)	-	-	(103,996,280)	(103,996,280)
Reclassification adjustments relating to disposal of investments - net of tax	-	65,961,019	-	-	65,961,019	65,961,019
Impairment loss recognised on investment	-	428,009,244	-	-	428,009,244	428,009,244
Total comprehensive income for the year	-	389,973,983	-	4,438,753,272	4,828,727,255	4,828,727,255
<i>Transactions with owners recorded directly in equity - distributions</i>						
Final cash dividend at the rate of Rs. 2.5 per share for the year ended 30 June 2014	-	-	-	(1,134,375,000)	(1,134,375,000)	(1,134,375,000)
Balance as at 30 June 2015	4,537,500,000	(211,635,998)	4,000,000,000	21,119,067,693	24,907,431,695	29,444,931,695

The annexed notes from 1 to 36 form an integral part of these financial statements

Chief Executive Officer

Director

Notes to the Financial Statements

For the year ended 30th June, 2015

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 of Pakistan. The principal activity of the Company is to make strategic investments in subsidiary companies and associates engaged in Chemical / Fertilizer, Financial services, Real estate, Construction materials, Industrial metal, Steel and other sectors including investments in securities. The registered office of the Company is situated at Arif Habib Centre, 2nd Floor, 23 M. T. Khan Road, Karachi, Pakistan. The Company is domiciled in the province of Sindh.

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

<i>Subsidiaries</i>	<i>Shareholding</i>
- Arif Habib Limited, a brokerage house	<u>69.00%</u>
- Power Cement Limited , a cement manufacturing company	<u>56.96%</u>
- Arif Habib DMCC, a UAE incorporated company	<u>100.00%</u>
- Pakistan Opportunities Limited, (formerly Pakistan Private Equity Management 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>
- Pakarab Fertilizers Limited	<u>30.00%</u>
- Fatima Fertilizer Company Limited	<u>15.67%</u>
- Aisha Steel Mills Limited*	<u>18.93%</u>
- Javedan Corporation Limited*	<u>27.25%</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>

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

Notes to the Financial Statements

For the year ended 30th June, 2015

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 (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistan 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 recognised 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 the following notes.

Notes to the Financial Statements

For the year ended 30th June, 2015

- Provision for taxation (note 3.2)
- Useful lives and residual values of property and equipment (note 3.3)
- Useful lives and residual values of intangible assets (note 3.4)
- Impairment of investments (note 3.5)
- Classification of investments (note 3.6 - 3.6.4)
- Fair value of investments (note 3.6 - 3.6.4)
- Investment property (note 3.7)
- Derivative financial instruments (note 3.9)

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 interpretations 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 2015:

- Amendments to IAS 38 'Intangible Assets' and IAS 16 'Property, Plant and Equipment' – (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortisation for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.
- IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 introduces a new approach to determine which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal only with separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 1 January 2016. The management is currently considering the effect of the new standard.

Notes to the Financial Statements

For the year ended 30th June, 2015

- IFRS 11 'Joint Arrangements' – (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The adoption of this standard is not likely to have an impact on Company's financial statements.
- IFRS 12 'Disclosure of Interest in Other Entities' – (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities in one place. The adoption of this standard is not likely to have material impact on the Company's financial statements.
- IFRS 13 'Fair Value Measurement' - (effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The management is currently assessing the effect of new standard.
- Amendment to IAS 27 'Separate Financial Statement' – (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] – (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Notes to the Financial Statements

For the year ended 30th June, 2015

- Annual Improvements 2012-2014 cycles – (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:
- IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.
- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognised in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.
- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

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 recognised 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 recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Notes to the Financial Statements

For the year ended 30th June, 2015

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 recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and carried forward unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carried forward 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 realised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised 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 expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. Cost incurred to replace a component of an item of property and equipment is capitalised, the asset so replaced is retired from use and its carrying amount is derecognised. Normal repairs and maintenance are charged to the profit and loss account in the period in which they are incurred.

Depreciation on all property and equipment is charged to the profit and loss account using the reducing balance method over the asset's useful life at the rates stated in Note no. 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. Gains or losses on disposal of an item of property and equipment are recognised in the profit and loss account. The assets' residual value and useful life are reviewed at each financial year end, and adjusted if appropriate. Further, when the written down value of the asset falls below Rs. 10,000 the same is charged directly to the profit and loss account.

Notes to the Financial Statements

For the year ended 30th June, 2015

Leased

Leased assets which are obtained under Ijarah agreement are not recognised 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 the profit and loss account on a straight line basis over the lease term.

3.4 Intangible assets

These are stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is charged using the straight line method over assets estimated useful life at the rates stated therein, after taking into account residual value, if any. The residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, at each balance sheet date.

Amortisation on additions is charged from the month the assets are put to use while no amortisation is charged in the month in which the assets are disposed off. Gain and losses on disposal of such assets, if any, are included in the profit and loss account.

3.5 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 recognised, 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 recognised in the profit and loss account.

The carrying amount of the Company's non-financial assets and investments 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 recognised 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 recognised in the profit and loss account.

Notes to the Financial Statements

For the year ended 30th June, 2015

3.6 Investments

All investments are initially recognised 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 purchases and sales of securities that require delivery within the time frame established by regulation or market conventions such as 'T+2' purchases and sales are recognised at the trade date. Trade date is the date on which the Company commits to purchase or sell the financial assets.

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:

3.6.1 Subsidiaries and associates

The Company considers its subsidiary companies to be such enterprises 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.

The Company manages its investment in associates classified at fair value through profit or loss upon initial recognition, with an intention to sell them in the 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 recognised in the profit and loss account. Whereas, in the case of available for sale, such gain or loss is recognised directly in equity. Where an active market of the quoted investment exists, fair value is determined through Karachi Stock Exchange's daily quotation. In case of unquoted investment, where active market does not exist, fair value is determined using valuation techniques. The investment 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 less impairment, if any.

Notes to the Financial Statements

For the year ended 30th June, 2015

3.6.2 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 recognised 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 or on market based redemption / repurchase prices, whichever is applicable, in case of other securities.

3.6.3 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 recognised directly in equity until the investment is disposed off or impaired at which time these are transferred to the 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.

3.6.4 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.

3.7 Investment property

Investment property comprises land and building, held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the supply of services or for administrative purposes.

Investment property is measured initially at cost. Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the profit and loss accounts in the period in which they arise.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the profit and loss account.

Notes to the Financial Statements

For the year ended 30th June, 2015

3.8 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 recognised 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.

3.9 Derivative financial instruments

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

3.10 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, if any.

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 recognised initially at fair value, less any directly 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 recognised in the profit and loss account over the period of the borrowings on an effective interest basis.

3.13 Revenue recognition

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

Notes to the Financial Statements

For the year ended 30th June, 2015

3.14 Provisions

Provision is recognised 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.

3.15 Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument and are measured initially at fair value. Financial assets are derecognised when the contractual right to the cash flow from the financial assets expires or is transferred. Financial liabilities are derecognised 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 recognised amount and intends either to settle on a net basis, or to realise 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.

Notes to the Financial Statements

For the year ended 30th June, 2015

3.16 Foreign currency

Foreign currency transactions are translated into Pakistan 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 Pakistan Rupees at the exchange rates prevailing on that date. Foreign exchange gains and losses on translation are recognised 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.

3.17 Borrowing costs

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

3.18 Mark-up bearing borrowings

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

3.19 Cash and cash equivalents

Cash and cash equivalent for the purpose of cash flow statement comprises of cash in hand , cash at bank and short term borrowings.

3.20 Dividend and appropriation to reserve

Dividend distribution to the Company's shareholders and appropriation to reserves are recognised 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 and loss account.

3.21 Expenses

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

Notes to the Financial Statements

For the year ended 30th June, 2015

4. SHARE CAPITAL

4.1 Authorized share capital

2015 (Number of shares)	2014 (Number of shares)		2015 (Rupees)	2014 (Rupees)
1,000,000,000	1,000,000,000	Ordinary shares of Rs. 10 each	10,000,000,000	10,000,000,000

4.2 Issued, subscribed and paid up share capital

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	450,750,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	4,507,500,000	4,507,500,000
455,750,000	455,750,000		4,557,500,000	4,557,500,000
(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	453,750,000		4,537,500,000	4,537,500,000

4.2.1 During financial year 2005-2006, the Company bought back two million shares of Rs. 10 each from 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 Companies (Buy-back of shares) Rules, 1999. The acquisition resulted in reduction of capital and unappropriated profit by Rs. 20 million and Rs. 700 million respectively, in the relevant year.

4.2.2 At year end, Mr. Arif Habib and Mrs. Zaitun Arif held 57.69% (2014: 57.69%) and 16.29% (2014: 16.95%) of ordinary shares in the Company respectively.

5. DEFERRED TAXATION - net

Deferred tax liability comprises of taxable / (deductible) temporary differences in respect of the following:

	2015 (Rupees)	2014 (Rupees)
<i>Taxable temporary differences</i>		
- Accelerated tax depreciation	911,105	2,770,795
- Investment in associates classified as at fair value through profit or loss	2,463,908,313	2,885,808,360
<i>Deductible temporary differences</i>		
- Unused tax credits	(116,289,452)	(102,339,060)
- Impairment loss on long term investment - unquoted	(16,740,000)	(38,562,988)
	<u>2,331,789,966</u>	<u>2,747,677,107</u>

Notes to the Financial Statements

For the year ended 30th June, 2015

6. LONG TERM LOAN - secured

2015 2014
(Rupees)

From related party:

Term finance loan	6.1	200,000,000	-
<i>Others:</i>			
Term finance loan	6.2	194,417,158	243,021,452
Less: current portion of term finance loan		(48,604,294)	(48,604,290)
Diminishing musharakah financing	6.3	1,472,667	-
Less: current maturity of diminishing musharakah financing		(431,028)	-
		346,854,503	194,417,162

6.1 The Company obtained term finance facility of Rs. 200 million from Summit Bank Limited, related party, 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.

6.2 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. The market value of pledged shares as collateral amounts to Rs. 289.737 million (2014: Rs. 251.821 million) at balance sheet date. During the period, the Company has paid an installment of Rs. 48.6 million.

6.3 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 effective rate of interest on the borrowing is 12.15% per annum.

7. LONG TERM PAYABLE

This represents amount payable to Javedan Corporation Limited, related party, against purchase of investment property.

8. TRADE AND OTHER PAYABLES

2015 2014
(Rupees)

Creditors	8.1	5,959,200	169,893,267
Accrued liabilities		1,199,487	1,332,727
Other liabilities		481,623	674,496
Provision for Workers' Welfare Fund	8.2	387,631,507	300,997,236
Fair value of written put option	21.4	1,214,400,000	851,312,000
Unearned option fee		19,244,022	-
Unclaimed dividend		186,660,639	8,711,235
		1,815,576,478	1,332,920,961

Notes to the Financial Statements

For the year ended 30th June, 2015

- 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 and payable under Margin Trading System (MTS). The purchase or sale value of the securities traded has not been treated as transaction with connected person as the ultimate counterparties are not connected persons.
- 8.2** 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 Workers' Welfare Fund 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 31 March, 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 Ordinance, 1971 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's 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 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 in these financial statements.

		2015 (Rupees)	2014 -
<i>Secured- from banking companies</i>			
Term finance	9.1	360,000,000	-
Running finance	9.2	-	1,394,632,677
<i>Unsecured</i>			
Other than banking companies - related party	9.3	3,000,000,000	-
		3,360,000,000	1,394,632,677

- 9.1** During the year, the Company availed Term Finance Loan of Rs. 360 million from Summit Bank Limited, an associated undertaking, 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.

Notes to the Financial Statements

For the year ended 30th June, 2015

- 9.2** Short term running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 2,800 million (2014: Rs. 3,550 million), including Rs. Nil (2014: Rs. 250 million) from related party, Summit Bank Limited 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 2016. These arrangements are secured against pledge of marketable securities with minimum 30% margin (2014: 30% margin).

These running finance facilities carry mark-up ranging from 1 month KIBOR + 1% to 3 month KIBOR + 2.25% per annum (2014: 1 month KIBOR + 1% to 3 month KIBOR + 2.5% per annum) calculated on a daily product basis, and is payable quarterly. The aggregate amount of these facilities which have not been availed as at the balance sheet date amounts to Rs. 2,800 million (2014: Rs. 2,155.289 million).

- 9.3** This represents unsecured working capital loan from an associated undertaking repayable on demand. This loan carries markup at the rate of 3 month KIBOR + 1.55% and is payable on semi-annual basis.
- 9.4** 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. 2,540.556 million (2014: Rs. 3,150.495 million).

10. CONTINGENCIES AND COMMITMENTS

- 10.1** The Company is contesting along with other defendants four suits filed by M/s. Diamond Industries Limited, Mr. Iftikhar Shafi, M/s. 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 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 KSE in respect of Risk Management System of its Clearing House during the year 2000. The 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. Accordingly, no provision has been recognised there against.

Notes to the Financial Statements

For the year ended 30th June, 2015

- 10.2** During the year ended 30 June 2012, the Securities and Exchange Commission of Pakistan ("SECP") issued an order under section 22 of the Securities and Exchange Ordinance, 1969 ("the Ordinance") regarding non compliance of orders passed by the SECP under Section 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 2 November 2012, Appellate bench of the SECP dismissed the appeal filed by the Company against the order. The Company has filed a constitutional petition challenging the orders passed by the SECP before Honourable High Court of Sindh which has granted ad interim stay. The petition is being contested vigorously and the management is confident that the petition will be decided in Company's favour.
- 10.3** During the year, the Company has issued Corporate Guarantees on behalf of associated companies namely Aisha Steel Mills Limited and Javedan Corporation Limited amounting to Rs. 2.5 billion and Rs. 200 million respectively. Further for the borrowings of Power Cement Limited, a subsidiary of the Company, to the extent of Rs. 267.86 million, the Company has pledged shares having fair value of Rs. 349.26 million thereagainst. The Company has also obtained letter of indemnity from respective associates and subsidiary.
- 10.4** There were no significant commitments at the balance sheet date except as otherwise disclosed in these financial statements.

	Vehicles	Furniture and office equipment	Computer and allied equipment	Leasehold and allied improvements	Total
11. PROPERTY AND EQUIPMENT					
Cost					
Balance as at 01 July 2013	3,260,679	764,029	2,224,647	67,750,472	73,999,827
Additions during the year	26,096,393	-	251,558	-	26,347,951
Disposals	(1,913,679)	(86,000)	(228,300)	-	(2,227,979)
Balance as at 30 June 2014	27,443,393	678,029	2,247,905	67,750,472	98,119,799
Balance as at 01 July 2014	27,443,393	678,029	2,247,905	67,750,472	98,119,799
Additions during the year	2,463,000	60,000	514,414	-	3,037,414
Disposals	-	(65,000)	(64,380)	-	(129,380)
Balance as at 30 June 2015	29,906,393	673,029	2,697,939	67,750,472	101,027,833
Depreciation					
Balance as at 01 July 2013	1,621,826	244,703	1,367,997	31,171,589	34,406,115
Charge for the year	1,938,818	68,684	443,493	5,135,041	7,586,036
Disposals	(1,173,368)	(19,129)	(104,462)	-	(1,296,959)
Balance as at 30 June 2014	2,387,276	294,258	1,707,028	36,306,630	40,695,192
Balance as at 01 July 2014	2,387,276	294,258	1,707,028	36,306,630	40,695,192
Charge for the year	4,849,824	56,409	270,480	4,405,450	9,582,163
Disposals	-	(20,248)	(17,028)	-	(37,276)
Balance as at 30 June 2015	7,237,100	330,419	1,960,480	40,712,080	50,240,079
Written down value as at 30 June 2014	25,056,117	383,771	540,877	31,443,842	57,424,607
Written down value as at 30 June 2015	22,669,293	342,610	737,459	27,038,392	50,787,754
Annual rates of depreciation	20%	15%	33%	15%	

Notes to the Financial Statements

For the year ended 30th June, 2015

11.1 During the year, computer and allied equipment having a cost of Rs. 0.042 million (2014: Rs. 0.535 million) and accumulated depreciation of Rs. 0.032 million (2014: Rs. 0.410 million) have been fully charged to the profit and loss account, as their written down value falls below Rs. 10,000 as per Company's Policy.

11.2 Particulars of the assets disposed off during the year

Particulars of the assets	Cost	Accumulated depreciation	Written down value	Sale proceeds	Mode of disposal	Particulars of buyer
		(Rupees)				
Computer and allied equipments						
Assets having written down value of less than Rs. 50,000 individually	64,380	17,028	47,352	47,352	Company policy	Various employees
Furniture and office equipment						
Assets having written down value of less than Rs. 50,000 individually	65,000	20,248	44,752	20,000	Trade in	Expert Business Solution
Total	129,380	37,276	92,104	67,352		

12. INTANGIBLE ASSETS - computer software

2015 **2014**
(Rupees)

Balance as at 1 July

Additions during the year	778,272	-
Amortisation for the year	(212,256)	(70,752)
Written down value as at 30 June	566,016	778,272

Annual rate of amortisation

25%

13. LONG TERM INVESTMENTS

Subsidiaries - at cost	13.1	3,833,385,578	3,637,122,178
At fair value through profit or loss	13.2	24,573,963,057	21,706,832,045
Available for sale	13.3	2,716,484,721	2,063,178,691
		31,123,833,356	27,407,132,914

13.1 Subsidiaries - at cost

Cost **Provision for impairment** **Carrying amount**
2015 **2015** **2014**
(Rupees)

Arif Habib Limited (AHL)	13.1.1	2,375,720,796	-	2,375,720,796	2,375,720,796
Arif Habib DMCC (AHD)	13.1.2	29,945,898	-	29,945,898	29,945,898
Pakistan Opportunities Limited (POL) (formerly Pakistan Private Equity Management Limited)	13.1.3	42,500,000	(42,500,000)	-	-
Power Cement Limited (PCL)	13.1.4	815,718,824	-	815,718,824	921,455,424
Sachal Energy Development (Private) Limited (SEDPL)	13.1.5	612,000,060	-	612,000,060	310,000,060
		3,875,885,578	(42,500,000)	3,833,385,578	3,637,122,178

Notes to the Financial Statements

For the year ended 30th June, 2015

13.2	At fair value through profit or loss - designated on initial recognition	Cost	Unrealized appreciation / (diminution) on remeasurement of investments	Carrying amount						
				2015	2014					
(Rupees)										
Associates:										
	MCB - Arif Habib Savings and Investments Limited (MCB-AH)	13.2.1 477,694,882	172,230,128	649,925,010	351,826,072					
	Pakarab Fertilizers Limited (PFL)	13.2.2 1,324,332,073	9,745,667,927	11,070,000,000	11,205,000,000					
	Fatima Fertilizer Company Limited (FFCL)	13.2.3 3,622,900,719	9,231,137,328	12,854,038,047	10,150,005,973					
		5,424,927,674	19,149,035,383	24,573,963,057	21,706,832,045					
13.3	Available for sale	Cost	Unrealized appreciation on remeasurement of investments	Provision for impairment	Carrying amount					
(Rupees)										
Associates:										
	Aisha Steel Mills Limited (ASML)	13.3.1 142,213,500	-	(22,469,733)	119,743,767					
	Aisha Steel Mills Limited - Preference shares I (ASML- PS)	13.3.2 263,468,386	-	(45,608,826)	217,859,560					
	Aisha Steel Mills Limited - Preference shares II (ASML- PS)	13.3.3 564,935,150	28,246,758	-	593,181,908					
	Javedan Corporation Limited (JCL)	13.3.4 1,950,910,152	-	(359,930,685)	1,590,979,467					
	Javedan Corporation Limited - Preference Shares (JCL- PS)	13.3.5 92,620,761	101,999,258	-	194,620,019					
		3,014,147,949	130,246,016	(428,009,244)	2,716,384,721					
	Other investments:									
	Takaful Pakistan Limited (TPL)	13.3.6 30,000,000	-	(30,000,000)	-					
	Sun Biz (Private) Limited (SBL)	13.3.7 1,000,000	-	(1,000,000)	-					
	Al-Khabeer Financial Services (Private) Limited (AKFS)	13.3.8 1,000,000	-	(900,000)	100,000					
		32,000,000	-	(31,900,000)	100,000					
		3,046,147,949	130,246,016	(459,909,244)	2,716,484,721					
					2,063,178,691					

13.1.1 Investment in AHL (quoted) represents 37.94 million (2014: 37.94 million) fully paid ordinary shares of Rs. 10 each, representing 69.00% (2014: 69.00%) of AHL's paid up share capital as at 30 June 2015. Market value per share as at 30 June 2015 is Rs. 69.61 (2014: Rs. 64.06), whereas book value based on net assets as per audited financial statements as at 30 June 2015 is Rs. 48.75 per share (as per audited financial statements, as at 30 June 2014: Rs. 36.58 per share).

13.1.2 Investment in AHD (unquoted) represents 1,836 (2014: 1,836) fully paid ordinary shares of Rs. 16,310.40 (2014: Rs. 16,310.40) each (equivalent UAE Dirham 1,000 each), representing 100% (2014: 100%) of AHD's paid up share capital as at 30 June 2015. Book value based on net assets, as per audited financial statements, as at 31 December 2014 is Rs. 28,096.8 per share (as per audited financial statements, as at 31 December 2013: Rs. 27,517 per share).

13.1.3 Investment in POL (formerly Pakistan Private Equity Management Limited) (unquoted) represents 4.25 million (2014: 4.25 million) fully paid ordinary shares of Rs. 10 each, representing 85% (2014: 85%) of PPEML's paid up share capital as at 30 June 2015. Book value based on net assets, as per audited financial statements, as at 30 June 2014 is Re. 0.37 per share.

Notes to the Financial Statements

For the year ended 30th June, 2015

13.1.4 Investment in PCL (quoted) represents 208.29 million (2014: 235.29 million) fully paid ordinary shares of Rs. 10 each, representing 56.96% (2014: 64.34%) of PCL's share capital as at 30 June 2015, having historical cost of Rs. 1,157.60 million (2014: Rs. 1,307.65 million). Before acquisition of control, PCL was classified as 'available for sale' category in accordance with IAS 39 Financial Instruments: Recognition and Measurement . On control acquisition date, previously held equity interest was remeasured and resulting fair value was made as deemed cost. During the year, the Company did not purchase any ordinary shares and has disposed off 27 million ordinary shares (2014: 20 million) at an average market price of Rs. 8.42 (2014: Rs. 7.23). Market value per share as at 30 June 2015 is Rs. 11.63 per share (2014: Rs. 5.6 per share), whereas book value based on net assets, as per unaudited financial statements as at 31 March 2015 is Rs. 4.82 per share (as per audited financial statements, as at 30 June 2014: Rs. 3.91 per share).

On disposal of shares of underlying investee, the Company has reclassified Rs. 44.32 million (2014: Rs. 32.83 million) from other comprehensive income to the profit and loss account representing portion of losses attributable to share sold, which were earlier recognised in other comprehensive income on date of remeasurement of its interest on acquisition of control over investee company.

13.1.5 Investment in SEDPL (unquoted) represents 61.2 million (2014: 31 million) fully paid ordinary shares of Rs. 10 each, representing 99.99% (2014: 99.99%) of SEDPL's paid up share capital as at 30 June 2015. Book value based on net assets, as per unaudited management accounts, as at 31 March 2015 is Rs. 6.61 per share (audited financial statements, as at 30 June 2014: Rs. 6.46 per share). During the year the Company subscribed 30.2 million (2014: 6 million) right shares of Rs. 10 (2014: Rs. 10) each.

13.2.1 Investment in MCB-AH (quoted) represents 21.66 million (2014: 21.66 million) fully paid ordinary shares of Rs. 10 each, representing 30.09% (2014: 30.09%) of MCB-AH's paid up share capital as at 30 June 2015, having historical cost of Rs. 81.95 million (2014: 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. Market value per share as at 30 June 2015 was Rs. 30 (2014: Rs. 16.24), whereas book value based on net assets, as per unaudited financial information for the nine months quarter ended is Rs. 19.41 per share (as per audited financial statements, as at 30 June 2014: Rs. 18.8 per share). Pursuant to Rule 5(6)(e) of Non-Banking Finance Companies (Establishment and Regulation) Rules 2003, Company, being a promoter of MCB-AH has placed shares in an account marked as 'Freeze' with Central Depository Company of Pakistan Limited.

13.2.2 Investment in PFL (unquoted) represents 135 million (2014: 135 million) fully paid ordinary shares of Rs. 10 each, representing 30% (2014: 30%) of PFL's paid up share capital as at 30 June 2015, having cost of Rs. 1,324.33 million (2014: Rs. 1,324.33 million). Fair value per share as at 30 June 2015 is Rs. 82 (2014: Rs. 83). Book value based on net assets, as per audited financial statements, as at 31 December 2014 is Rs. 46.16 per share (as per audited financial statements, as at 31 December 2013: Rs. 40.19 per share). Fair value of underlying investment was carried out by valuation techniques using assumptions stated in note 13.6 to these financial statements.

Notes to the Financial Statements

For the year ended 30th June, 2015

13.2.3 Investment in FFCL (quoted) represents 329 million (2014: 350.26 million) fully paid ordinary shares of Rs. 10 each, representing 15.67% (2014: 16.67%) of FFCL's paid up share capital as at 30 June 2015. During the year, the Company disposed off 21 million (2014: 26.13 million) shares at an average price of Rs. 34.64 (2014: Rs. 25.26). Fair value per share as at 30 June 2015 is Rs. 39.07 (2014:Rs. 29.00). Book value based on net assets as per audited financial statements as at 31 December 2014 is Rs. 17.5 per share (as per audited financial statements, as at 31 December 2013: Rs. 15.6 per share).

13.3.1 Investment in ASML (quoted) includes 14.22 million (2014: 14.22 million) fully paid ordinary shares of Rs. 10 each. Fair value per share as at 30 June 2015 is Rs. 8.42 (2014: Rs. 8.6). During the year, owing to significant and prolonged decline in market value as compared to cost, management has recognised impairment amounting to Rs. 22.469 million (2014: Rs. Nil) there against.

13.3.2 Investment in preference shares I of ASML represents 26.9 million (2014: 34.7 million) shares of Rs. 9.8 each (2014: Rs. 9.8). These shares are listed, cumulative, irredeemable and convertible in to ordinary shares and carry preferential dividend at 6 months KIBOR + 3%. During the year, the Company sold 7.854 million (2014: 8.87 million) shares at an average price of 9.83 per share. Fair value of underlying preference shares, as at 30 June 2015 is Rs. 8.10 per share (2014: Rs. 7.04 per share). Owing to significant and prolonged decline in market value as compared to cost, management has recognised impairment charge amounting to Rs. 45.609 million there against.

As the underlying investee Company currently has accumulated losses and has not accrued any dividend on underlying preference shares in its financial statements, management has not accounted for cumulative dividend on preference shares amounting to Rs. 170.999 million (2014: Rs. 170.705 million) in aggregate. The preference shares are non-redeemable but converted into Ordinary Shares at face value at any time after Commercial Operation Date of the underlying investee. The conversion price shall be Rs. 10 per Ordinary Share and for the purpose of conversion, accumulated dividend not paid to the preference shareholders, if any accrued up to the date of announcement of conversion by the investee company shall be taken into account for determining the number of ordinary shares to be issued upon conversion.

13.3.3 Investment in preference shares II of ASML represents 56,493,515 newly issued quoted, cumulative, irredeemable and convertible preference shares of Rs. 10 each which were subscribed during the year. It carries preferential dividend at 6 months KIBOR + 3%. The unaccounted cumulative preference dividend is Rs. 20.391 million on these shares as at 30 June 2015. Fair value of underlying preference share II as at 30 June 2015 is Rs. 10.5 per share.

The above preference share II are convertible into ordinary shares at the option of the holders at any time after completion of one year from the date of subscription as per the following basis:

- a) at face value provided that book value of the ordinary shares after adjustment of all accumulated losses as per latest half yearly/ annual published accounts of the company is Rs.10 or more.
- b) at book value provided that book value of the ordinary shares after adjustment of all accumulated losses as per latest half yearly/ annual published accounts of the company is lower than Rs.10.

Notes to the Financial Statements

For the year ended 30th June, 2015

Total investment in ASML (including Ordinary and Preference shares) represents in aggregate 18.93% (2014: 14.24%) of ASML total paid up share capital as at 30 June 2015. Book value based on net assets, as per unaudited financial information, as at 31 March 2015 is Rs. 5.13 per share (as per audited financial statement as at 30 June 2014: Rs. 5.55 per share).

13.3.4 Investment in JCL (quoted) represents 48.818 million (2014: 24.33 million) fully paid ordinary shares of Rs. 39.96 (2014: Rs. 70.00) each and 13.51 million (2014: 13.51 million) preference shares. During the year, the Company subscribed 24.332 million (2014: Nil) ordinary shares of Rs. 10 (2014: Rs. Nil) each and purchased 0.154 million ordinary shares (2014: 24.33 million ordinary shares) at an average price of Rs. 28.27 (2014: Rs. 68.52). At 30 June 2015, the fair value of ordinary shares was Rs. 32.59 (2014: 62.63). Owing to significant and prolonged decline in market value as compared to cost, the Company has recognised impairment amounting to Rs. 359.931 million.

13.3.5 The preference shares are non-voting, listed, cumulative, convertible, redeemable and non-participatory 12% preference shares of Rs. 6.86 (2014: Rs. 6.86) each, with fair value as at 30 June 2014 of Rs. 14.41 (2014: Rs. 12.75). As the underlying investee Company currently has accumulated losses and has not accrued any dividend on underlying preference shares in its financial statements, management has not accounted for cumulative dividend on preference shares amounting to Rs. 57.102 million (2014: Rs. 40.895 million) in aggregate. The preference shares are convertible at the option of the holders into ordinary shares of the Company at 80% of the weighted average of closing quoted price of the ordinary shares (adjusted for any subsequent bonus or right shares issue) during three months immediately prior to the relevant conversion date.

The total investment of the Company in JCL represents an aggregate of 27.25% (2014: 22.14%) of JCL's total share capital as at 30 June 2015. Book value based on net assets, as per unaudited financial statements, as at 31 March 2015 is Rs. 34.436 per share (as per audited financial statements, as at 30 June 2014: Rs. 40.82 per share).

13.3.6 Investment in TPL (unquoted) represents 3 million (2014: 3 million) fully paid ordinary shares of Rs. 10 each, representing 10% (2014: 10%) of TPL's paid up share capital as at 30 June 2015. Book value based on net assets, as per audited financial statements, as at 31 December 2014 is Rs. 5.06 per share (31 December 2013 - Rs. 5.23 per share). The Company has recognised full impairment against this investment.

13.3.7 Investment in SBL (unquoted) represents 0.01 million (2014: 0.01 million) fully paid ordinary shares of Rs. 100 each, representing 4.65% (2014: 4.65%) of SBL's paid up share capital as at 30 June 2015. The Company has recognised full impairment against this investment.

13.3.8 Investment in Al-Khabeer Financial Services (Private) Limited represents 5,000 (2014: 5,000) fully paid ordinary shares of Rs. 1 million (2014: Rs 1 million), representing 5% of the total share capital of the investee company as at 30 June 2015. The Company has recognised provision amounting to Rs. 0.9 million in previous year against this investment.

Notes to the Financial Statements

For the year ended 30th June, 2015

- 13.4** Fair value of long term investments pledged with banking companies against various financing facilities amounts to Rs. 2,232.493 million (2014: Rs. 2,586.35 million) and Rs. 83.004 million (2014: Rs. 25.868 million) which have been pledged with Karachi Stock Exchange Limited against exposure for regular business.

13.5 Movement in provision for impairment

	2015 (Rupees)	2014 (Rupees)
Balance as at 1 July	(74,400,000)	(883,949,153)
Reversal during the year	-	716,627,289
Reversal on sale of investment	-	104,223,256
Provision made during the year	13.3.1,13.3.2 & 13.3.4	(428,009,244)
Transferred to asset classified as held for sale	-	(83,807,982)
Balance as at 30 June	(502,409,244)	72,506,590
	(502,409,244)	(74,400,000)

13.5.1 Subsidiaries - at cost

Balance as at 1 July	(42,500,000)	(867,949,153)
Reversal during the year	-	716,627,289
Reversal on sale of investment	-	104,223,256
Provision made during the year	-	(67,907,982)
Transferred to asset classified as held for sale	-	72,506,590
Balance as at 30 June	(42,500,000)	(42,500,000)

13.5.2 Available for sale -associates and other investments

Balance as at 1 July	(31,900,000)	(16,000,000)
Provision made during the year	(428,009,244)	(15,900,000)
Balance as at 30 June	(459,909,244)	(31,900,000)

- 13.6** The Company measures unquoted equity instruments, which are the Company's strategic investment, 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 less impairment, if any.

Notes to the Financial Statements

For the year ended 30th June, 2015

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	Long term growth rate	Long term return on equity	Key assumptions Weighted average cost of capital ^t	Projection period (years)	Valuation techniques	Other assumptions used
Pakarab Fertilizers Limited	2015	4.1% (per annum)	18.99% (per annum)	11.00% (per annum)	6	Discounted cash flows (DCF)	Market based operational assumptions
	2014	5% (per annum)	18.69% (per annum)	12.88% (per annum)	7	Discounted cash flows (DCF)	Market based operational assumptions

This valuation is sensitive to number of operating days of underlying investee company.

14. INVESTMENT PROPERTIES

This represents certain plots, situated at Naya Nazimabad, Deh Mangopir, Gadap Town, Karachi. During the year, the Company engaged a valuer, M/S Harvester Services (Private) Limited to carry out the valuation of investment property and the assessed value was approximated to be equal to its cost.

15. LONG TERM DEPOSITS - non interest bearing, unsecured

2015 2014
(Rupees)

Security deposit with Central Depository Company of Pakistan Limited	4,090	4,090
Security deposits with cellular phone companies	40,500	58,500
Security deposits with Pakistan State Oil - for fuel cards	45,000	45,000
Security deposit for employees cars	1,861,800	2,443,800
	<u>1,951,390</u>	<u>2,551,390</u>

Notes to the Financial Statements

For the year ended 30th June, 2015

16. LOANS AND ADVANCES - considered good		2015	2014
		(Rupees)	
<i>Unsecured</i>			
Advances			
- for new investment	16.1	425,494,937	392,994,937
- against salaries		764,705	1,241,398
- bid price for secondary public offer		-	250,000,000
- to Aisha Steel Mills Limited against equity		-	236,924,414
		426,259,642	881,160,749
Loans to related parties			
- Aisha Steel Mills Limited	16.2	493,156,204	426,521,452
- Power Cement Limited		-	10,000,000
		493,156,204	436,521,452
<i>Secured</i>			
Receivable against reverse repurchase agreement (Reverse repo)	16.3	153,876,830	350,151,662
Loan to Aisha Steel Mills Limited	16.4	14,605,887	14,985,000
		1,087,898,563	1,682,818,863

- 16.1** This represents amount paid as deposit money for acquisition of shares of a dairy farm.
- 16.2** The Company entered into a loan agreement with the said associated concern on 1 July 2013. The loan is repayable within 30 business days notice of demand. The mark-up rate on the said loan is 3 month KIBOR prevailing on the base rate setting date plus 3% per annum. Mark-up is payable on quarterly basis. The effective mark-up charged during the year was 10.99% to 13.43% (2014: 12.02% to 13.17%) per annum.
- 16.3** The Company has entered into agreements for Purchase and Sale of Securities (Reverse repo) with financees on 3 September 2013. The effective rate between purchase and resale price is 20% per annum respectively (2014: 3 months KIBOR + 5% and 15.01% per annum respectively). The fair value of underlying securities of unsettled agreement as at the balance sheet date is Rs. 310.213 million (2014: Rs. 595.925 million). As per the agreement, all transaction costs relating to purchase and sale of securities shall be borne by the financee.
- 16.4** The Company entered into an agreement with the said associated concern on 19 January 2011. Under the arrangement, the Company shall disburse loan to the associated company in one or more tranches. The loan is secured against first charge on all present and future fixed assets, accounts receivables and interest in any insurance claim and equitable mortgage of land and building. The mark-up rate in the said loan is 6 month KIBOR + 3.25% per annum (2014: 6 months KIBOR + 3.25% per annum). The effective rate of markup on the loan ranged between 11.23% to 13.42% (2014: 12.37% to 13.42%) per annum. Mark-up is payable on semi-annually basis.

Notes to the Financial Statements

For the year ended 30th June, 2015

16.5 Maximum balance due from related party during the year was Rs. 1,361.5 million (2014: Rs. 2,138.623 million)

17. MARKUP RECEIVABLE - considered good

2015	2014
(Rupees)	

Receivable:

- against reverse repurchase agreement (Reverse repo)	16.3	3,132,734	39,920,618
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From related parties:

- Aisha Steel Mills Limited	16.2 & 16.4	15,723,167	10,745,974
- Power Cement Limited		-	250,324
		18,855,901	50,916,916

17.1 The above receivable from related parties are on account of loans provided to them which are current and not past due.

18. OTHER RECEIVABLES - considered good

Secured

Receivable under guarantee	21.4	1,214,400,000	851,312,000
Put option fee receivable	21.4	-	1,105,978
Guarantee fee receivable - from related parties	10.3	691,964	-
		1,215,091,964	852,417,978

Unsecured

Others		1,720,000	1,807,500
		1,216,811,964	854,225,478

19. SHORT TERM INVESTMENTS

Designated as at fair value through profit or loss

Investment in related parties	122,128,317	3,351,189
Other investments	784,887,145	389,738,169
	907,015,462	393,089,358

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. 597.8 million (2014: Rs. 220.042 million).

Notes to the Financial Statements

For the year ended 30th June, 2015

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

	2015 (Rupees)	2014 (Rupees)
Cost of investment	864,384,949	956,902,381
<i>Unrealised gain / (loss):</i>		
Balance as at 1 July	(563,813,023)	(522,690,935)
Reclassification from long term to short term	-	(31,285)
- Crescent Textile Mills Limited	(41,090,803)	
Unrealised gain / (loss) for the year	606,443,536	(563,813,023)
	42,630,513	393,089,358
Balance as at 30 June	907,015,462	

20. CASH AND BANK BALANCES

With banks in:		
Current accounts		
- In local currency	1,113,920,098	15,471,393
- In foreign currency	4,079,726	3,987,506
	1,117,999,824	19,458,899
Deposit accounts	907,257,640	3,640,248
	2,025,257,464	23,099,147
Cash in hand	24,185	4,386
	2,025,281,649	23,103,533

21. OPERATING REVENUE

Dividend income	1,194,276,536	1,027,278,437
Gain on sale of securities - net	21.1 47,393,833	488,431,569
Gain on remeasurement of investments - net	21.2 3,704,823,388	190,963,371
Mark-up on loans and advances	161,436,110	165,685,306
Income from reverse repurchase transaction	52,027,913	78,375,640
Put Option fee	21.4 81,400,000	81,621,195
Mark-up on bank deposits	311,787	558,112
	5,241,669,567	2,032,913,630

21.1 Gain on sale of securities - net

Gain on sale of securities	668,348,978	563,024,418
Loss on sale of securities	(620,955,145)	(64,132,416)
Tenderable gain	-	(10,460,433)
	47,393,833	488,431,569

Notes to the Financial Statements

For the year ended 30th June, 2015

21.2 Gain on remeasurement of investments - net	2015 (Rupees)	2014
Gain on remeasurement of investment in associates - at fair value through profit or loss	3,098,379,852	232,054,174
Gain / (loss) on remeasurement of investments - at fair value through profit or loss (held for trading)	19.1	
	606,443,536	(41,090,803)
	3,704,823,388	190,963,371

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

21.4 The Company has entered into a put option agreement with Silkbank 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. Silkbank 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 recognised liability of Rs. 1,214.400 million (2014: Rs. 851.312 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 8.89% (2014: 12.24%).

22. OPERATING AND ADMINISTRATIVE EXPENSES		2015 (Rupees)	2014
Salaries and benefits	33	33,710,347	36,953,981
Printing and stationery		2,702,697	3,977,866
Communication		1,380,492	1,463,699
Rent, rates and taxes		14,925,424	15,462,835
Electricity		2,478,777	2,089,338
Legal and professional charges		3,530,361	4,423,618
Custody and settlement charges		1,186,876	1,501,715
Entertainment		844,723	888,473
Travelling and conveyance		5,522,300	5,564,539
Advertisement and business promotion		52,168,673	7,842,936
Depreciation	11	9,582,163	7,586,036
Amortisation of intangibles		212,256	70,752
Repairs and maintenance		3,474,421	2,940,132
Insurance		2,853,539	1,915,237
Auditors' remuneration	22.1	1,351,500	1,351,500
Fees and subscription		1,985,933	2,423,710
Directors' meeting fees		230,000	220,000
Ujrah payments		228,524	1,684,192
Consultancy charges		3,275,900	-
Others		1,666,781	1,008,737
		143,311,687	99,369,296

Notes to the Financial Statements

For the year ended 30th June, 2015

22.1 Auditors' remuneration

	2015 (Rupees)	2014 (Rupees)
Audit fee	970,000	970,000
Certification including interim review	355,000	355,000
Out of pocket	26,500	26,500
	<u>1,351,500</u>	1,351,500

23. FINANCE COST

Mark-up on short term borrowings	200,695,710	199,503,884
Mark-up on long term loan	40,142,387	8,724,802
Mark-up on diminishing musharakah	114,564	-
Finance cost under marginal trading system	367,123	92,659
Bank charges	292,625	83,364
	<u>241,612,409</u>	208,404,709

24. OTHER CHARGES

Workers' Welfare Fund	8.2	86,634,271	46,443,785
Donations	24.1	100,000,000	35,750,000
Translation loss on foreign currency balances		-	52,124
Loss on disposal of scrap assets		24,752	62,542
		<u>186,659,023</u>	82,308,451

24.1 Donations

Donations in which directors are interested, are as follows:

Name of director	Interest in donee	Name and address of the donee	Amount donated	
			2015 (Rupees)	2014 (Rupees)
Mr. Arif Habib	Director	Arif Habib Foundation		
Mr. Samad Habib	Director	Arif Habib Centre, 23, M.T.Khan Road,		
Mr. Kashif Habib	Director	Karachi		
Mr. Nasim Beg	Member		<u>100,000,000</u>	-
Mr. Arif Habib	Director	Pakistan Centre for Philanthropy 1 - A, St 14, F-8/3, Islamabad		
			-	2,500,000

25. TAXATION - net

	2015 (Rupees)	2014 (Rupees)
Current		
- for the year	222,213,134	114,037,650
- for the prior years	-	18,061,359
Deferred		
	<u>222,213,134</u>	132,099,009
	<u>(415,887,141)</u>	(162,768,000)
	<u>(193,674,007)</u>	(30,668,991)

Notes to the Financial Statements

For the year ended 30th June, 2015

- 25.1** Income tax assessments of the Company have been finalized up to Tax Year 2005 (Accounting year 2005). However, deemed assessments made under section 120 of the Income Tax Ordinance, 2001 relating to Tax Years 2006 to 2008 have been subsequently amended under section 122 of the Income Tax Ordinance, 2001. The Company has filed appeals in respect of each of the said amendment. Income tax assessment for the Tax Year 2010, taken as deemed assessment under section 120 of the Income Tax Ordinance, 2001, was subsequently amended twice under section 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 favor of the Company and the relief was maintained by Appellate Tribunal.

Income tax assessment for the Tax Year 2011, taken as deemed assessment under section 120 of the Income Tax Ordinance, 2001 was subsequently amended under section 122 (5A) of the Income Tax Ordinance, 2001. The Company was subsequently allowed relief in its subsequent appeal which was also maintained by Appellate Tribunal in favor of the Company. Income tax assessment for the Tax Year 2012 was taken as deemed assessment under section 120 of the Income Tax Ordinance, 2001 which was subsequently amended under section 122 (1) of the Ordinance. The appeal of the Company was decided in favor of the Company. The Department has preferred an appeal in the Appellate Tribunal against the decision; however, appeal effect has not yet been issued.

Income tax assessment for Tax Year 2013 and 2014 was deemed to have been finalized under section 120 of the Income Tax Ordinance, 2001. However, the assessment was subsequently amended under section 122 (5A) of the Income Tax Ordinance, 2001. The Company has preferred an appeal against the amended assessment and major relief was allowed to the Company. Department has filed an appeal in the Appellate Tribunal against the relief given to the Company.

- 25.2** The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 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 distribute dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid up capital. 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.

The Board of Directors in their meeting held on 06 August 2015 have recommended sufficient cash dividend for the year ended 30 June 2015 (refer note 36.2) for the consideration and approval of the shareholders of the company in the forthcoming annual general meeting which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognised in these unconsolidated financial statements for the year ended 30 June 2015.

Notes to the Financial Statements

For the year ended 30th June, 2015

Relationship between tax (income) / expense and accounting profit	2015	2014
	(Rupees)	
Profit before taxation	4,245,079,265	2,275,650,481
Tax at the applicable tax rate	1,400,876,157	773,721,164
Tax effect of income under final tax regime	(274,683,603)	(19,589,087)
Tax effect of income taxed at lower rate	(1,222,591,718)	(439,550,815)
Prior year tax effect	-	18,061,359
Tax effect of non-deductible expenses	108,243,051	(135,752,110)
The effect of exempt Income / permanent difference	(15,639,965)	(64,927,546)
Tax effect / adjustment of change in tax rate	(137,383,855)	(85,601,327)
Others	(52,494,074)	(77,030,629)
	(193,674,007)	(30,668,991)

26. EARNINGS PER SHARE - BASIC AND DILUTED

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

	2015	2014
	(Rupees)	
Profit after tax	4,438,753,272	2,306,319,472
	(Number)	
Weighted average number of ordinary shares	453,750,000	453,750,000
	(Rupees)	
Earnings per share - basic and diluted	9.78	5.08

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 Other Executives of the Company are given below:

	Chief Executive	Other Executives		
	2015	2014		
		(Rupees)		
Managerial remuneration	8,400,000	8,400,000	10,972,374	12,411,600
Contribution to provident fund	677,419	677,424	723,578	886,740
Bonus	1,400,000	995,645	1,359,662	1,566,994
Other perquisites and benefits	960,000	960,000	2,774,866	1,838,122
Total	11,437,419	11,033,069	15,830,480	16,703,456
Number of person(s)	1	1	8	7

Notes to the Financial Statements

For the year ended 30th June, 2015

- 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 two directors (2014: two) was Rs. 0.23 million (2014: Rs. 0.22 million). During the year, one of the Director (for four months) and the Chief Executive was drawing a salary on account of managerial remuneration.

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

28. CASH GENERATED FROM OPERATIONS	2015 (Rupees)	2014
Profit before tax	4,245,079,265	2,275,650,481
Adjustments for:		
Depreciation	9,582,163	7,586,036
Amortisation of intangibles	212,256	70,752
Dividend income	(1,194,276,536)	(1,027,278,437)
Mark-up loans and advances	(161,436,110)	(165,685,306)
Impairment loss on investment	428,009,244	83,807,982
Reversal of impairment on subsidiary	-	(716,627,289)
Gain on remeasurement of investment in associates	(3,098,379,852)	(232,054,174)
Income from reverse repurchase transaction	(52,027,913)	(78,375,640)
Loss on disposal of assets	24,752	62,542
(Gain) / loss on remeasurement of short term investments	(606,443,536)	41,090,803
Gain on disposal of long term investments	(573,943,879)	(494,113,266)
Workers' Welfare Fund	86,634,271	46,443,785
Finance cost	241,612,409	208,404,709
	<u>(4,920,432,731)</u>	<u>(2,326,667,503)</u>
	<u>(675,353,466)</u>	<u>(51,017,022)</u>
Changes in working capital		
<i>Decrease / (increase) in current assets</i>		
Loans and advances	594,920,300	(324,980,750)
Prepayments	(13,127,218)	12,245,751
Other receivables	(362,586,486)	(274,732,504)
Short term investments	92,517,432	(195,313,115)
Asset held for sale	27,891,903	111,812,869
	<u>396,021,246</u>	<u>444,523,185</u>
<i>Increase in current liabilities</i>		
Trade and other payables	735,637,177	(226,444,564)
Cash generated from / (used in) operations	<u>60,283,711</u>	<u>(277,461,586)</u>

Notes to the Financial Statements

For the year ended 30th June, 2015

29. CASH AND CASH EQUIVALENTS

2015 2014
(Rupees)

Cash and bank balances	20	2,025,281,649	23,103,533
Short term borrowings	9	(3,360,000,000)	(1,394,632,677)
		(1,334,718,351)	(1,371,529,144)

30. OPERATING SEGMENTS

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

All non current assets of the Company as at 30 June 2015 are located in Pakistan.

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 recognised at the balance sheet date if counterparties fail completely to perform as contracted. The credit risk arises on loans and advances, deposits, mark-up receivable, other receivables and cash and bank balances.

Concentration of credit risk arises when a number of counterparties 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:

2015 2014
(Rupees)

Long term deposits	89,590	107,590
Loans and advances	661,638,921	1,051,658,114
Other receivables	1,215,091,964	852,505,478
Markup receivable	18,855,901	50,916,916
Cash and bank balances	2,025,257,464	23,099,147
	3,920,933,840	1,978,287,245

Notes to the Financial Statements

For the year ended 30th June, 2015

The Company does not take into consideration the value of collateral while testing financial assets for impairment. The Company considers the creditworthiness of counterparties as part of its risk management and utilizes collateral under force majeure in extremely difficult situations where recovery appears to be unlikely from customary measures like restructuring or negotiation.

Long term deposits

This represents deposit placed with Central Depository Company of Pakistan Limited (CDC) for the purpose of effecting transactions and settlement of listed securities. It is expected that deposits with CDC will be clearly identified as being assets of the Company, hence management believes that it is not materially exposed to credit risk against it. Apart from the above other deposits are with counterparties for provision of continued supply of services. The management does not expect to have any credit risk against such deposits, as it is refundable upon termination of agreement / services from counterparties.

Loans, advances, markup and other receivables

The Company extends loans and advances to its related concerns and follows due process of seeking approval from shareholders as per applicable laws and regulations. Wherever possible, management obtains collateral from counterparties. As loans are mainly provided to related concerns, management is not expecting to incur loss against the same. Apart from the above the Company has extended loan under reverse repurchase agreements for which the Company has obtained collateral from counterparty at the balance sheet date, the fair value of which is higher than its exposure amount. Mark-up receivable mainly pertains to loans extended to related parties for which the management does not expect to incur any credit loss. Other receivable mainly comprises of receivable on account of guarantee extended to counterparty and does not expect to have material credit risk there against, based on the term of arrangement with parties involved.

The aging analysis of loans, advances, other receivables and mark-up receivable is as follows:

	2015 (Rupees)	2014 (Rupees)
Not past due	1,738,577,222	1,565,008,228
Past due 1-30 days	-	116,717,221
Past due 30-180 days	-	116,717,221
Past due more than 180 days	157,009,564	156,637,839
	1,895,586,786	1,955,080,509

For past due over 180 days, management does not anticipate to incur loss as the fair value of underlying collateral is higher than the exposure.

Cash and bank balances

As at 30 June 2015 the Company has placed funds with banks having good credit ratings.

The credit ratings to respective banks have been assigned by independent credit rating agencies. At reporting date credit ratings of respective banks were AA- to A1+.

Notes to the Financial Statements

For the year ended 30th June, 2015

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. 1,838.60 million (2014: Rs. 14.38 million) and Rs. 2.800 billion (2014: Rs. 2.155 billion) as mentioned in notes 20 & 9 respectively.

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

Financial liabilities	Carrying amount	2015		
		Contractual cash flows	Upto one year	More than one year
Long term loan	395,889,825	448,161,693	80,029,877	368,131,816
Long term payable	1,700,179,646	1,700,179,646	-	1,700,179,646
Trade and other payables	1,427,944,971	1,427,944,971	1,427,944,971	-
Short term borrowings	3,360,000,000	3,402,945,861	3,402,945,861	-
	6,884,064,442	6,979,232,171	4,910,920,709	2,068,311,462

Financial liabilities	Carrying amount	2014		
		Contractual cash flows	Upto one year	More than one year
Long term loan	243,021,452	318,625,166	75,894,407	242,730,759
Long term payable	1,700,179,646	1,700,179,646	-	1,700,179,646
Trade and other payables	1,031,923,725	1,031,923,725	1,031,923,725	-
Short term borrowings	1,394,632,677	1,444,868,130	1,444,868,130	-
	4,369,757,500	4,495,596,667	2,552,686,262	1,942,910,405

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effective as at 30 June. The rates of mark-up have been disclosed in respective notes to these financial statements.

31.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is exposed to currency risk and interest rate risk.

Notes to the Financial Statements

For the year ended 30th June, 2015

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 bank balances in foreign currency and receivables in respect of assets held for sale which are denominated in foreign currencies. The management believes that the Company's exposure emanating from any fluctuations in the foreign currencies is not required to be hedged.

Financial assets	2015		2014	
	Rupees	US Dollars	Rupees	US Dollars
Bank balances	4,079,726	40,096	3,987,506	40,359

The following significant exchange rates were applicable during the year:

	Average rates		Balance sheet date rate	
	2015	2014	2015	2014
US Dollars to Pakistan Rupee	102	103	101.57 / 101.75	98.61 / 98.80

Sensitivity analysis

A 10 percent strengthening / (weakening) of the Pakistan Rupee against various foreign currencies at 30 June would have (decreased) / increased the profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2014.

	Effect on profit and loss (net of tax)	
	2015	2014
As at 30 June Effect in US Dollars	407,973	263,175

b) Interest / mark-up rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The majority of the interest rate exposure arises from financial assets and financial liabilities as stated below.

Notes to the Financial Statements

For the year ended 30th June, 2015

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

	2015 (Effective interest rate %)	2014	2015 (Rupees)	2014 (Rupees)
Financial assets				
<i>Variable rate financial instruments</i>				
Loans and advances	11.00% to 13.42%	11.53% to 13.42%	507,762,091	451,506,452
Cash and bank balances	6.5% to 4.00%	6.5% to 8%	907,257,640	3,640,248
Financial liabilities				
<i>Variable rate financial instruments</i>				
Long term loan	10.68 % to 12.7%	12.60%	346,854,503	194,417,162
Current maturity of long term loan	10.68 % to 12.7%	12.60%	49,035,322	48,604,290
Short term borrowings	8.76% to 12.46%	10.03% to 12.43%	3,360,000,00	1,394,632,677

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through the profit and loss account. Therefore a change in interest rates at the reporting date would not affect the profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

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.

Notes to the Financial Statements

For the year ended 30th June, 2015

As at 30 June 2015	Increase 100 bps	Decrease 100 bps
	(Rupees)	
Cash flow sensitivity - Variable rate financial assets	14,150,197	(14,150,197)
Cash flow sensitivity - Variable rate financial liabilities	37,558,898	(37,558,898)
As at 30 June 2014		
Cash flow sensitivity - Variable rate financial assets	4,515,065	(4,515,065)
Cash flow sensitivity - Variable rate financial liabilities	16,376,541	(16,376,541)

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 Company is exposed to equity price risk since it has investments in quoted securities amounting to Rs. 17,127.363 million (2014: Rs. 12,958.000 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 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 realised 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 realised in the sale of a particular security may be affected by the relative quantity of the security being sold.

Sensitivity analysis

The table below summarizes the Company's equity price risk as of 30 June 2015 and 2014 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. Accordingly, the sensitivity analysis prepared is not necessarily an indication of the effect on Company's net assets of future movement in the level of KSE 100 index.

Notes to the Financial Statements

For the year ended 30th June, 2015

	Fair value (Rupees)	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders' equity (Rupees)	Hypothetical increase / (decrease) in profit / (loss) before tax
30 June 2015	17,127,363,240	30% increase 30% decrease	22,265,572,212 11,989,154,268	814,945,416 (814,945,416)	4,323,263,556 (4,323,263,556)
30 June 2014	12,958,000,094	30% increase 30% decrease	16,845,400,122 9,070,600,066	618,923,607 (618,923,607)	3,268,476,421 (3,268,476,421)

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 13.

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 2015		30 June 2014	
	Carrying amount (Rupees)	Fair value (Rupees)	Carrying amount	Fair value
Financial assets				
Long term investments	27,290,447,778	27,290,447,778	23,770,010,736	23,770,010,736
Short term investments	907,015,462	907,015,462	393,089,358	393,089,358
Long term deposits	89,590	89,590	107,590	107,590
Loans and advances	661,638,921	661,638,921	1,051,658,114	1,051,658,114
Markup receivable	18,855,901	18,855,901	50,916,916	50,916,916
Other receivables	1,215,091,964	1,215,091,964	852,505,478	852,505,478
Cash and bank balances	2,025,281,649	2,025,281,649	23,103,533	23,103,533
	32,118,421,265	32,118,421,265	26,141,391,725	26,141,391,725
Financial liabilities				
Long term loan	346,854,503	346,854,503	194,417,162	194,417,162
Long term payable	1,700,179,646	1,700,179,646	1,700,179,646	1,700,179,646
Interest/mark-up accrued on short term borrowings	42,945,861	42,945,861	58,312,389	58,312,389
Trade and other payables	1,427,944,971	1,427,944,971	1,031,923,725	1,031,923,725
Current maturity of long term loan	49,035,322	49,035,322	48,604,290	48,604,290
Short term borrowings	3,360,000,000	3,360,000,000	1,394,632,677	1,394,632,677
	6,926,960,303	6,926,960,303	4,428,069,889	4,428,069,889

Notes to the Financial Statements

For the year ended 30th June, 2015

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 2015	Level 1	Level 2	Level 3 (Rupees)	Total
Financial assets at fair value through profit or loss				
Equity securities	14,410,978,519	-	11,070,000,000	25,480,978,519
Available-for-sale financial assets				
Equity securities	2,716,384,721	-	-	2,716,384,721

Notes to the Financial Statements

For the year ended 30th June, 2015

30 June 2014	Level 1	Level 2	Level 3 (Rupees)	Total
Financial assets at fair value through profit or loss				
Equity securities	10,894,921,403	-	11,205,000,000	22,099,921,403
Available-for-sale financial assets				
Equity securities	2,063,078,691	-	-	2,063,078,691

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:

	Note	2015 (Rupees)	2014 (Rupees)
Unlisted equity instruments			
Balance at 1 July		11,205,000,000	12,150,000,000
Total gains / (losses) recognised in profit and loss account on remeasurement of investment		(135,000,000)	(945,000,000)
Balance at 30 June		11,070,000,000	11,205,000,000

During the year ended 30 June 2015, 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. A change of 1% in value arrived at reporting date would have the following effect:

	Effect on profit and loss account favourable (unfavourable) (Rupees)
30 June 2015	
Equity securities	110,700,000 (110,700,000)
30 June 2014	
Equity securities	112,050,000 (112,050,000)

Notes to the Financial Statements

For the year ended 30th June, 2015

c) 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 / amortised cost	Total carrying amount
(Rupees)						
30 June 2015						
Financial assets						
Cash and bank balances	-	-	-	-	2,025,281,649	2,025,281,649
Pledged investments	597,800,000	1,942,755,750	-	315,491,912	-	2,856,047,662
Non-pledged investments	309,215,462	22,631,207,307	-	2,400,992,809	3,833,385,578	29,174,801,156
Long term deposits	-	-	-	-	89,590	89,590
Loans and advances	-	-	661,638,921	-	-	661,638,921
Markup receivable	-	-	18,855,901	-	-	18,855,901
Other receivables	-	-	1,215,091,964	-	-	1,215,091,964
	907,015,462	24,573,963,057	1,895,586,786	2,716,484,721	5,858,756,817	35,951,806,843
Financial liabilities						
Long term loan - secured	-	-	-	-	346,854,503	346,854,503
Interest/mark-up accrued on short term borrowings	-	-	-	-	42,945,861	42,945,861
Long term payable	-	-	-	-	1,700,179,646	1,700,179,646
Trade and other payables	1,214,400,000	-	-	-	213,544,971	1,427,944,971
Current maturity of long term loan	-	-	-	-	49,035,322	49,035,322
Short term borrowings	-	-	-	-	3,360,000,000	3,360,000,000
	1,214,400,000	-	-	-	5,712,560,303	6,926,960,303
30 June 2014						
Financial assets						
Cash and bank balances	-	-	-	-	23,103,533	23,103,533
Pledged investments	220,042,060	6,513,404,640	-	374,124,818	-	7,107,571,518
Non-pledged investments	173,047,298	15,193,427,405	-	1,689,053,873	3,637,122,178	20,692,650,754
Long term deposits	-	-	-	-	107,590	107,590
Loans and advances	-	-	1,051,658,114	-	-	1,051,658,114
Markup receivable	-	-	50,916,916	-	-	50,916,916
Other receivable	-	-	852,505,478	-	-	852,505,478
	393,089,358	21,706,832,045	1,955,080,508	2,063,178,691	3,660,333,301	29,778,513,903
Financial liabilities						
Long term loan - secured	-	-	-	-	194,417,162	194,417,162
Interest/mark-up accrued on short term borrowings	-	-	-	-	58,312,389	58,312,389
Long term payable	-	-	-	-	1,700,179,646	1,700,179,646
Trade and other payables	851,312,000	-	-	-	180,611,725	1,031,923,725
Current maturity of long term loan	-	-	-	-	48,604,290	48,604,290
Short term borrowings	-	-	-	-	1,394,632,677	1,394,632,677
	851,312,000	-	-	-	3,576,757,889	4,428,069,889

The financial instruments not accounted for at fair value are those financial assets and liabilities whose carrying amounts approximate its fair value. None of the financial assets and financial liability have been netted off in the financial statements, except for receivable and payable to Arif Habib Limited which is netted off. Had it been reported at gross, the amount of other receivable will be increased by Rs. 11.97 million with corresponding effect off other payable.

Notes to the Financial Statements

For the year ended 30th June, 2015

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. STAFF RETIREMENT BENEFITS

Defined contribution plan - staff provident fund

Salaries, wages and benefits include Rs. 1.678 million (2014: Rs. 2.047 million) in respect of provident fund contribution.

The following information is based on the latest financial statements of the Fund:

	2014 (Rupees)	2013
Size of the Fund- total assets	14,205,639	10,218,296
Cost of investments made	14,003,466	10,153,075
Percentage of investments made	100%	99%
Fair value of investments	<u>14,143,166</u>	10,153,075

Breakup of investments is as follows:

	2014 (Rupees)	%	2013 (Rupees)	%
Open end mutual fund	2,539,700	17.96	-	-
Balance with bank in savings account	11,603,466	82.04	10,153,075	100.00
	<u>14,143,166</u>	<u>100.00</u>	10,153,075	100.00

The contributions were made by the Company to the Trust in accordance with the requirement of Section 227 of the Companies Ordinance, 1984. The audit of the provident fund for the year ended 2015 is in progress. The investments out of the fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for the purpose.

34. 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 carried out at contractual / agreed rates. 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.

Notes to the Financial Statements

For the year ended 30th June, 2015

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

Transactions and balances with related parties during the year other than those disclosed elsewhere in the financial statements are given below:

	2015 (Rupees)	2014 (Rupees)
Relationship with the Company and the nature of transaction		
Transactions with Subsidiaries		
Services availed	7,518,121	7,239,570
Mark-up income on loan and advance	6,957,832	27,926,122
Dividend income	189,748,685	103,499,283
Subscription of right shares / fresh equity investment	302,000,000	68,505,106
Loan extended	260,000,000	338,000,000
Loan repayment	270,000,000	915,500,000
Mark-up income received	7,208,157	28,253,463
Guarantee fees	66,964	-
Disposal of computer and allied equipment	18,129	50,571
Purchase of vehicle	-	171,533
(Numbers)		
Bonus shares received	-	3,449,976
Transactions with Associates		
Dividend income - cash	994,493,067	923,744,891
Mark-up on loan and advance	154,227,953	137,751,457
Mark-up income received	149,502,266	130,329,725
Loan / advance extended	1,965,409,225	1,684,021,452
Loan / advance repayment	1,914,128,586	2,016,588,564
Donation made	100,000,000	2,500,000
Purchase of investment property	-	2,661,504,400
Guarantee fees	2,025,000	-
Guarantee fees received	1,400,000	-
Transactions with Other related parties and associated undertakings		
Provident fund contribution	1,678,324	2,046,636
Payment of rent and maintenance charges	33,878,921	5,555,184
Mark-up accrued short term running finance	30,325,018	-

Notes to the Financial Statements

For the year ended 30th June, 2015

35. NUMBER OF EMPLOYEES

Number of persons employed by the Company as on the year end are 18 (2014: 19) and average number of employees during the year are 19 (2014: 21).

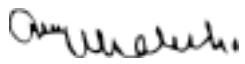
36. GENERAL

36.1 Date of authorization for issue

These financial statements have been authorized for issue on August 06, 2015 by the Board of Directors of the Company.

36.2 Non adjusting events after Balance Sheet date

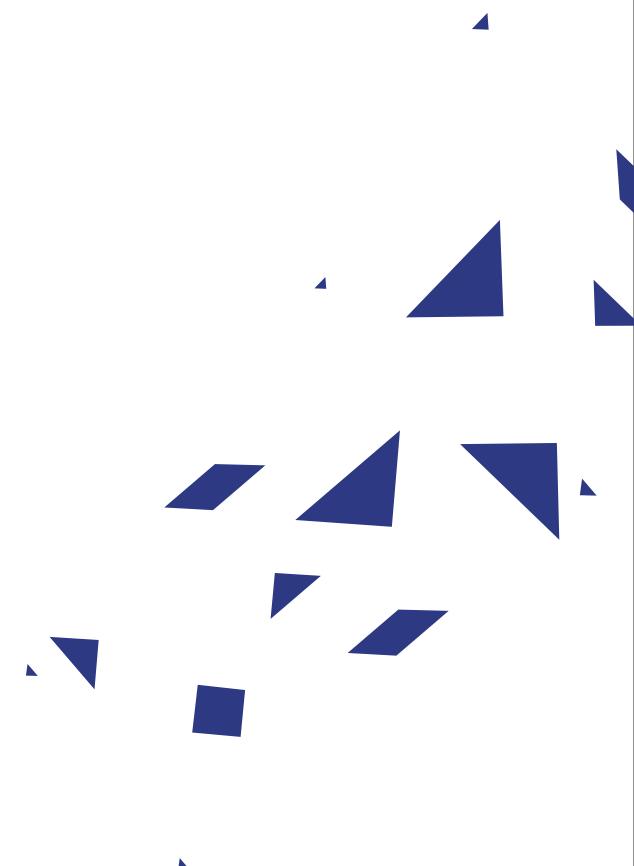
The Board of Directors has proposed a cash dividend of Rs. 4.00 per share amounting to Rs. 1,815,000,000 at its meeting held on August 06, 2015 for the approval of the members at the annual general meeting to be held on 21 October 2015.



Chief Executive Officer



Director



Audited Consolidated Financial Statements For the year ended 30th June, 2015



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

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Auditors' Report on Consolidated Financial Statements

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 2015 and the related consolidated profit and loss account, consolidated statement 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 the Holding Company and its subsidiary companies namely; Pakistan Opportunities Limited (formerly Pakistan Private Equity Management Limited) and Power Cement Limited except for Arif Habib Limited, Arif Habib Commodities (Private) Limited, Arif Habib 1857 (Private) Limited, Sachal Energy Development (Private) Limited 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 and the inclusion of unaudited financial statements of subsidiaries namely Arif Habib DMCC. These 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.

In our opinion, the consolidated financial statements present fairly the financial position of the Holding Company and its subsidiary companies as at 30 June 2015 and the results of their operations for the year then ended.

We draw attention to:

- Note 3.1 and 19.6 to the consolidated financial statements which describes that the financial information of a subsidiary and an associate was unaudited.
- Note 1.4 to the consolidated financial statements which describes that auditors of Arif Habib DMCC (AHD) have qualified their report on AHD trading licence which was valid till 25 October 2014 and is subject to renewal by Dubai Multi Commodities Authority, Dubai, UAE.
- Note 1.5 to the consolidated financial statements which explains that Pakistan Opportunities Limited has incurred a net loss of Rs.0.161 million during the year ended 30 June 2015 and as of that date its accumulated losses are Rs.48.332 million and no economic activity was carried out during the year.



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- Note 27.1 and 14.1.5 to the consolidated financial statements which state the reasons for recording an asset in relation to a refund claim of excise duty amounting to Rs.182.604 million and reversal of loan from previous sponsor amounting to Rs. 115.927 million by Power Cement Limited.

Our opinion is not qualified in respect of above matters.

Moneeza Usman Butt

Date: September 22, 2015

Karachi

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

Consolidated Balance Sheet

As at 30th June, 2015

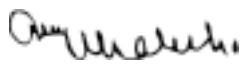
	Note	2015	2014		
		(Rupees)			
EQUITY AND LIABILITIES					
Share capital and reserves					
Authorised share capital		10,000,000,000	10,000,000,000		
Issued, subscribed and paid-up share capital	4	4,537,500,000	4,537,500,000		
Reserves		13,705,671,841	11,352,656,202		
Equity attributable to owners of the Parent		18,243,171,841	15,890,156,202		
Non-controlling interests		1,550,040,084	1,055,597,355		
		19,793,211,925	16,945,753,557		
Surplus on revaluation of fixed assets	5	15,432,500	-		
Non-current liabilities					
Long term loans - secured	6	1,252,251,503	1,118,222,162		
Loans from related parties - unsecured	7	1,180,989,352	1,224,971,506		
Long term payable	8	1,700,179,646	1,700,179,646		
Liabilities against assets subject to finance lease	9	1,660,874	2,235,913		
Deferred liability - Staff gratuity	10	50,073,519	41,748,723		
Deferred taxation - net	11	621,315,664	328,165,511		
		4,806,470,558	4,415,523,461		
Current liabilities					
Loan from previous sponsors	14.1.5	735,000	735,000		
Trade and other payables	12	3,124,271,790	2,596,403,973		
Interest / mark-up accrued on borrowings		102,354,574	123,013,911		
Short term borrowings	13	4,621,066,027	4,309,905,907		
Current portion of long term loans	6	544,143,322	754,556,290		
Current portion of liabilities against assets subject to finance lease	9	500,013	468,892		
Provision for taxation		670,102,867	320,793,666		
Payable against sale of securities		44,558,395	-		
Liabilities held for sale		-	23,815,692		
		9,107,731,988	8,129,693,331		
		33,722,846,971	29,490,970,349		
Contingencies and commitments	14				

Consolidated Balance Sheet

As at 30th June, 2015

	Note	2015	2014		
		(Rupees)			
ASSETS					
Non-current assets					
Property, plant and equipment	15	4,790,605,043	4,732,957,516		
Intangible assets - others	16	15,037,353	14,226,625		
Goodwill		1,163,961,863	1,163,961,863		
Trading right entitlement certificate, membership card and offices	17	24,600,000	59,052,500		
Investment properties	18	3,173,144,374	2,989,651,000		
Equity accounted investees	19	14,293,581,206	12,374,772,753		
Other long term investments	20	121,442,551	121,442,551		
Long term loans and advances - considered good		-	975,000		
Long term deposits	21	47,599,877	40,530,986		
		23,629,972,267	21,497,570,794		
Current assets					
Stock-in-trade	22	284,975,000	177,302,000		
Stores, spares and loose tools	23	562,409,000	642,543,000		
Trade debts	24	791,170,241	452,594,045		
Loans and advances - considered good	25	1,349,239,951	2,038,064,020		
Deposits and prepayments	26	433,919,303	56,800,357		
Advance tax		533,133,862	421,611,367		
Tax refund due from government	27	287,265,000	245,730,000		
Markup receivable	28	18,856,147	50,667,183		
Other receivables - considered good	29	1,320,649,417	919,152,977		
Short term investments	30	1,682,189,185	1,898,848,996		
Receivable against sale of investment		-	797,382,506		
Cash and bank balances	31	2,829,067,598	226,986,603		
Assets held for sale		-	65,716,501		
		10,092,874,704	7,993,399,555		
		33,722,846,971	29,490,970,349		

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.



Chief Executive Officer



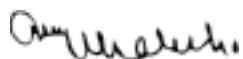
Director

Consolidated Profit and Loss Account

For the year ended 30th June, 2015

	Note	2015 (Rupees)	2014
Operating revenue	32	3,211,303,390	2,591,503,078
Operating and administrative expenses	33	(517,725,197)	(443,583,591)
Loss on disposal of subsidiary		-	(3,212,433)
Charge for impairment on investments - net		-	(15,900,000)
Other income	34	433,330,905	384,322,959
Finance cost	35	(829,487,058)	(916,125,793)
Other charges	36	(323,660,189)	(136,309,946)
		1,973,761,851	1,460,694,274
Share of profit of equity - accounted investees - net of tax		2,439,242,991	1,177,978,427
Profit before tax		4,413,004,842	2,638,672,701
Taxation	37	(745,062,331)	(162,584,200)
		3,667,942,511	2,476,088,501
Loss for the year from discontinued operations - net of tax		-	(37,412,501)
Profit for the year		3,667,942,511	2,438,676,000
Profit attributable to:			
Equity holders of the Parent Company		3,221,170,612	2,212,729,593
Non-controlling interests		446,771,899	225,946,407
		3,667,942,511	2,438,676,000
Earnings per share - basic and diluted			
From continuing operations		7.10	4.96
From discontinued operations		-	(0.08)
	38	7.10	4.88

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.



Chief Executive Officer



Director

Consolidated Statement of Comprehensive Income

For the year ended 30th June, 2015

	Note	2015	2014
		(Rupees)	
Profit after tax		3,667,942,511	2,438,676,000
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to profit and loss account</i>			
Effect of translation of net assets of foreign subsidiary to presentation currency - net		1,325,794	1,547,469
Reclassification of foreign currency translation difference on disposal of foreign operation		(2,550,663)	-
Share of other comprehensive income of equity - accounted associates		47,258,303	37,684,832
Reclassification of share of other comprehensive income of equity - accounted investee on loss of significant influence		-	(37,684,832)
Reversal of unrealised gain on investment classified as equity - accounted investee		-	(62,697,089)
		46,033,434	(61,149,620)
<i>Items that will never be reclassified subsequently to profit and loss accounts</i>			
Share of other comprehensive income of equity - accounted associates - net of tax		56,739,120	-
Remeasurement of defined benefit liability - net of tax		(205,000)	1,020,000
		56,534,120	1,020,000
Other comprehensive income for the year, net of tax		102,567,554	(60,129,620)
Total comprehensive income		3,770,510,065	2,378,546,380
Total comprehensive income attributable to:			
Equity holders of the Parent Company		3,323,826,398	2,152,348,747
Non-controlling interests		446,683,667	226,197,633
		3,770,510,065	2,378,546,380

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

Chief Executive Officer

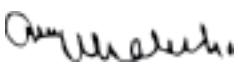
Director

Consolidated Cash Flow Statement

For the year ended 30th June, 2015

	Note	2015	2014
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	40	4,017,427,876	1,032,911,162
Income tax paid		(214,125,472)	(126,769,044)
Finance cost paid		(850,146,395)	(941,625,128)
Net cash generated from / (used in) operating activities		2,953,156,009	(35,483,010)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(284,641,923)	(254,271,358)
Acquisition of intangible assets		(1,925,321)	(3,451,056)
Acquisition of Trading right entitlement certificate		(9,500,000)	-
Proceeds from sale of / (acquisition) of stock exchange office		-	14,200,000
Dividend from equity accounted investee		998,121,236	923,744,891
Acquisition of investment property		(21,010,000)	(2,674,314,400)
Purchase of long term investment		(88,769,218)	(1,507,801,472)
Proceeds from sale of property, plant and equipment and intangibles		84,000,200	63,811,863
Long term deposits		(7,068,891)	126,247
Disposal of discontinued operation / acquisition of - net of cash disposed of / acquired		-	515,083,273
Long term loans and advances		975,000	-
Net cash generated from / (used in) investing activities		670,181,084	(2,922,872,012)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Repayment of) / proceeds from long term financing and deferred liabilities - net		(112,245,985)	427,197,783
Long term payable		-	1,700,179,646
Liability against assets subject to finance lease		(543,918)	3,850,377
Distribution by subsidiary to non-controlling interest		(85,251,315)	(46,500,717)
Dividend paid		(1,134,375,000)	(1,134,375,000)
Net cash (used in) / generated from financing activities		(1,332,416,218)	950,352,089
Net increase / (decrease) in cash and cash equivalents		2,290,920,875	(2,008,002,933)
Cash and cash equivalents at beginning of the year		(4,082,919,304)	(2,074,916,371)
Cash and cash equivalents at end of the year	41	(1,791,998,429)	(4,082,919,304)

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.



Chief Executive Officer

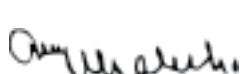


Director

Consolidated Statement of Changes in Equity

For the year ended 30th June, 2015

	Issued, subscribed and paid up share capital	Unrealised (diminution) / appreciation on remeasurement of investments classified as 'available for sale'	Exchange difference on translation of foreign operation to presentation currency	General reserve	Unappropriated profit	Total	Non-controlling interests	Total equity
	Rupees							
Balance as at 30 June 2013	4,537,500,000	130,701,387	46,564,052	4,019,567,665	5,945,567,603	14,679,900,707	534,734,474	15,214,635,181
Total comprehensive income for the year								
Profit for the year	-	-	-	-	2,212,729,593	2,212,729,593	225,946,407	2,438,676,000
Other comprehensive income								
Effect of translation of net assets of foreign subsidiary to presentation currency - net	-	-	1,547,469	-	-	1,547,469	-	1,547,469
Share of other comprehensive income of equity-accounted associates - net of tax	-	37,684,832	-	-	-	37,684,832	-	37,684,832
Reversal of unrealised gain on investment classified as equity - accounted investee during the year	-	(62,697,089)	-	-	-	(62,697,089)	-	(62,697,089)
Reclassification of share of other comprehensive income of equity accounted investee on loss of significant influence	-	(37,684,832)	-	-	-	(37,684,832)	-	(37,684,832)
Remeasurement of defined benefit liability - net of tax	-	(62,697,089)	1,547,469	-	705,751	705,751	314,249	1,020,000
				-	705,751	(60,443,869)	314,249	(60,129,620)
Total comprehensive income	-	(62,697,089)	1,547,469	-	2,213,435,344	2,152,285,724	226,260,656	2,378,546,380
Distribution by Subsidiaries	-	-	-	-	-	-	(46,500,717)	(46,500,717)
Transactions with owners recorded directly in equity								
Distributions								
Distribution: Final cash dividend for the year ended 30 June 2013 (Rs. 2.5 per share)	-	-	-	-	(1,134,375,000)	(1,134,375,000)	-	(1,134,375,000)
Changes in ownership interests in subsidiaries								
Net disposal of equity interest in subsidiary without a change in control	-	-	-	-	192,344,771	192,344,771	341,102,942	533,447,713
Total transactions with owners of the Company	-	-	-	-	(942,030,229)	(942,030,229)	341,102,942	(600,927,287)
Balance as at 30 June 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 year								
Profit for the year	-	-	-	-	3,221,170,612	3,221,170,612	446,771,899	3,667,942,511
Other comprehensive income								
Effect of translation of net assets of foreign subsidiary to presentation currency - net	-	-	1,325,794	-	-	1,325,794	-	1,325,794
Reclassification of foreign currency translation difference on disposal of foreign operation	-	-	(2,550,663)	-	-	(2,550,663)	-	(2,550,663)
Share of other comprehensive income of equity-accounted associates - net of tax	-	47,258,303	-	-	56,739,120	103,997,423	-	103,997,423
Remeasurement of defined benefit liability - net of tax	-	47,258,303	(1,224,869)	-	(116,768)	(116,768)	(88,232)	(205,000)
				-	56,622,352	102,655,786	(88,232)	102,567,554
Total comprehensive income	-	47,258,303	(1,224,869)	-	3,277,792,964	3,323,826,398	446,683,667	3,770,510,065
Distribution by Subsidiaries	-	-	-	-	-	-	(85,251,315)	(85,251,315)
Transactions with owners recorded directly in equity								
Distributions								
Final cash dividend at the rate of Rs. 2.5 per share for the year ended 30 June 2014	-	-	-	-	(1,134,375,000)	(1,134,375,000)	-	(1,134,375,000)
Changes in ownership interests in subsidiaries								
Disposal of non-controlling interest without a change in control	-	-	-	-	163,564,241	163,564,241	133,010,377	296,574,618
Total transactions with owners of the Company	-	-	-	-	(970,810,759)	(970,810,759)	133,010,377	(837,800,382)
Balance as at 30 June 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



Chief Executive Officer



Director

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

1. STATUS AND NATURE OF BUSINESS

Arif Habib Corporation Limited, ("the Parent Company") was incorporated in Pakistan on 14 November 1994 as a public limited company under the Companies Ordinance, 1984. The Parent Company is listed on the Karachi, Lahore and Islamabad Stock Exchanges of Pakistan. The principal activity of the Parent Company is to manage strategic investments in subsidiary companies and associates engaged in Chemical, Fertilizer, Financial Services, 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.

These consolidated financial statements of Arif Habib Corporation Limited for the year ended 30 June 2015 comprise of the Parent Company and following subsidiary companies (here-in-after referred to as "the Group").

<i>Name of Subsidiary Companies</i>	<i>Effective holding</i>
- Arif Habib Limited, a brokerage house	69.00%
- Arif Habib Commodities (Private) Limited, investment management of commodities, wholly owned subsidiary of Arif Habib Limited	69.00%
- Arif Habib 1857 (Private) Limited, investments and share brokerage company, wholly owned subsidiary of Arif Habib Limited	69.00%
- Arif Habib DMCC, a UAE incorporated member company of Dubai Gold and Commodities Exchange	100.00%
- Pakistan Opportunity Limited (formerly Pakistan Private Equity Management Limited)	85.00%
- Power Cement Limited, a cement manufacturing company	56.96%
- Sachal Energy Development (Private) Limited, a wind power generation company	99.99%

<i>Name of Subsidiary Companies</i>	<i>Effective holding</i>
- Arif Habib Limited, a brokerage house	69.00%
- Arif Habib Commodities (Private) Limited, investment management of commodities, wholly owned subsidiary of Arif Habib Limited	69.00%
- Arif Habib 1857 (Private) Limited, investments and share brokerage company, wholly owned subsidiary of Arif Habib Limited	69.00%
- Arif Habib DMCC, a UAE incorporated member company of Dubai Gold and Commodities Exchange	100.00%
- Pakistan Opportunity Limited (formerly Pakistan Private Equity Management Limited)	85.00%
- Power Cement Limited, a cement manufacturing company	56.96%
- Sachal Energy Development (Private) Limited, a wind power generation company	99.99%

Associates

- Pakarab Fertilizers Limited	30.00%
- Aisha Steel Mills Limited *	18.97%
- Fatima Fertilizer Company Limited	15.67%
- MCB - Arif Habib Savings and Investments Limited	30.09%
- Javedan Corporation Limited *	41.26%

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

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

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

- 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).
- 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) and is in the process of registering itself with the Securities and Exchange Commission of Pakistan (SECP) and other regulatory bodies.
- 1.4** 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 Unit No. AG-15-E, AG Tower (Silver), Plot No. 11, Jumeirah Lake Towers, Dubai, U.A.E. AHD is a wholly owned subsidiary of Parent Company 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's trading license was valid until 25 October 2014 and is subject to renewal by Dubai Mutli Commodities Authority, Dubai, U.A.E. The auditors of AHD have qualified their audit report dated 03 March 2015. However, no commercial activity was carried out during the year.
- 1.5** Pakistan Opportunities Limited (POL) [formerly Pakistan Private Equity Management Limited] 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. POL was a Venture Capital Company (VCC) 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 (SECP) and had licensed to carry out Private Equity and Venture Capital Fund Management Services. POL's license to carry out Private Equity and Venture Capital Fund Management Services expired on 03 June 2013. On 7 November 2013, POL decided to exit from the business and not to apply for renewal of license and apply to SECP to exit from the business which was granted on 18 November 2014. During the year, Memorandum of Association was amended by shareholders through special resolution dated 5 January 2015 and was approved by the SECP on 19 January 2015. The name of the Subsidiary Company was changed with effect from 19 January 2015. POL has incurred net loss for the year ended 30 June 2015 amounting to Rs. 0.161 million and as of that date its accumulated losses were Rs. 48.332 million and no economic activities was carried out during the year.
- 1.6** Power Cement Limited (PCL) 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. PCL principal activity is manufacturing, selling and marketing of cement. Registered office of PCL 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). During the year, the Parent holding in PCL decreased from 64.82% to 56.96% resulting in increase in non-controlling interest by Rs. 133.01 million. The resulting gain of Rs. 163.564 million has been recognised in equity.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

- 1.7** 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. It plans 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. It is in process of establishing 50MW wind power project in Jhampir, Sindh, Pakistan. During the year, the SEDPL, issued right shares to the Parent Company of an amount of Rs. 302 million.

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 (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) 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 elsewhere in these consolidated financial statements.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Pakistan Rupees, which is the Group's functional and presentation currency. All amounts have 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 recognised 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.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

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

- Classification of Investments (note 3.2 - 3.2.4)
- Impairment (note 3.3)
- Staff retirement benefits (note 3.5 and 3.6)
- Provision for taxation (note 3.7)
- Useful lives and residual values of property and equipment (note 3.8)
- Investment property (note 3.9)
- Useful lives and residual values of intangible assets (note 3.10)
- Biological assets (note 3.11)
- Trade debts (note 3.14)
- Stock in trade and stores and spares (note 3.25 and 3.26)

2.5 Standards, amendments, interpretations and forth coming requirements

2.5.1 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 interpretations did not have any material effect on the consolidated financial statements of the Group.

2.5.2 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 2015. The Group either does not expect to have any effect or any material/ significant effect on its accounting policy due to their application when become effective other than increase in disclosures, if any.

- Amendments to IAS 38 'Intangible Assets' and IAS 16 'Property, Plant and Equipment' – (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortisation for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

- IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 introduces a new approach to determine which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal only with separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 1 January 2016. The management is currently considering the effect of the new standard.
- IFRS 11 'Joint Arrangements' – (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The adoption of this standard is not like to have an impact on consolidated financial statements.
- IFRS 12 'Disclosure of Interest in Other Entities' – (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities in one place. The adoption of this standard is not likely to have material impact on the consolidated financial statements. Other than increased disclosure, if any.
- IFRS 13 'Fair Value Measurement' - (effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The management is currently assessing the effect of new standard.
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] – (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendment is not likely to have material effect on consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.
- Annual Improvements 2012-2014 cycles – (amendments are effective for annual periods beginning on or after 1 January 2016). Management not consider below will have significant effect on consolidated financial statements. The new cycle of improvements contain amendments to the following standards:
- IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.
- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognised in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.
- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

(i) Business Combination

Business combinations are accounted for using the acquisition method at acquisition date. The consideration transferred on the acquisition is measured at fair value, as are the identifiable net assets acquired. 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. Any goodwill that arises is tested annually for impairment. Any gain on bargain purchase is recognised immediately in consolidated profit and loss account.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in consolidated profit and loss account. Transaction cost are expensed as incurred, except if related to the issue of debt or equity securities.

(ii) 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. 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 accounting 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 these 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 derecognises 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 recognised in consolidated profit and loss account. These consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

The financial year of the Parent Company and its subsidiaries are the same and also audited except for AHD. Financial year of the AHD is January to December. AHD has prepared, for consolidation purposes, interim financial information, which is neither audited nor reviewed by independent external auditors as of the same date as the financial statements of the Parent Company.

The assets, liabilities as of 30 June 2015 and loss after taxation for the year then ended of un-audited subsidiary incorporated in these consolidated financial statements are as follows:

Subsidiary	Assets	Liabilities	Loss after tax (Rupees)
Arif Habib DMCC	63,261,049	12,189,713	(16,130,187)

(iii) Non-controlling interests

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. They are presented as a separate item in the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

(iv) 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, over the financial and operating policies.

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 (including transaction cost), plus post-acquisition changes in the Group's share of net assets of the associate, less any impairment in value. The consolidated profit and loss account reflects the Group's share of the results of its associate and consolidated other comprehensive income reflect Group's shares in other comprehensive income of equity accounted investee. 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, Aisha Steel Mills Limited and Javedan Corporation Limited are 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 2014. In the case of Fatima Fertilizer Company Limited, limited reviewed financial information as of 30 June 2015 by their external auditor has been used for equity accounting purposes.

(v) Transactions eliminated on consolidation

"Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group" transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Other Investments

All investments are initially recognised 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 recognised 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 exist, 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:

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

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

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated as at fair value through profit and loss account. 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 recognised 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.

3.2.2 Derivative financial instruments

Derivative financial instruments are initially recognised 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 recognised 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.

3.2.3 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 subsequent balance sheet dates, these investments are remeasured at fair values and changes therein, other than impairment losses and foreign currency differences on debt instrument are recognised in consolidated statement of comprehensive income until disposed off at which time these are transferred to consolidated 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.

3.2.4 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 amortised cost using the effective interest rate method, less any impairment losses.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

3.3 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 recognised is transferred from equity and recognised in the consolidated profit and loss account. Such impairment losses are not subsequently reversed through the consolidated 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 recognised in consolidated 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 recognised 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 recognised in consolidated profit and loss account.

3.4 Purchase / Sold under resale / repurchase 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 recognised 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.

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 (repo) continue to be recognised 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 finance cost and accrued over the life of the repo agreement.

3.5 Staff retirement benefits

The Group operates following retirement and other benefit schemes:

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

3.5.1 Defined contribution plan

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

3.5.2 Voluntary pension scheme

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

3.5.3 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 2015 by using Projected Credit Unit Method for valuation of the scheme. Remeasurements which comprises actuarial gains and losses and return on plan assets (excluding interest) are recognised immediately in the consolidated statement of comprehensive income. The Group determines the net interest expense (income) on the defined benefit liability (asset) for the period by applying discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset) taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and current service cost are recognised in the consolidated profit and loss account.

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.

SEDPL operates an unfunded gratuity scheme under which all employees are entitled to gratuity payment at the time of completion of service or termination, equivalent to one last drawing salary for every one year of services with SEDPL. For the purpose of any part of year, the period exceeding six months will be considered as one full year.

3.6 Compensated absences

The PCL accounts for liability in respect of un-availed compensated absences for all its permanent employees, in the period of absence. Provision for liabilities towards compensated absences is made on the basis of last drawn gross salary.

3.7 Taxation

Income tax expense comprises of current, prior year and deferred tax. Income tax expense is recognised in consolidated profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. However, in case of POL and SEDPL, a venture capital company and a wind power generation company respectively no tax is payable in accordance with clause 101 of part I of the Second Schedule and Clause 132 of the Second Schedule to the Income Tax Ordinance, 2001 respectively.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

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 recognised for all taxable temporary differences and deferred tax assets are recognised 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 realised.

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

3.8 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 recognised 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 capitalised, the asset so replaced is retired from use and its carrying amount is derecognised. 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, except for certain plant and machinery where reducing balance method is used to reflect expected pattern of consumption of future economic benefits. 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 consolidated profit and loss account using the reducing balance method over the asset's useful life at the rates stated in note 14.

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 recognised in the consolidated profit and loss account currently.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

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 consolidated balance sheet as liabilities against assets subject to finance lease.

Leased assets which are obtained under Ijarah agreement are not recognised in the consolidated 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 consolidated profit and loss account on a straight line basis over the lease term.

Major stores and spares (Capital Spares)

Spare parts, stand-by equipment and servicing equipment which qualify as property, plant and equipment when an entity expects to use them during more than one year are classified as fixed assets under category of major stores and spares.

3.9 Investment property

Investment property comprises land and building, held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the supply of services or for administrative purposes.

Investment property is initially measured at its cost, including related transaction costs and borrowing costs, if any and subsequently carried at fair value with any change therein recognised in consolidated profit and loss account.

Subsequent expenditure is capitalised 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 derecognised.

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 recognised 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.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

An item of investment property is derecognised either when disposed and any gain / (loss) on disposal is recognised in consolidated profit and loss account.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in consolidated profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain presented in the surplus on revaluation reserve.

3.10 Intangible assets

These are stated at cost less accumulated Amortisation and impairment losses, if any. Amortisation is charged using the straight line method over assets estimated useful life at the rates stated in note 16, after taking into account residual value, if any. The residual values, useful lives and Amortisation methods are reviewed and adjusted, if appropriate, at each consolidated balance sheet date.

Amortisation on additions is charged from the month the assets are put to use while no amortisation is charged in the month in which the assets are disposed off.

Gain and losses on disposal of such assets, if any, are included in the consolidated profit and loss account.

3.10.1 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.

3.11 Biological assets

Biological assets are measured at fair value less cost to sell, with any change therein recognised in consolidated profit and loss account.

3.12 Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative consolidated statement of profit and loss account and consolidated other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

3.13 Assets held for sale

Non-current assets, or disposal group comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on pro basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in consolidated profit and loss account.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated and any equity - accounted investee is no longer equity accounted

3.14 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. A provision for impairment in trade debts and other receivables is made when there is objective evidence that the Group will not be able to collect all amounts due according to original terms of receivables. Trade debts and other receivables considered irrecoverable are written off. Trade Receivables in respect of securities sold on behalf of client are recorded at settlement date of transaction.

3.15 Fiduciary assets

Assets held in trust or in a fiduciary capacity by the Group are not treated as assets of the Group and accordingly are not included in these consolidated financial statements.

3.16 Trade and other payables

Trade and other payables are carried at cost, which is the fair value of the consideration to be paid.

3.17 Short term borrowings

Mark-up bearing borrowings are recognised 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 recognised in the income statement over the period of the borrowings on an effective interest basis.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

3.18 Revenue recognition

- Gain / loss on sale of investments are recognised 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 recognised as and when such services are provided.
- Rental income from investment property is recognised on accrual basis.
- Dividend income is recognised when the Group's right to receive such dividend is established.
- Mark-up / interest income is recognised 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 recognised after finalization of export documents.
- Put option fee is recognised on time proportion basis over the period of its tenor.
- Unrealised capital gains / (losses) arising from mark to market of investments classified as 'financial assets at fair value through profit or loss - held for trading' are included in profit and loss account for the period in which they arise.
- Reverse repo income is recorded on accrual basis and late payment charges are accrued in the period in which they arise.
- Miscellaneous income is recognised on receipt basis.

3.19 Provisions

Provision is recognised 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.

3.20 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. These are measured initially at fair value. Financial assets are derecognised when the contractual right to the cash flow from the financial assets expires or is transferred. Financial liabilities are derecognised when they are extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires.

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.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

3.21 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated financial statements only when there is legally enforceable right to set-off the recognised amounts and the Group intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

3.22 Foreign currency translation

Foreign currency transactions are translated into Pakistan 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 Pakistan Rupees at the exchange rates prevailing on that date. Foreign exchange gains and losses on translation are recognised 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 Pakistan Rupees at exchange rates at the reporting date. The income and expenses of foreign operations, are translated to Pakistan 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 except to the extent that the translation differences is allocated to Non Controlling Interest (NCI). When a foreign operation is disposed off in its entirety or partially such that control or significant influence is lost, the cumulative amount in translation reserve related to that foreign operation is reclassified to consolidated profit and loss account as part of gain or loss on disposal. If group retain control then it is reattributed to NCI. When group retain significant influence the relative portion of cumulative amount is reclassified to consolidated profit and loss account.

3.23 Borrowing costs

Borrowing costs incurred on short term and long term borrowings are recognised as an expense in the period in which these are incurred, except that those which are directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset.

3.24 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.

3.25 Stock in trade

Stock of raw and packing materials, work in process and finished goods are valued at the lower of cost and net realisable value. Cost in relation to work in process and finished goods includes prime cost and appropriate proportion of production overheads incurred in bringing the inventory to their present location and condition. Stocks of raw and packing material are valued at moving average cost.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

Stocks in transit are valued at cost comprising invoice value plus other charges directly attributable to the acquisition of related purchase incurred up to the balance sheet date.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3.26 Stores, spare parts and loose tools

These are valued at cost determined on moving average basis, less provision for obsolescence. Stores and spares in transit are valued at invoice value plus other charges incurred thereon as on balance sheet date.

3.27 Mark-up bearing borrowings

Mark-up bearing borrowings are recognised initially at fair value, less attributable transactions cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Consolidated Profit and Loss Account over the period of borrowings on an effective interest basis.

3.28 Expenses

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

3.29 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' 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.

3.30 Dividend and appropriation to reserve

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

The Parent 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 Parent Company recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in consolidated profit and loss account.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

4. SHARE CAPITAL

4.1 Authorised share capital

2015 (Number of shares)	2014 (Number of shares)		2015 (Rupees)	2014 (Rupees)
1,000,000,000	1,000,000,000	Ordinary shares of Rs. 10 each	10,000,000,000	10,000,000,000

4.2 Issued, subscribed and paid-up share capital

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	450,750,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	4,507,500,000	4,507,500,000
455,750,000 (2,000,000)	455,750,000 (2,000,000)	Ordinary shares of Rs. 10 each bought back at Rs. 360 per share 4.2.1	4,557,500,000 (20,000,000)	4,557,500,000 (20,000,000)
453,750,000	453,750,000		4,537,500,000	4,537,500,000

4.2.1 During financial year 2005-2006, the Parent Company bought back two million shares of Rs. 10 each from 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 Companies (Buy-back of shares) Rules, 1999. The acquisition resulted in reduction of capital and unappropriated profit by Rs. 20 million and Rs. 700 million respectively, in the relevant year.

4.2.2 At year end, Mr. Arif Habib and Mrs. Zaitun Arif held 57.69% (2014: 57.69%) and 16.29% (2014: 16.95%) of ordinary shares in the Parent Company respectively.

5. SURPLUS ON REVALUATION OF FIXED ASSETS

During the year, Subsidiary Company, AHL has reclassified Leasehold Land and Offices to Investment Property. Immediately before transfer, AHL remeasured the said assets on respective fair values and recognised surplus in revaluation reserve.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

6. LONG TERM LOANS - secured	Note	2015 (Rupees)	2014
<i>From related party:</i>			
Term finance loan	6.1	200,000,000	-
<i>Others:</i>			
Term finance loan	6.2	194,417,158	243,021,452
Syndicated term finance	6.3	1,400,505,000	1,629,757,000
Diminishing musharakah financing	6.4	1,472,667	-
Less: Current portion of long term loan		(544,143,322)	(754,556,290)
		1,252,251,503	1,118,222,162

- 6.1** The Parent Company obtained term finance facility of Rs. 200 million from Summit Bank Limited, related party, 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.
- 6.2** This represents term finance facility obtained by the Parent Company 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 Parent Company inclusive of 25% margin and pledge of shares of associated undertaking with 30% margin. The market value of pledged shares as collateral amounts to Rs. 289.737 million (2014: Rs. 251.821 million) at balance sheet date against the borrowing. During the period, the Parent Company has paid an installment of Rs. 48.6 million.
- 6.3** This represent syndicated term finance facility arranged by Subsidiary Company, PCL with a syndicate of local commercial banks (the Syndicate). In 2012, PCL entered into a revised restructuring agreement with the Syndicate dated 23 December 2011. As per the revised restructuring agreement the principal is payable in nine half yearly installments from 23 December 2011 to 23 December 2015. The mark up charged during first 3.5 years i.e. from 23 June 2010 to 22 December 2013 is 6 month KIBOR + 0% and after 3.5 years i.e. 23 December 2013 to 23 December 2015, the mark up will be charged at 6 month KIBOR + 1.75%. Mark-up outstanding at the time of restructuring and mark up accrued from restructuring date till the date of final settlement of principal will then be paid in four half yearly instalments commencing from 23 June 2016.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

During the year, PCL again entered into a revised restructuring agreement with the Syndicate dated 26 December 2014. As per the revised restructuring agreement, principal installments aggregating Rs. 360 million has been deferred as following:

- Rs. 250 million falling due on 23 December 2014 will be repaid on 23 June 2018.
- Rs. 110 million out of Rs. 250 million falling due on 23 June 2015 will be repaid on 23 December 2018.

The outstanding principal other than deferred principal will be paid as per the existing repayment terms. The loan is secured by way of mortgage over property worth Rs. 3.33 billion and hypothecation charge over assets worth Rs. 3.33 billion. The facility contains a covenant that PCL can not pay dividend to its shareholders until it is upto date to its debt obligation including mark-up payments to syndicate.

- 6.4** The Parent 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 effective rate of interest on the borrowing is 12.15% per annum.

7. LOANS FROM RELATED PARTIES - UNSECURED	Note	2015	2014
		(Rupees)	
Non interest bearing		1,374,924,352	1,377,481,506
Gain on initial recognition during the year		(35,011,000)	-
Gain on derecognition during the year		(274,242,000)	(230,836,000)
Unwinding of imputed interest		115,318,000	78,326,000
Closing balance		1,180,989,352	1,224,971,506

- 7.1** This include mark up free long term loans received by Subsidiary Company, PCL of Rs. 1,515.5 million (30 June 2014: Rs. 1,325.5 million) received from related parties by PCL, recorded at fair value at the mark-up rate of 6 months KIBOR plus 1.75% (30 June 2014: 6 months KIBOR plus 1.75%) per annum. The difference between the carrying value of the liability and the fair value is recognised in consolidated profit and loss account amounting to Rs. 35.011 million which is being amortised on effective interest rate over the remaining tenor of the loan.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

On 28 October 2014, management of PCL entered into a restructuring agreement in respect of loans from related parties amounting to Rs. 1,325.5 million. As per the revised terms the repayment date of the loan was deferred from 9 July 2015 to 2 July 2017. The said restructuring resulted in substantial modification of the financing terms, accordingly the previous liability has been extinguished and new liability has been recognised at fair value. The difference between the carrying amount of the liability extinguished and the fair value of the new liability has been recognised in consolidated profit and loss account which is being amortised on effective interest rate over the remaining tenor of the loan. On 2 January 2015, management of PCL entered into a revised restructuring agreement through which repayment date was further extended up to 2 June 2018. The revised restructuring did not meet the derecognition criteria as mentioned in International Accounting Standards. As at 30 June 2015, the revision in terms of the mark up free loan as mentioned in note 13.6 resulted in substantial modification of the financing terms, accordingly the previous liability has been extinguished and new liability has been recognised at fair value. The difference between the carrying amount of the liability extinguished and the fair value of the new liability has been recognised in profit and loss account which will be amortised on effective interest rate over the remaining tenor of the loan. The gain amounting to Rs. 272.242 million has been recognised in aggregate on account of derecognition of liability on modification.

- 7.2** This also include interest-free loan availed by AHD, Subsidiary Company.

8. LONG TERM PAYABLE

This represents amount payable by Parent Company to M/s. Javedan Corporation Limited, related party against purchase of investment property.

9. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	Note	2015 (Rupees)	2014
Present value of minimum lease payments	9.1	2,160,887	2,704,805
Less: Current portion shown under current liabilities		(500,013)	(468,892)
		1,660,874	2,235,913

- 9.1** These represents assets purchased under finance lease by AHL. The minimum lease payments of which have been discounted at an implicit interest rate 9% 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 12% since the implicit interest rate is linked with KIBOR so the amount of minimum lease payments and finance charges may vary from period to period. The terms of lease, the lessee has option to purchase the assets after expiry of the lease term.

Taxes, repairs and insurance costs are to be borne by the Subsidiary. In case of early termination of lease, the lessee is required to pay entire amount of rentals for unexpired period of lease agreement.

The amount of future payments of the lease and the period in which these payments will become due are as follows :

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

	Minimum lease payments	Future finance cost	Present value of lease liability 2015	2014
	(Rupees)			
Not later than one year	608,208	108,195	500,013	468,892
Later than one year and not later than five year	1,811,812	150,938	1,660,874	2,235,913
	2,420,020	259,133	2,160,887	2,704,805

10. DEFERRED LIABILITY - STAFF GRATUITY	Note	2015	2014
		(Rupees)	
Power Cement Limited	10.1	39,559,000	33,164,000
Sachal Energy Development (Private) Limited	10.2	10,514,519	8,584,723
		50,073,519	41,748,723

10.1 Power Cement Limited

10.1.1 Number of Employees under the scheme	2015	2014
	(Number)	
The number of employees covered under scheme:	276	274

10.1.2 The amounts recognised in these financial statements, based on the actuarial valuation carried out by Nauman Associates as at 30 June are as follows:

a) Significant actuarial assumptions	2015	2014
	(Percentage)	
Financial assumptions		
Discount rate	9.75%	13.25%
Expected rate of eligible salary increase in future years	8.75%	12.25%
Demographic assumptions		
Mortality rate	SLIC 2001-2005	SLIC 2001-2005
Withdrawal rate	Moderate	Moderate
Retirement assumption	Age 60	Age 60

b) Reconciliation of balance due to defined benefit plan	2015	2014
	(Rupees)	
Present value of defined benefit obligation	43,062,000	36,756,000
Fair value of plan assets	(3,503,000)	(3,592,000)
	39,559,000	33,164,000

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

	2015 (Rupees)	2014 (Rupees)
c) Movement of the liability recognized in the balance sheet		
Liability recognised in the balance sheet as at 1 July	33,164,000	30,810,000
Charge for the year	14,840,000	12,370,000
Remeasurements chargeable in other comprehensive income	255,000	(1,466,000)
Contribution during the year	(8,700,000)	(8,550,000)
Liability recognised in the balance sheet as at 30 June	39,559,000	33,164,000
d) Change in present value of defined benefits obligations		
Present value of defined benefits obligation as at 1 July	36,756,000	31,406,000
Current service cost for the year	11,022,000	9,653,000
Interest cost for the year	4,353,000	2,927,000
Benefits paid during the year	(7,808,000)	(5,746,000)
Benefits due but not paid	-	(1,313,000)
Remeasurements - Experience adjustments	(1,261,000)	(171,000)
Present value of defined benefits obligation as at 30 June	43,062,000	36,756,000
e) Changes in fair value of plan assets		
Fair value of plan assets as at 1 July	3,592,000	596,000
Contribution during the year	8,700,000	8,550,000
Expected return on plan assets	535,000	210,000
Benefits paid / discharged during the year	(7,808,000)	(5,746,000)
Benefits due but not paid	-	(1,313,000)
Actuarial loss on plan assets	(1,516,000)	1,295,000
Fair value of plan assets as at 30 June	3,503,000	3,592,000
f) Expenses recognized in the profit and loss account		
Current service cost	11,022,000	9,653,000
Interest cost	4,353,000	2,927,000
Return on plan assets	(535,000)	(210,000)
	14,840,000	12,370,000
g) Remeasurements recognised in other comprehensive income		
Remeasurements - Experience adjustments	(1,261,000)	(171,000)
Return on plan assets (excluding interest income)	1,516,000	(1,295,000)
Total remeasurements chargeable in other comprehensive income	255,000	(1,466,000)
h) Expected charge for the year ending 30 June 2016 is Rs. 15.016 million.		
i) Plan Assets as at 30 June 2015 comprise:	(Rupees)	(Percentage)
Cash and/or deposits	806,000	23.01%
Other	2,697,000	76.99%
	3,503,000	100%

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

j) Sensitivity analysis

Discount rate effect	Present value obligation	Rate effect
Original liability	43,062,000	9.75%
1% increase	40,141,000	10.75%
1% Decrease	46,455,000	8.75%
Salary increase rate effect		
Original liability	43,062,000	8.75%
1% increase	46,512,000	9.75%
1% Decrease	40,040,000	7.75%

Maturity profile

The average duration of defined benefit obligation is 7 years.

k) Analysis of present value of defined benefits obligations and fair value of plan assets

	2014-15	2013-14	2012-13 (Rupees)	2011-12	2010-11
Present value of defined obligations	(43,062,000)	(36,756,000)	(31,406,000)	(26,007,000)	(18,495,000)
Fair value of plan assets	3,503,000	3,592,000	596,000	83,000	559,000
Deficit	(39,559,000)	(33,164,000)	(30,810,000)	(25,924,000)	(17,936,000)
Experience adjustments					
Experience adjustment arising on plan liabilities	(1,261,000)	(171,000)	(2,350,000)	(249,000)	(1,363,000)

I) Experience adjustments

Experience adjustment arising
on plan liabilities

m) The charge for the year has been allocated as follows:

	(Rupees)
Net sales	12,552,000
Administrative expenses	2,287,000
	14,839,000
	11,649,000
	721,000
	12,370,000

10.2 Sachal Energy Development Pakistan (Private) Limited

Balance at beginning of the year	8,584,723	6,081,231
Liability recognised for the year	2,396,052	2,734,882
Gratuity paid during the year	(466,256)	(231,390)
Balance at end of the year	10,514,519	8,584,723

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

11. DEFERRED TAXATION - net

Note

2015

2014

(Rupees)

The liability for deferred taxation comprises of temporary differences relating to:

- Accelerated tax depreciation
- Investment in equity accounted associates

598,920,105	672,581,387
551,738,442	411,828,913
1,150,658,547	1,084,410,300

Deferred tax asset comprises of temporary differences relating to:

- Deferred tax upon provision for slow moving inventory
- Deferred tax upon deferred liabilities
- Deferred tax upon provision for leave encashment
- Recognition of liability
- Unused tax credits
- Carry forward tax losses

(2,636,000)	(3,076,000)
(7,714,000)	(7,545,000)
(2,450,000)	(2,595,000)
-	(34,696,000)
(136,547,883)	(114,419,789)
(379,995,000)	(593,913,000)
(529,342,883)	(756,244,789)
621,315,664	328,165,511

12. TRADE AND OTHER PAYABLES

Creditors	12.1	614,854,215	390,586,242
Bills payable		228,282,000	444,933,000
Accrued liabilities		15,660,849	113,218,573
Withholding tax payable		4,084,404	2,793,707
Advance from customers		47,166,000	101,835,000
Provision for Workers' Welfare Fund	12.2	469,043,534	346,470,685
Workers' Profit Participation Fund	12.3	57,612,000	25,530,000
Fair value of written put option	32.2	1,214,400,000	851,312,000
Unclaimed dividend		191,524,162	8,837,235
Unearned option fee		19,244,022	-
Other liabilities	12.4	262,400,604	310,887,531
		3,124,271,790	2,596,403,973

12.1 This includes amount of Rs. 20.79 million (2014: 0.971 million) payable to related parties by AHL. Further, this include an amount of Rs. 42.18 million (2014: 26.816 million) payable to related parties by the AHL on account of commission.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

- 12.2** 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 and Subsidiary, AHL 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/IB/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's writ petition was disposed off on the same grounds.

Being aggrieved by the decision of SHC, the Parent Company and Subsidiary, AHL has filed a constitutional petition challenging the order of SHC before the Supreme Court of Pakistan and is contesting the case vigorously. Management, based on legal counsel advice, is confident that the petition will be decided in their favour. However, based on prudence the Group has provided for Workers' Welfare Fund in these consolidated financial statements.

12.3 Workers' Profit Participation Fund	Note	2015	2014
		(Rupees)	
Balance as at 1 July		25,530,000	23,334,000
Mark-up on balance payable		2,305,000	2,196,000
Allocation for the year	35	33,083,000	-
		60,918,000	25,530,000
Payment made during the year		(3,306,000)	-
Balance as at 30 June		57,612,000	25,530,000

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

12.4 This includes Rs. 178.046 million (2014: Rs. 178.046 million) representing recognised contingent liabilities of acquired subsidiary - Power Cement Limited. PCL has received an order from Central Excise and Land Custom on 28 October 1992 alleging 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. PCL 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 Group has recognised provision of same amount in these consolidated financial statements. During the year, PCL received a demand notice from FBR reference # DCIR/Unit-01/E&C/Zone-II/LTU/2015 demanding Rs 60.624 million and Rs. 15.210 million under CED and Sales Tax respectively. The Honorable High Court of Sindh has granted the stay against the said demand notice. Further, 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. PCL filed a writ petition before the Honourable Lahore High Court (LHC), the LHC vide 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 PCL. The LHC vide its order dated 31 August 2009 restrained the CCP from enforcing its order against PCL for the time being. During the financial year ended 30 June 2009, PCL 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 PCL 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.

13. SHORT TERM BORROWINGS	Note	2015 (Rupees)	2014
Secured- from banking companies			
- Term finance	13.1	360,000,000	-
- Running finance from banks	13.2	935,611,027	4,159,773,907
- Foreign currency loan	13.3	45,355,000	20,132,000
- Istisna	13.4	280,000,000	130,000,000
Unsecured			
- Other than banking companies - related party	13.5	3,000,100,000	-
- Short term finance from sponsor	13.6	-	-
		4,621,066,027	4,309,905,907

13.1 During the year, the Parent Company availed Term Finance Loan of Rs. 360 million from Summit Bank Limited, an associated undertaking, 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 Parent Company with 25% margin and personal guarantee of Chief Executive.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

- 13.2** Short term running finance facilities are available to Parent Company, AHL and PCL from various commercial banks, under mark-up arrangements, amounting to Rs. 6,309 million (2014: Rs. 8,688 million), including Rs. Nil million (2014: Rs. 250 million) from related party, Summit Bank, which represents the aggregate of sale prices of all mark-up agreements between the Group Companies and the Banks with minimum 30% margin (2014: 30% margin). These facilities have various maturity dates upto July 2016. Arrangements are secured against pledge of marketable securities, first charge ranking pari passu against current and fixed assets and personal guarantees of Chief Executive for Parent Company. These running finance facilities carry mark-up ranging from 1 month KIBOR+ 1% to 3 month KIBOR+ 2.5% per annum (2014: 1 month KIBOR+ 1% to 3 month KIBOR+ 2.5% per annum) calculated on a daily product basis and is payable quarterly. The carrying amount of securities pledged as collateral against outstanding liability amounts to Rs. 2,910.256 million (2014: Rs. 4,234.095 million). The aggregate amount of these facilities which have not been availed as at the balance sheet date amounts to Rs. 5,374.058 million (2014: Rs. 2,505.106 million).
- 13.3** PCL has availed the foreign currency loan facility from a bank amounting to Rs. 50 million (2014: Rs. 50 million). The amount is repayable in 180 days from the date of disbursement and carries mark-up at the rate of LIBOR plus 1%. The facility is secured by first pari passu charge against present and future fixed assets of PCL.
- 13.4** This represent Istisna financing availed by PCL from a bank. The amount is repayable in 90 to 180 days and carries markup ranging from 3 months KIBOR plus 1.5% to 3 months KIBOR plus 3%. The facility is secured by third party pledged of securities. The facility will mature on 31 January 2016 and is renewable.
- 13.5** This includes unsecured working capital loan amounting to Rs. 3,000 million (2014: Rs. Nil) availed by the Parent Company from an associated undertaking and is repayable on demand. This loan carries markup at the rate of 3 month KIBOR + 1.55% which is payable on semi-annual basis. This also include interest-free loan amounting to Rs. 0.1 million (2014: Nil) availed by POL from it's sponsor, Mr. Arif Habib. The loan is re-payable on demand.
- 13.6** During the year, PCL received a markup free loan from a sponsor amounting to Rs. 60 million which was repayable on demand. As on 30 June 2015, the terms of the loan were revised and the repayment was deferred till 2 July 2025 considering which the loan has been reclassified to long term loans as mentioned in note 7.1.

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

Parent Company

- 14.1.1** The Parent Company is contesting along with other defendants four suits filed by M/s. Diamond Industries Limited, Mr. Iftikhar Shafi, M/s. 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 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.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

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 KSE in respect of Risk Management System of its Clearing House during the year 2000. The Chief Executive of the Parent Company was the Chairman of the Board of Directors of KSE during 2000. The Parent 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 Parent 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 Parent Company. Accordingly, no provision has been recognised thereagainst.

14.1.2 During the year ended 30 June 2012, the Securities and Exchange Commission of Pakistan ("SECP") issued an order under section 22 of the Securities and Exchange Ordinance, 1969 ("the Ordinance") regarding non compliance of orders passed by the SECP under section 18A of the Ordinance for depositing confiscated subscription money amounting to Rs. 3.14 million relating to fictitious applications received by the Parent Company for subscription of shares of Summit Bank Limited that were offered to general public by the Parent Company in 2007. On 2 November 2012, Appellate bench of the SECP dismissed the appeal filed by the Parent Company against the order. The Parent Company has filed a constitutional petition challenging the orders passed by the SECP before Honourable High Court of Sindh which has granted ad interim stay. The petition is being contested vigorously and the management is confident that the petition will be decided in Parent Company's favour.

PCL, Subsidiary Company

14.1.3 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, PCL filed a revision application against the order before the Sindh High Court. The Group based on the advice of the lawyer obtained by PCL has not recognised any provision thereagainst in these consolidated financial statements.

14.1.4 Section 113(2)(c) was interpreted by a Divisional Bench of the Sindh High Court (SHC) in the Income Tax Reference Application (ITRA) No. 132 of 2011 dated 7 May 2013, whereby it was held that the benefit of carry forward of Minimum Tax is only available in the situation where the actual tax payable (on the basis of net income) in a tax year is less than Minimum tax. Therefore, where there is no tax payable, interalia, due to brought forward tax losses, minimum tax could not be carried forward for adjustment with future tax liability.

PCL has carried forward minimum tax of current and previous year amounting to Rs. 70.814 million and expect to adjust the amount against the future taxable profits. PCL's legal counsel is of the opinion that it has strong arguable case and at an appropriate stage the matter can be agitated before Supreme Court of Pakistan in case the adjustment is challenged by the tax authorities. In view of above, PCL is confident that the ultimate outcome in this regard would be favorable.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

14.1.5 During the year ended 30 June 2013, PCL reversed liability amounting to Rs. 115.927 million in respect of previous sponsors loan on the basis of arbitration award in its favour.

The management of PCL was taken over by purchasing controlling shareholding during the year 2005. One of the condition of takeover of the management from the previous sponsors was that the amount payable in respect of this loan was required to be adjusted in respect of any differences in the value of assets and/or unrecorded liabilities. However, due to dispute regarding existence of certain assets, unrecorded liabilities etc., the final amount of the previous sponsor's loan remained undetermined and unsettled and the matter was referred for arbitration as per the Share Purchase Agreement between the management and the previous sponsors. The amount outstanding as at 30 June 2012 amounted to Rs. 115.927 million i.e. Rs. 234.076 million net off with unavailable stores and spares of Rs. 118.149 million.

In 2013, the arbitrator decided in favour of PCL and determined an amount of Rs. 0.735 million to be paid by PCL. The award has been sent to the Registrar High Court of Sindh for making the award a rule of Court. The management of PCL, based on its lawyers' advice is of the opinion that despite of objection filed by the previous sponsors against the arbitration award, it has strong grounds considering the fact that the Arbitration Award has been announced in PCL's favour and the arbitration award will be made a rule of Court. Accordingly, PCL had reversed the liability with a corresponding credit in its profit and loss account for the year ended 30 June 2013. However, as previous sponsors have filed objections to the award, the matter has been disclosed as a contingent liability in these consolidated financial statements.

Associates

14.1.6 The Group's share of associates' contingent liabilities is Rs. 1,980.349 million (2014: Rs. 1,315.147 million).

14.2 Commitments	Note	2015 (Rupees)	2014
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AHL, Subsidiary Company

14.2.1 Following commitments are outstanding as at the period end:

Outstanding settlement against sale/purchases of securities in future market	-	40,609,905
Outstanding settlements against marginal trading contracts	1,286,119,630	563,200,039
Outstanding settlements against sale/purchase of securities in regular market	87,182,861	181,065,922
Guarantee given by a commercial bank on behalf of AHL	100,000,000	100,000,000
PCL, Subsidiary Company		

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

14.2.2 Commitment against open letter of credit for:	2015 (Rupees)	2014
Commitments against open letter of credit for:		-
- Coal	105,778,000	-
- Stores and spares	33,718,000	98,651,000
Other commitments - Ijarah rentals	1,259,000	2,557,000

AHD, Subsidiary Company

14.2.3 Emirates NBD has issued a guarantee amounting to AED 47,565 (PKR equivalent 1,315,106) on behalf of AHD.

SEDPL, Subsidiary Company

14.2.4 National Bank of Pakistan has issued guarantee amounting USD 250,000 (equivalent to Rs. 20,866,950) on behalf of the SEDPL in favour of Alternate Energy Development Board (AEDB).

15. PROPERTY, PLANT AND EQUIPMENT	Note	2015 (Rupees)	2014
Operating fixed assets	15.1	4,735,153,043	4,690,349,516
Major stores and spares	15.2	55,452,000	42,608,000
		4,790,605,043	4,732,957,516

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

15.1 Operating fixed assets

	Leasethold land	Buildings on freehold land	Leasethold buildings and improvements	Furniture, fixtures and fittings	Owned	Vehicles Leased	Plant and machinery	Office equipment	Computer and allied equipment	Capital work in progress	Total
COST											
Balance as at 01 July 2014	3,025,000	27,089,034	750,539,054	20,829,742	60,771,168	4,590,500	3,948,690,109	3,337,698	27,881,311	269,607,453	5,116,361,069
Additions during the year	-	-	13,000,000	473,631	2,597,000	-	167,891,000	313,502	5,980,045	81,832,745	27,797,923
Disposals / Transfers	-	-	(55,000)	(1,885,129)	(965,002)	-	(75,897)	(494,367)	(82,413,452)	(84,933,846)	(303,225,147)
Balance as at 30 June 2015	3,025,000	27,089,034	763,539,054	21,238,373	61,483,039	4,590,500	4,116,581,109	3,575,303	33,076,989	269,026,746	5,303,225,147
DEPRECIATION											
Balance as at 01 July 2014	-	6,512,560	168,285,138	9,376,832	24,091,663	1,247,584	205,757,731	268,127	18,138,641	-	435,651,276
Charge for the year	-	1,572,345	37,706,216	1,590,948	7,196,690	610,579	75,506,913	728,865	3,966,260	-	128,378,816
Disposals / Transfers	-	-	(20,248)	(965,002)	-	-	(56,073)	(262,322)	-	-	(1,303,645)
Balance as at 30 June 2015	-	8,084,905	205,964,354	10,947,532	30,323,351	1,858,163	281,264,644	2,940,919	21,842,579	-	563,226,447
Revaluation of leasethold land reclassified to investment property	-	-	15,432,500	-	-	-	-	-	-	-	15,432,500
Reclassification to investment property	-	-	(30,547,500)	-	-	-	-	-	-	-	(30,547,500)
Effect of exchange rate difference	-	5,132,864	-	5,136,479	-	-	-	-	-	-	10,269,343
Written down value as at 30 June 2015	3,025,000	24,136,993	542,459,700	15,427,320	31,159,688	2,732,337	3,835,316,465	634,384	11,234,410	269,026,746	4,735,153,043
COST											
Balance as at 01 July 2013	13,497,284	27,089,034	752,627,534	29,960,030	53,155,446	5,246,000	3,835,964,000	51,246,152	33,929,929	159,858,368	4,962,573,777
Additions during the year	-	-	2,369,705	4,299,345	29,050,771	2,841,500	112,726,109	3,487,031	5,357,812	115,749,085	275,881,358
Write off	-	-	(1,573,319)	-	(86,000)	(7,809,479)	(3,497,000)	-	(36,000)	-	(36,000)
Disposals / Transfers	(10,472,284)	-	-	(9,288,635)	(1,522,040)	-	-	(47,555,056)	(57,604)	-	(24,008,686)
Asset of disposed subsidiary	-	-	(2,884,866)	(4,104,998)	(12,103,530)	-	-	(455,168)	(6,000,000)	(64,770,899)	(33,278,481)
Reclassification to assets held for sale	-	-	(27,089,034)	(750,539,054)	(20,829,742)	60,771,168	4,590,500	3,948,690,109	3,337,698	27,881,311	269,607,453
Balance as at 30 June 2014	3,025,000	-	-	-	-	-	-	-	-	-	5,116,361,069
DEPRECIATION											
Balance as at 01 July 2013	-	4,916,943	131,468,616	12,143,000	25,614,963	2,524,682	140,461,664	9,958,292	25,806,263	-	352,894,423
Charge for the year	-	1,595,617	41,181,219	2,807,082	6,375,278	560,524	65,296,067	4,672,856	5,016,035	-	127,504,678
Write off	-	-	-	(19,129)	(5,008,937)	(1,837,622)	-	(21,489)	-	-	(21,489)
Disposals / Transfers	-	-	-	(318,753)	(3,258,793)	(764,037)	-	(10,161,466)	(345,732)	-	(7,211,420)
Depreciation of asset of disposed subsidiary	-	-	(4,072,944)	(2,285,328)	(2,125,604)	-	-	(1,722,066)	(11,988,071)	-	(15,310,903)
Reclassification to assets held for sale	-	6,512,560	168,258,138	9,376,632	24,091,663	1,247,584	205,757,731	2268,127	18,138,641	-	(22,204,013)
Balance as at 30 June 2014	-	-	(9,626,079)	(1,188,078)	(1,327,177)	(263,091)	-	(1,536,219)	(2,766,072)	-	(435,651,276)
Effect of exchange rate difference	-	-	(9,626,079)	(1,188,078)	(1,313,533)	(263,091)	-	(1,536,219)	(2,766,072)	-	(3,468,373)
Reclassification to assets held for sale	-	-	-	-	13,644	-	-	-	-	-	9,639,723
Written down value as at 30 June 2014	3,025,000	30,202,553	582,280,916	11,466,554	36,679,505	3,342,916	3,742,932,378	1,069,571	9,742,670	269,607,453	4,690,349,516
Rates of depreciation (%)											
5 - 15	5 - 20	20	20	10	3 - 33	33	-	-	-	-	-

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

15.1.1 Depreciation charge has been allocated as follows:

Note

2015

2014

(Rupees)

Net sales	99,394,729	95,839,604
Operating and administrative expenses	29,484,087	31,665,074
	128,878,816	127,504,678

15.2 Major stores and spares

Opening balance	42,608,000	64,218,000
Additions during the year	114,811,000	81,531,000
Transferred to property, plant and equipment	(101,967,000)	(103,141,000)
Closing balance	55,452,000	42,608,000

15.3 Disposals of property, plant and equipment

The major disposals during the year are as follows:

Particulars of the assets	Cost	Accumulated depreciation	Written down value	Sale proceeds	Mode of disposal	Particulars of buyer
	(Rupees)					
Vehicles						
Suzuki Cultus (AMZ-423)	500,000	109,017	390,983	390,983	Negotiation	Mr. Akbar
Honda 70 (KDT-0912)	61,840	24,674	37,166	37,166	Negotiation	Mr. Ahmed Sadiq
Honda 70 (KDT-0911)	54,289	27,902	26,387	26,387	Negotiation	Mr. Ken Tony Lazarus
Suzuki Alto (ATN-127)	679,000	278,409	400,591	400,591	Negotiation	Mr. Sarwar Khan
Suzuki Cultus (AJB-820)	590,000	525,000	65,000	435,000	Negotiation	Mr. Muzammil
Furniture, fixtures and fittings, Office equipment, Computer and allied equipment						
Assets having written down value of less than Rs. 50,000 individually	635,264	338,643	296,621	296,621	Various	Various
Total	2,520,393	1,303,645	1,216,748	1,586,748		

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

16. INTANGIBLE ASSETS - OTHERS	Note	2015 (Rupees)	2014
Cost			
Balance as at 01 July		16,039,138	38,744,077
Additions during the year		1,925,321	3,451,056
Reclassification to assets held for sale		-	(26,155,995)
Balance as at 30 June		17,964,459	16,039,138
Amortisation			
Balance as at 01 July		3,046,825	5,306,549
Amortisation for the year		1,385,698	1,295,068
Reclassification to assets held for sale		-	(3,554,792)
Balance as at 30 June		4,432,523	3,046,825
Effect of exchange rate difference		1,505,417	676,549
Reclassification to assets held for sale		-	557,763
Written down value as at 30 June		1,505,417	1,234,312
		15,037,353	14,226,625

- 16.1** The amortisation charge has been allocated to Operating and administrative expenses (note 33).

17. TRADING RIGHT ENTITLEMENT CERTIFICATE, MEMBERSHIP CARD AND OFFICES

Trading right entitlement certificate			
- Karachi Stock Exchange Limited		24,500,000	15,000,000
- Lahore Stock Exchange Limited		7,000,000	7,000,000
- Islamabad Stock Exchange Limited		4,000,000	4,000,000
	17.1	35,500,000	26,000,000
Impairment			
- Karachi Stock Exchange Limited		(8,000,000)	-
- Lahore Stock Exchange Limited		(4,000,000)	-
- Islamabad Stock Exchange Limited		(2,000,000)	-
	17.2	(14,000,000)	-
Membership cards		1,000,000	1,000,000
- Pakistan Mercantile Exchange Limited			
Offices			
- Islamabad Stock Exchange Limited		12,402,500	12,402,500
- Lahore Stock Exchange Limited		17,550,000	17,550,000
Reclassification to investment property		(29,952,500)	-
		29,952,500	29,952,500
Booths			
- Karachi Stock Exchange Limited - three booths		2,100,000	2,100,000
		24,600,000	59,052,500

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

- 17.1** This represents cost of membership card of Stock Exchanges of Pakistan held by AHL and AH1857 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, Demutualization and Integration) Act, 2012 and trading right certificate are issued to the members carrying the similar rights.
- 17.2** Trading Right Entitlement Certificates held by AHL were revalued during the year ended 30 June 2015. Revaluation was carried out by M/s. Harvester Services (Private) Limited and impairment loss amounted to Rs. 14 million has been recognised thereagainst.

18. INVESTMENT PROPERTIES	Note	2015 (Rupees)	2014
Opening balance	18.1	2,989,651,000	315,336,600
Acquisition during the year	18.1	21,010,000	2,674,314,400
Reclassification from Leasehold Land and Offices		60,500,000	-
		3,071,161,000	2,989,651,000
Changes in fair value - net		101,983,374	-
		3,173,144,374	2,989,651,000

- 18.1** This represent certain plots, situated at Naya Nazimabad, Deh Mangopir, Gadap Town, Karachi owned by Parent Company and AHL.
- 18.2** During the year, the Group has engaged a valuer, M/s. Harvester Services (Private) Limited to carry out the valuation of investment property located at Naya Nazimabad, Deh Mangopir, Gadap Town, Karachi and office at Islamabad Stock Exchange.

19. EQUITY ACCOUNTED INVESTEES

Pakarab Fertilizers Limited (PFL)	19.1	2,921,224,182	3,144,371,082
Fatima Fertilizer Company Limited (FFCL)	19.2	6,915,369,906	5,808,286,875
Aisha Steel Mills Limited (ASML)	19.3	760,394,864	216,857,915
MCB - Arif Habib Savings and Investments Limited (MCB-AH)	19.4	545,992,921	518,723,170
Javedan Corporation Limited (JCL)	19.5	3,270,581,938	2,806,516,316
Less: Provision for impairment		14,413,563,811 (119,982,605)	12,494,755,358 (119,982,605)
		14,293,581,206	12,374,772,753

- 19.1** Investment in PFL (unquoted) represents 135 million (2014: 135 million) fully paid ordinary shares of Rs. 10 each, representing 30% (2014: 30%) of PFL's paid up share capital as at 30 June 2015. The cost of investment is Rs. 1,324.33 million (2014: Rs. 1,324.33 million) whereas fair value per share as at 30 June 2015 is Rs. 82 (2014: Rs. 83). Book value based on net assets, as per audited financial statements, as at 31 December 2014 is Rs. 46.16 per share (audited financial statements as at 31 December 2013: Rs. 40.19 per share).

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

- 19.2** Investment in FFCL (quoted) represents 329 million (2014: 350.680 million) fully paid ordinary shares of Rs. 10 each, representing 15.67% (2014: 16.70%) of FFCL's paid up share capital as at 30 June 2015. During the year, the Group purchased Nil (2014: 44.134 million) ordinary shares at an average price of Nil (2014: 25.8) and disposed off 21 million (2014: 48.349 million) shares at an average price of Rs. 34.64 (2014: Rs. 28.61) per share. Fair value per share as at 30 June 2015 is Rs. 39.07 (2014: Rs. 29.00). Book value based on net assets as per audited financial statements as at 31 December 2014 is Rs. 17.5 (audited financial statements, as at 31 December 2013: Rs. 15.6) per share.
- 19.3** Investment in ASML (quoted) includes 14.532 million (2014: 14.22 million) fully paid ordinary shares of Rs. 10 each. Fair value per share as at 30 June 2015 is Rs. 8.42 (2014: Rs. 8.6). During the year, the Group purchased 507,500 (2014: 85,905) ordinary shares at an average price of Rs. 8.11 (2014: 8.04) and sold 197,000 ordinary shares (2014: 65.87 million) at an average price of Rs. 8.8 (2014: Rs. 10) per share of which Nil (2014: 65.79 million) ordinary shares were sold to a related concern at an average price of Nil (2014: Rs. 10) per share.

Investment in preference shares I of ASML represents 26.896 million (2014: 34.75 million) shares having a cost of Rs. 9.8 each. These shares are listed, cumulative, irredeemable and convertible in to ordinary shares and carry preferential dividend at 6 months KIBOR + 3%. During the year, the Group sold 7.854 million (2014: 8.87 million) shares at an average price of 9.83 (2014: Rs. 10) per share of which Nil (2014: 8.87 million) shares were sold to a related concern at an average price of Nil (2014: Rs 10). Fair value of underlying preference shares, as at 30 June 2015 is Rs. 8.10 per share (2014: Rs. 7.04 per share).

Investment in preference shares II of ASML represents 56,493,515 newly issued quoted, cumulative, irredeemable and convertible preference shares of Rs. 10 each which were subscribed during the year. It carries preferential dividend at 6 months KIBOR + 3%. Fair value of underlying preference share II as at 30 June 2015 is Rs. 10.5 per share.

The above preference share II are convertible into ordinary shares at the option of the holders at any time after completion of one year from the date of subscription as per the following basis:

- a) at face value provided that book value of the ordinary shares after adjustment of all accumulated losses as per latest half yearly / annual published accounts of the company is Rs.10 or more.
- b) at book value provided that book value of the ordinary shares after adjustment of all accumulated losses as per latest half yearly/ annual published accounts of the company is lower than Rs.10.

Total investment in ASML (including Ordinary and Preference shares) represents in aggregate 18.97% (2014: 14.24%) of ASML total paid up share capital as at 30 June 2015. Book value based on net assets, as per un-audited financial statements, as at 30 June 2015 is Rs. 5.13 per share (as per audited financial statement as at 30 June 2014: Rs. 5.55 per share).

- 19.4** Investment in MCB-AH (quoted) represents 21.664 million (2014: 24.069 million) fully paid ordinary shares of Rs. 10 each, representing 30.09% (2014: 33.43%) of MCB-AH's paid up share capital as at 30 June 2015, having historical cost of Rs. 83.41 million (2014: Rs. 83.41 million). Market value per share as at 30 June 2015 was Rs. 30 (2014: Rs. 16.24), whereas book value based on net assets, as per audited financial statements, as at 30 June 2015 is Rs. 20.9 per share (audited financial statements, as at 30 June 2014: Rs. 18.8 per share). During the year, the Group purchased 19,592 (2014: 1.358 million) fully paid ordinary shares at an average price of Rs. 18.91 (2014: Rs. 16.92) per share and disposed off 3.505 million (2014: 0.623 million) ordinary shares at an average price of Rs. 20.41 (2014: 16.80) per shares.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

- 19.5** Investment in JCL (quoted) represents 48.90 million (2014: 24.332 million) fully paid ordinary shares of Rs. 39.94 (2014: Rs. 70) each and 59.843 million (2014: 45.37 million) preference shares of Rs. 9.33 (2014: Rs. 9.10) each. During the year, the Group subscribed 24.332 million (2014: Nil) ordinary shares of Rs. 10 (2014: Rs. Nil) each and purchased 0.248 million ordinary shares (2014: 24.33 million ordinary shares) at an average price of Rs. 40.55 (2014: Rs. 70) each and disposed off Nil (2014: 7.054 million) ordinary shares at an average price of Nil (2014: Rs. 78.31). At 30 June 2015 the fair value per ordinary shares was Rs. 32.59 (2014: 62.63).

The preference shares are non-voting, listed, cumulative, convertible, redeemable and non-participatory 12% preference shares of Rs. 9.33 (2014: Rs. 9.10) each, with fair value as at 30 June 2015 of Rs. 14.41 (2014: Rs. 12.75). The preference shares are convertible at the option of the holders into ordinary shares of the associate at 80% of the weighted average of closing quoted price of the ordinary shares (adjusted for any subsequent bonus or right shares issue) during three months immediately prior to the relevant conversion date. During the year, the Group purchased 1500 (2014: 46.34 million) preference shares at an average price of Rs. 13.5 (2014: Rs. 10.05).

The total investment of the Company in JCL represents an aggregate of 41.26% (2014: 40.85%) of JCL's total share capital as at 30 June 2015. Book value based on net assets, as per unaudited financial statements, as at 30 June 2015 is Rs. 39.05 per share (as per audited financial statements, as at 30 June 2014: Rs. 40.82 per share).

- 19.6** 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					
Fatima Fertilizer Company Limited (Reviewed)	30 June 2015	15,606,433	84,956,770	47,146,774	37,809,996
Aisha Steel Mills Limited	30 June 2015	9,491,748	15,336,862	12,526,114	2,810,748
MCB - Arif Habib Savings and Investments Limited	30 June 2015	771,750	2,019,332	514,293	1,505,039
Javedan Corporation Limited	30 June 2015	1,260,588	14,475,079	5,543,194	8,931,885
Unquoted					
Pakarab Fertilizers Limited (unaudited)	30 June 2015	5,849,910	59,743,911	39,404,041	20,339,870

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

Interim financial information of FFCL for the six months period ended 30 June 2015 have been reviewed by their independent auditor and financial statements of MCB-AH, ASML and JCL have been audited by its independent auditor. Financial statements of PFL used for equity accounting are unaudited / not reviewed. The carrying value of equity accounting investee whose results have been incorporated based on un-audited / not reviewed financial as at 30 June 2015 is Rs. 2,921 million and share of net loss for the year ended 30 June 2015 is Rs. 278.906 million.

20. OTHER LONG TERM INVESTMENTS	Note	2015 (Rupees)	2014
Investments - available-for-sale	20.1	100,000	100,000
Investment at fair value through profit or loss	20.2	121,342,551	121,342,551
		121,442,551	121,442,551
20.1 Investments - available-for-sale			
Takaful Pakistan Limited (TPL)	20.1.1	30,000,000	30,000,000
Sun Biz (Private) Limited (SBL)	20.1.2	1,000,000	1,000,000
Al-Khabeer Financial Services (Private) Limited (AKF)	20.1.3	1,000,000	1,000,000
		32,000,000	32,000,000
Provision for impairment		(31,900,000)	(31,900,000)
		100,000	100,000

20.1.1 Investment in TPL (unquoted) represents 3 million (2014: 3 million) fully paid ordinary shares of Rs.10 each, representing 10% (2014: 10%) of TPL's paid up share capital as at 30 June 2015. Book value based on net assets, as per audited financial statements, as at 31 December 2014 is Rs. 5.06 per share (31 December 2013: Rs. 5.23 per share). The Group has recognised full impairment against this investment.

20.1.2 Investment in SBL (unquoted) represents 0.01 million (2014: 0.01 million) fully paid ordinary shares of Rs. 100 each, representing 4.65% (2014: 4.65%) of SBL's paid up share capital as at 30 June 2015. The Group has recognized full impairment against its investment in SBL.

20.1.3 Investment in Al-Khabeer Financial Services (Private) Limited represents 5,000 (2014: 5,000) fully paid ordinary shares of Rs. 1 million (2014: Rs 1 million), representing 5% of the total share capital of the Company as at 30 June 2015. The Group recognized provision amounting to Rs. 0.9 million in the previous year against this investment.

20.2 This represents unquoted shares of Stock Exchanges received by the Subsidiary Company, AHL in pursuance of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012. The total number of shares received by AHL are 4,007,383 of Karachi Stock Exchange Limited (KSEL), 843,975 shares of Lahore Stock Exchange Limited (LSEL) and 3,034,604 shares of Islamabad Stock Exchange Limited (ISEL) with a face value of Rs. 10 each. These include 60% shares of KSEL, LSEL and ISEL respectively held in separate CDC blocked account to restrict the sale of these shares by the members, whereas stock exchanges will dispose of these shares under the Demutualization Act. However the proceeds of these shares and right to dividend/bonus is vested with Subsidiary Company, AHL, whereas the voting rights attached to these shares are suspended.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

The Group has designated these shares at fair value through profit and loss at initial recognition. Any subsequent changes in fair value will be recognised in profit and loss accounts.

The fair value of these shares is determined by AHL and the same has been vet and authorised by the independent valuer M/s. Deloitte M. Yusuf Adil Saleem & Co. Chartered Accountant in their Project Index Valuation report dated 30 September 2013 using valuation techniques under the guidelines of IAS 39 - "Financial Instruments: Recognition and Measurement". Where as the fair value of shares of Lahore and Islamabad Stock Exchange is determined by M/s. Al - Muizz Financials in their report dated 30 September 2013 based on the discontinued cash flow technique.

During the year, AHL has calibrated valuation technique and tested its validity by comparing the Financial Projections used in valuation technique used by valuers with the latest information of the KSEL, LSEL and ISEL and concluded that the value per share should remain same and unchanged i.e. Rs. 15.66, Rs. 29.88 and Rs. 11.01 respectively.

Valuation techniques and key assumptions used for the remeasurement of above 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.

Valuation Method	Key Assumptions				
	Long Term Growth Rate	Cost of Equity	Value of Exchange (bn Rs.)	Value per Share (Rs.)	Valuation Techniques
Karachi Stock Exchange Limited					
CAPM-Country Risk Premium Method	10%	14.99%	12,552,802	15.66	Discounted Cash Flows
Lahore Stock Exchange Limited					
CAPM-Country Risk Premium Method	10%	14.99%	3,833,056	29.88	Discounted Cash Flows
Islamabad Stock Exchange Limited					
CAPM Country Risk Premium Method	10%	14.99%	4,042,697	11.01	Discounted Cash Flows

21. LONG TERM DEPOSITS

Note 2015 2014
(Rupees)

Karachi Stock Exchange Limited	21.1	422,309	110,000
Lahore Stock Exchange Limited		12,352,766	4,578,621
Islamabad Stock Exchange Limited		150,000	150,000
National Clearing Company of Pakistan Limited		901,000	901,000
Security deposit for leased car		1,164,150	902,150
Security deposit for employees' cars		1,861,800	3,345,950
Pakistan Mercantile Exchange deposit for office		9,007,205	8,900,000
Others		21,740,647	21,643,265
		47,599,877	40,530,986

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

- 21.1** During the year deposit amounting to Rs. 7.78 million was made to Lahore Stock Exchange Limited by AHL for construction of New South Tower in which AHL has reserved four offices.

22. STOCK-IN-TRADE

Note 2015 2014
(Rupees)

Raw material	8,621,000	33,306,000
Packing material	58,205,000	49,834,000
Work-in-process	175,962,000	67,732,000
Finished goods	42,187,000	26,430,000
	284,975,000	177,302,000

23. STORES, SPARES AND LOOSE TOOLS

Stores	170,641,000	189,580,000
Coal	193,870,000	294,445,000
Spare parts	208,059,000	169,156,000
Loose tools	3,358,000	2,881,000
Provision for slow moving / obsolete stock	575,928,000	656,062,000
	(13,519,000)	(13,519,000)
	562,409,000	642,543,000

- 23.1** This includes coal in-transit amounting to Nil (2014: Rs. 166.742 million).

24. TRADE DEBTS

Considered good		
- Secured	24.1	492,277,417
- Unsecured	24.2 & 24.3	298,892,824
		791,170,241
		875,288,868
		1,666,459,109
Considered doubtful		
Provision for doubtful debts		
- Opening provision		(876,460,583)
- Reversal for the year		1,171,715
- Provision as at 30 June		(875,288,868)
		791,170,241
		317,086,045
		135,508,000
		452,594,045
		876,460,583
		1,329,054,628
		(1,005,853,265)
		129,392,682
		(876,460,583)
		452,594,045

- 24.1** This includes Rs. 12.52 million (2014: Rs. 10.21 million) due from related parties. The Subsidiary Company, AHL hold capital securities having fair value of Rs. 51,863 million (2014: Rs. 23,391 million) owned by its clients, as collaterals against trade debts.

Notes to the Consolidated Financial Statements

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- 24.2** This includes receivable by PCL from Javedan Corporation Limited , Safe Mix Concrete Limited and Aisha Steel Mills Limited (related party) amounting to Rs. 6.999 million (2014: 6,898 million), Rs. 12.001 million (2014: 8.036 million) and Rs. 0.165 million (2014: Rs. 0.165 million) respectively. The balances due from aforementioned related parties are mark-up free. The ageing analysis of these balances are as follows.

	2015 (Rupees)	2014
Not past due	16,400,000	9,728,000
Past due 1-60 days	2,557,000	5,371,000
Past due 61 days -1 year	208,000	-
	19,165,000	15,099,000

- 24.3** This includes receivable by AHL against Marginal financing amounting to Rs. 45.130 million as at 30 June 2015. The same is provided to client's on markup basis ranging from 12% to 16% per annum.

25. LOANS AND ADVANCES - considered good	Note	2015 (Rupees)	2014
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Unsecured - Considered good

Advance:

- for new investment	25.1	425,494,937	392,994,937
- against letter of credit		5,344,000	13,469,000
- to suppliers and contractors		70,927,315	49,481,000
- for bid price for secondary public offer		-	250,000,000
- to Aisha Steel Mills Limited against equity		-	236,924,414
- to executives and employees - unsecured	25.2	10,208,844	14,949,546
Loan to Aisha Steel Mills Limited	25.3	493,156,204	426,521,452

Secured - Considered good

Receivable against Reverse repo	25.4	322,776,764	613,465,671
To related parties:			
- Aisha Steel Mills Limited	25.5	14,605,887	14,985,000
- Others	25.6	6,726,000	25,273,000
		1,349,239,951	2,038,064,020

- 25.1** This represents amount paid as deposit money for acquisition of shares of a dairy farm.

- 25.2** This include amount of Rs. 4.763 million (2014: 8.217 million) advance to key management personnel.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

- 25.3** The Parent Company has entered into a loan agreement with the said associated concern on 1 July 2013. The loan is repayable within 30 business days notice of demand. The mark-up rate on the said loan is 3 month KIBOR prevailing on the base rate setting date plus 3% per annum. Mark-up is payable on quarterly basis. The effective mark-up charged during the year was 10.99% to 13.43% (2014: 12.02% to 13.17%) per annum.
- 25.4** The Parent Company and Subsidiary, AHL has entered into separate agreements for Purchase and Sale of Securities (Reverse repo) with finances on 3 September 2013. During the year agreement with one of the financee was settled. The effective rate between purchase and resale price is 3 months KIBOR + 5% and 15.01% per annum respectively (2014: 3 months KIBOR + 5% and 15.01% per annum respectively). The fair value of the unsettled agreement as at the balance sheet date is Rs. 595.925 million. As per the agreement, all transaction costs relating to purchase and sale of securities shall be borne by the financee. The Parent Company and Subsidiary, AHL has pledged underlying shares with financial institutions as security against its borrowing. The fair value of underlying shares pledge at balance sheet date is Rs. 868.735 million. The effective rate between purchase and resale price is 20% per annum respectively (2014: 3 months KIBOR + 5% and 15.01% per annum respectively). The fair value of underlying securities of unsettled agreement as at the balance sheet date is Rs. 310.213 million (2014: Rs. 595.925 million). As per the agreement, all transaction costs relating to purchase and sale of securities shall be borne by the financee.
- 25.5** The Parent Company has entered into an agreement with the said associated concern 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 + 3.25% per annum (2014: 6 months KIBOR + 3.25% per annum). The effective rate of markup on the loan ranged between 11.23% to 13.42% (2014: 12.37% to 13.42%) per annum. Mark-up is payable on semi-annually basis.
- 25.6** This include receivable by PCL against rebates and scrap sales amounting to Rs. 5.856 million (2014: Rs. 5.421 million) and Rs. 0.87 million (2014: Rs. 12.936 million) respectively.
- 25.7** Maximum balance due from related party during the year was Rs. 1,361.5 million (2014: Rs. 2,138.623 million).

26. DEPOSITS AND PREPAYMENTS

	Note	2015 (Rupees)	2014
Deposits - future clearing	26.1	292,483,178	10,288,477
Prepayments		38,104,277	5,660,001
MTS exposure deposit		102,431,823	40,583,863
Others		900,025	268,016
		433,919,303	56,800,357

- 26.1** This include amounts of deposits at the year end against exposure arising out of the trading in securities by AHL in accordance with the regulations of Karachi Stock Exchange Limited and National Clearing Company of Pakistan Limited, respectively.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

27. TAX REFUND DUE FROM GOVERNMENT	Note	2015 (Rupees)	2014
Income tax refundable		94,809,000	53,274,000
Sales tax refundable		2,989,000	2,989,000
Excise duty receivable	27.1 & 27.2	189,467,000	189,467,000
		<u>287,265,000</u>	<u>245,730,000</u>

- 27.1** From 1993-94 to 1998-99 excise duty was levied and recovered from PCL 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 15 February 2007. Accordingly, PCL 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 Subsidiary, PCL has failed to discharge the burden of proof to the effect that incidence of duty had not been passed on to the customers of PCL. Accordingly, PCL 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 Subsidiary, PCL has been submitted by Subsidiary, PCL and therefore Subsidiary, PCL 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.

Based on the decision by ATIR and the tax advisor's opinion that the refund claim is allowed to PCL, it has recorded the refund claim receivable with a corresponding credit to the consolidated profit and loss account. The matter has been challenged by the Tax department in the High Court. However, the management based on legal advisor's opinion is confident of a favourable outcome. PCL, Subsidiary Company, is actively pursuing the matter for the settlement of the said refund claim.

- 27.2** PCL received an order from Additional Collector, Hyderabad vide order no. 22 of 2000 alleging that the Central Exercise Duty of Rs. 6.863 million was not paid on certain sales for the years 1995-1996 and 1996-1997. The said amount was paid by PCL, with corresponding receivables was recorded. PCL filed an appeal in Honorable Sindh High Court which was rejected vide order dated 29 May 2007. Management has filed a petition in Honorable Supreme Court of Pakistan which was disposed off vide order dated 18 July 2011 with the permission to approach the Court of Civil jurisdiction. Accordingly, a civil suite was filed challenging the order of Deputy Collector of Customs, Central Exercise and Sales Tax, Hyderabad. Management of PCL in consultation with its lawyer is confident that the outcome of the case would be in their favour and that the amount deposited above would be recovered.

Notes to the Consolidated Financial Statements

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28. MARKUP RECEIVABLE	Note	2015	2014
		(Rupees)	
Considered good:			
Receivable against reverse repurchase agreement (Reverse repo)	25.4	3,132,734	39,920,618
From related parties:			
Aisha Steel Mills Limited	25.3 & 25.5	15,723,167	10,745,974
Others		246	591
		<u>18,856,147</u>	<u>50,667,183</u>
28.1	The above receivable from related parties are on account of loans provided to them which are current and not past due.		
29. OTHER RECEIVABLES - considered good	Note	2015	2014
		(Rupees)	
Secured			
Receivable under guarantee	32.2	1,214,400,000	851,312,000
Guarantee fee receivable - related parties		691,964	-
Put option fee receivable		-	1,105,978
Unsecured			
Receivable from related parties		77,609,955	-
Others		27,947,498	66,734,999
		<u>1,320,649,417</u>	<u>919,152,977</u>
30. SHORT TERM INVESTMENTS - at fair value through profit or loss 'held for trading'			
Investment in quoted equity securities	30.1	1,637,939,295	1,866,791,673
Investments in privately placed preference shares		34,386,904	31,798,323
Investment in term finance certificates		383,817	259,000
Investment in margin trading system		9,479,169	-
		<u>1,682,189,185</u>	<u>1,898,848,996</u>

- 30.1** 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. 967.5 million (2014: Rs. 1,303.642 million). This also includes investment in shares of Summit Bank Limited and units of Arif Habib Dolmen City REIT scheme, related parties, having fair value of Rs. 4.391 million and Rs. 117.737 million, respectively.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

31. CASH AND BANK BALANCES	Note	2015 (Rupees)	2014
With banks in:			
Current accounts			
- In local currency		1,279,205,402	49,978,617
- In foreign currency		15,988,116	4,308,602
		<hr/>	<hr/>
Deposit accounts	31.1	1,295,193,518	54,287,219
		1,533,363,189	172,082,991
		<hr/>	<hr/>
Cash in hand		2,828,556,707	226,370,210
		510,891	616,393
		<hr/>	<hr/>
		2,829,067,598	226,986,603

31.1 The balance in deposit accounts carry markup ranging from 4% to 7.5% per annum (2014: 6.5% to 12% per annum).

32. OPERATING REVENUE	Note	2015 (Rupees)	2014
Dividend income		74,918,886	14,742,265
Mark-up income on loans and advances		154,478,278	137,759,184
Brokerage income		335,633,060	275,786,298
Mark-up on bank deposits		5,292,075	3,751,743
Underwriting, consultancy and placement commission		256,212,593	134,010,609
Income from reverse repo transaction		89,697,566	159,728,110
Net sales	32.1	789,766,000	90,040,000
Gain on remeasurement of investments - net		241,363,715	256,280,332
Gain on sale of investments - net		1,182,541,217	1,437,783,342
Put option fee	32.2	81,400,000	81,621,195
		<hr/>	<hr/>
		3,211,303,390	2,591,503,078

32.1 This represent sales net of related cost of sales and distribution cost.

32.2 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 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 recognised liability of Rs. 1,214.4 million (2014: Rs. 851.312 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 8.89% (2014: 12.24%).

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

33. OPERATING AND ADMINISTRATIVE EXPENSES	Note	2015 (Rupees)	2014
Salaries and benefits	33.1	250,106,239	200,814,029
Printing and stationery		7,800,976	7,526,888
Communication		6,621,594	5,524,005
Rent, rates and taxes		42,881,171	52,066,793
Utilities		3,392,175	3,032,405
Legal and professional charges		20,752,700	39,016,053
Central Depository Company and clearing house charges		14,520,953	7,062,918
Entertainment		1,781,127	3,056,434
Travel and conveyance		16,983,136	21,705,447
Depreciation		29,484,087	31,665,074
Repairs and maintenance		20,198,041	19,379,450
Insurance		5,624,871	4,481,442
Fees and subscription		5,529,156	7,525,559
Advertisement, business promotion and research		62,548,461	17,881,522
Meeting expenses		884,900	714,280
Auditors' remuneration	33.2	4,730,542	4,617,972
Technical assistance / commission and advisory fee		5,049,019	1,578,509
Bad debts expenses		-	13,000
Advances written off		3,176,042	3,660,000
Amortisation charges		1,385,698	154,703
Ujrah payments	33.3	1,546,706	3,002,192
Others		12,727,603	9,104,916
		517,725,197	443,583,591

33.1 This includes the Group's contribution to staff retirement benefits amounting to Rs. 5.695 million (2014: Rs. 7.719 million).

33.1.1 Parent Company and AHL have set up provident fund for its employees and the contributions were made by them to the Trust in accordance with the requirement of Section 227 of the Companies Ordinance, 1984. The fund balance of provident fund by Parent Company amounting to Rs. 11.603 million and Rs. 2.54 million as of 30 June 2015 is placed with bank under deposit account and open end mutual fund, respectively in accordance with the requirement of Section 227 of the Companies Ordinance, 1984. Further AHL has placed fund balance of Rs. 7.9 million in deposit account maintained with the bank. The audit of the provident fund of Parent Company for the year ended 2015 is in progress. The audit of the provident fund of AHL for the years ended 2010 to 2015 is in progress.

The following information is based on the latest financial statements of provident fund managed by the Parent Company:

		2014	2013
Size of the Fund- total assets	Rupees	14,205,639	10,218,296
Cost of investments made	Rupees	14,003,466	10,153,075
Percentage of investments made		100%	99%
Fair value of investments	Rupees	14,143,166	10,153,075

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

33.2 Auditors' remuneration

2015 2014
(Rupees)

Audit fee	3,148,506	2,839,472
Certifications including half yearly review	1,236,042	1,012,392
Other certifications	172,500	137,500
Out of pocket	173,494	628,608
	4,730,542	4,617,972

33.3 Ujrah payments

The Group has entered into various Ijarah arrangements with various financial institutions for lease of 3 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
Total of future Ujrah payments under the agreements	1,212,000	47,000

34. OTHER INCOME

2015 2014
(Rupees)

Income from financial assets:

Profit on exposure deposit	5,322,685	2,529,783
Late payment charges	-	-
Gain on initial recognition of financial asset	35,011,000	-
Gain on derecognition of financial liability	274,242,000	230,836,000
Markup on Margin Trading System	1,797,566	2,055,145
Exchange gain on foreign currency balance	-	32,933,173
Guarantee commission income	2,091,964	-
Markup from group companies	6,015,478	-
Reversal of provision of bad debts	1,171,715	105,235,384

Income from non-financial assets:

Rental income	2,898,924	3,835,380
Gain on sale of fixed assets	370,000	2,671,294
Others	2,426,199	4,226,800
Unrealised gain on re-measurement of investment property	101,983,374	-
	433,330,905	384,322,959

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

35. FINANCE COST	Note	2015 (Rupees)	2014
Mark-up on long term loans		222,696,387	366,932,647
Mark-up on short term borrowings		471,378,468	446,148,765
Mark-up on Workers' Profit Participation Fund		2,305,000	2,196,000
Mark-up on finance lease		279,298	134,049
Unwinding of loan from associate		115,318,000	78,326,000
Bank charges		6,207,980	8,632,235
Others		11,301,925	13,756,097
		<u>829,487,058</u>	<u>916,125,793</u>

36. OTHER CHARGES

Workers' Welfare Fund		122,572,849	69,659,546
Workers' Profit Participation Fund		33,083,000	23,334,000
Donations	36.1	126,261,470	39,404,500
Impairment loss on remeasurement of disposal group		-	3,911,900
Exchange loss		18,213,904	-
Impairment loss on trading rights entitlement certificates and others		23,502,460	-
Loss on disposal of scrap assets		26,506	-
		<u>323,660,189</u>	<u>136,309,946</u>

36.1 Donations

Donations in which a director is interested is as follows:

Name of director	Interest in donee	Name and address of the donee	Amount donated 2015 (Rupees)	2014
Mr. Arif Habib	Director	Arif Habib Foundation		
Mr. Samad Habib	Director	Arif Habib Centre, 23, M.T.Khan Road, Karachi	120,000,000	-
Mr. Kashif Habib	Director			
Mr. Nasim Beg	Member			
Mr. Arif Habib	Director	Pakistan Centre for Philanthropy 1 - A, St 14, F-8/3, Islamabad	-	2,500,000

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

37. TAXATION	2015 (Rupees)	2014
For the year		
- Current	451,862,178	101,961,100
- Prior year	-	18,061,359
- Deferred	293,200,153	42,561,741
	<hr/> 745,062,331	<hr/> 162,584,200

Relationship between tax expense and accounting profit

Profit before taxation	4,413,004,842	2,638,672,701
Tax at the applicable tax rate	1,456,291,598	1,052,060,226
Tax effect under final tax regime / presumptive tax regime	(397,309,068)	(61,585,539)
Prior year tax effect	-	18,061,359
Tax effect of minimum tax	-	66,362,000
Tax effect of income taxed at lower rate	(344,770,122)	(642,574,602)
Tax effect of other items	244,059,900	(269,739,244)
	958,272,308	162,584,200

Parent Company

- 37.1** Income tax assessments of the Parent Company have been finalized up to Tax Year 2005 (Accounting year 2005). However, deemed assessments made under section 120 of the Income Tax Ordinance, 2001 relating to Tax Years 2006 to 2008 have been subsequently amended under section 122 of the Income Tax Ordinance, 2001. The Parent Company has filed appeals in respect of each of the said amendment. Income tax assessment for the Tax Year 2010, taken as deemed assessment under section 120 of the Income Tax Ordinance, 2001, was subsequently amended twice under section 122 (5A) of the Income Tax Ordinance, 2001. The appeals filed by the Parent Company with Commissioner Inland Revenue (Appeals-1) against these amendments were decided in favor of the Parent Company and the relief was maintained by Appellate Tribunal.

Income tax assessment for the Tax Year 2011, taken as deemed assessment under section 120 of the Income Tax Ordinance, 2001 was subsequently amended under section 122 (5A) of the Income Tax Ordinance, 2001. The Parent Company was subsequently allowed relief in its subsequent appeal which was also maintained by Appellate Tribunal in favor of the Parent Company. Income tax assessment for the Tax Year 2012 was taken as deemed assessment under section 120 of the Income Tax Ordinance, 2001 which was subsequently amended under section 122 (1) of the Ordinance. The appeal of the Parent Company was decided in favor of the Parent Company. The Department has preferred an appeal in the Appellate Tribunal against the decision. However, appeal effect has not yet been issued.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

Income tax assessment for Tax Year 2013 and 2014 was deemed to have been finalized under section 120 of the Income Tax Ordinance, 2001. However, the assessment was subsequently amended under section 122 (5A) of the Income Tax Ordinance, 2001. The Parent Company has preferred an appeal against the amended assessment and major relief was allowed to the Parent Company. Department has filed an appeal in the Appellate Tribunal against the relief given to the Parent Company.

- 37.2** The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 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 distribute dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid up capital. 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.

The Board of Directors of the Parent Company in their meeting held on 06 August 2015 have recommended sufficient cash dividend for the year ended 30 June 2015 (refer note 51) for the consideration and approval of the shareholders of the Parent company in the forthcoming annual general meeting which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognised in these consolidated financial statements or the year ended 30 June 2015.

AHL, Subsidiary Company

- 37.3** Assessment up to tax year 2014 deemed to be finalized under Section 120 of the Income Tax Ordinance, 2011.
- 37.4** The Subsidiary Company based on current years results and future years projections estimates that only Rs. 20.57 million of Deferred Tax Asset will be utilized, arising because of deductible temporary difference on Provisioning of WWF amounting to Rs. 59.973 million. Consequently, no deferred tax asset is recognised on remainder of deductible temporary difference amounting to Rs 64.447 million.
- 37.5** The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 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 distribute dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40 percent 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.

The Board of Directors of Subsidiary Company in their meeting held on 30 July 2015 has distributed sufficient cash dividend for the year ended 30 June 2015 which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognised in these consolidated financial statements for the year ended 30 June 2015.

PCL, Subsidiary Company

- 37.6** Minimum tax liability of Rs. 85.027 million has not been recognised in view of expectation of availability of sufficient future taxable profits resulting in tax liability under normal tax regime in next five years

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

against which such liability would be adjusted. The return of income have been filed up to tax year 2014 (corresponding to financial year ended 30 June 2014), while the income tax assessment have been finalized up to and including tax year 2012.

POL, Subsidiary Company

- 37.7** No tax expense is recognised by the Subsidiary Company in the current year, as there is no taxable income for the year. Further no deferred tax asset is recognised on tax losses due to uncertainty regarding availability of future taxable profits.

Previously, the Subsidiary Company was licensed under NBFC as Venture Capital Company. The Venture Capital Company under the provisions of clause (101) of Part I of Second Schedule to the Income Tax Ordinance, 2001, is unconditionally exempt from tax up to 30 June 2024. Furthermore, under the provisions of clause (11) of Part IV of Second Schedule to the Ordinance, provisions of section 113 relating to minimum tax was also not applicable to the Subsidiary Company.

38. EARNINGS PER SHARE - BASIC AND DILUTED

2015
(Rupees)

2014

38.1 Basic earnings per share

Profit after tax attributable to ordinary shareholders	Rupees	<u>3,221,170,612</u>	<u>2,250,142,094</u>
Loss after tax from discontinued operations attributable to ordinary shareholders	Rupees	<u>-</u>	<u>(37,412,501)</u>
Weighted average number of ordinary shares	Number	<u>453,750,000</u>	<u>453,750,000</u>
Earnings per share	Rupees	<u>7.10</u>	<u>4.96</u>
Loss per share - discontinued operations	Rupees	<u>-</u>	<u>(0.08)</u>

38.2 Diluted earnings per share

Diluted earnings per share has not been presented as there is no convertible instruments in issue as at 30 June 2015 and 30 June 2014 which would have any effect on the earnings per share if the option to convert is exercised.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

39. REMUNERATION OF CHIEF EXECUTIVES, DIRECTORS AND OTHER EXECUTIVES

- 39.1** For the purpose of disclosure, those employees are considered as executives whose basic salary exceeds five hundred thousand rupees in a financial year.
- 39.2** 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 Parent and respective subsidiaries are given below:

	Chief Executives		Director and other Executives	
	2015	2014	2015	2014
	(Rupees)			
Managerial remuneration	36,349,092	38,426,864	110,521,843	82,206,584
Retirement benefits	3,622,996	3,980,037	9,007,760	7,609,958
Commission and bonus	28,833,472	29,251,252	3,111,906	4,007,108
Other allowance	4,512,799	6,027,052	18,206,536	11,666,088
Total	73,318,359	77,685,205	140,848,045	105,489,738
Number of persons	5	6	87	74

- 39.3** The aggregate amount charged to these consolidated financial statements in respect of directors' fee paid to two directors (2014: two) was Rs. 0.23 million (2014: Rs. 0.22 million).
- 39.4** Besides above, group insurance and medical facilities under insurance coverage were provided to the above mentioned personnel.
- 39.5** The Chief Executive and certain Executives has been provided with free use of respective Group Companies' maintained vehicles in accordance with the policy.
- 39.6** Certain key management personnel have also been provided with free use of respective Group Companies' maintained vehicles in accordance with the policy.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

40. CASH GENERATED FROM OPERATIONS

Note 2015 2014
(Rupees)

Profit before tax	40.1	4,413,004,842	2,601,483,883
Adjustments for:			
Depreciation and amortization		130,264,514	128,799,746
Gain on disposal of stock exchange room		-	(1,797,500)
Share of profit of equity-accounted associate - net of tax		(2,439,242,991)	(1,177,978,427)
Impairment loss on investments - net		-	15,900,000
Impairment loss on remeasurement of disposal group		-	3,911,900
Unrealized gain on investment property		(101,983,374)	-
Loss on disposal of subsidiary		-	3,212,433
Fixed assets written off		-	14,511
Bad debt expense		-	13,000
Advances written off		3,176,042	-
Reversal of provision of bad debts		(1,171,715)	-
Impairment loss on trading rights entitlement certificates and others		23,502,460	-
Loss on disposal of scrap assets		26,506	-
Gain on sale of property, plant and equipment		(370,000)	(2,671,294)
Finance cost		829,487,058	916,125,793
Operating Profit before changes in working capital		(1,556,311,500)	(114,469,838)
		2,856,693,342	2,487,014,045

Changes in working capital:

Decrease / (increase) in current assets

Trade debts	(337,404,481)	276,500,125
Stock-in-trade	(107,673,000)	124,083,000
Stores, spares and loose tools	80,134,000	(196,247,168)
Loans and advances	685,648,027	(652,641,551)
Deposits and prepayments	(377,118,946)	15,245,761
Receivable against sale of investment	797,382,506	(797,382,506)
Markup receivable	31,811,036	133,442,473
Other receivables	(401,496,440)	(274,605,491)
Short term investments	216,659,811	(90,229,092)
Tax refund due from Government	(41,535,000)	(31,981,000)
Assets held for sale	65,716,501	129,554,839
	612,124,014	(1,364,260,610)

Increase / (decrease) in current liabilities

Trade and other payables	527,867,817	(89,842,273)
Liabilities held for sale	(23,815,692)	-
Payable against sale of securities	44,558,395	-
	548,610,520	(89,842,273)
Cash generated from operations	1,160,734,534	(1,454,102,883)
	4,017,427,876	1,032,911,162

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

40.1 Profit before tax	Note	2015 (Rupees)	2014
Profit before tax from continuing operations		4,413,004,842	2,638,672,701
Profit before tax from discontinued operations		-	(37,188,818)
		<u>4,413,004,842</u>	<u>2,601,483,883</u>

41. CASH AND CASH EQUIVALENTS

Cash and bank balances	31	2,829,067,598	226,986,603
Short term running finance	13	(4,621,066,027)	(4,309,905,907)
		<u>(1,791,998,429)</u>	<u>(4,082,919,304)</u>

42. FINANCIAL INSTRUMENTS

The Group 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 Group's risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies.

42.1 Credit risk

Credit risk represents the financial loss that would be recognised at the balance sheet date if counterparties fail to meet its contractual obligations. 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 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:

	2015 (Rupees)	2014
Trade debts - net of provision	791,170,241	452,594,045
Long term deposits	30,747,852	30,543,265
Loans	918,401,014	1,145,650,669
Markup receivable	18,856,147	50,667,183
Other receivables	1,320,649,417	919,152,977
Bank balances	2,828,556,707	226,370,210
	<u>5,908,381,378</u>	<u>2,824,978,349</u>

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

The Group does not take into consideration the value of collateral while testing financial assets for impairment. The Group considers the creditworthiness of counterparties as part of its risk management and utilize collateral under force majeure in extremely difficult situation where recovery appears to be unlikely from customary measures like restructuring or negotiation.

Trade debts

The maximum exposure to credit risk for trade debt at the balance sheet date by geographic region were as follows:

	2015 (Rupees)	2014
Domestic (Pakistan)	791,170,241	445,064,045
Exports	-	7,530,000
	791,170,241	452,594,045

The maximum exposure to credit risk for trade debt at the balance sheet date by type of customer were as follows:

	2015 (Rupees)	2014
Dealer / distributor	73,091,000	17,776,000
End-user customer / Exports	718,079,241	434,818,045
	791,170,241	452,594,045

At 30 June 2015, the age analysis of trade debts is as follows:

Neither past due nor impaired	149,893,000	395,672,045
Past due 1 - 30 days	576,518,241	24,588,000
Past due 31 - 180 days	63,377,000	31,369,000
Past due more than 180 days	1,382,000	965,000
	791,170,241	452,594,045

Long term deposits

These deposits are with counterparties for provision of continued supply of services and for the license of trading in Pakistan Mercantile Exchange. Management does not expect to have any credit risk against such deposits, as it is refundable upon termination of agreement / services from counterparties.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

Loans, markup and other receivables.

The Group extends loans to its related concerns and follows due process of seeking approval from shareholders as per applicable laws and regulations. Wherever possible, management obtains collateral from counterparties. As loans are mainly provided to related concerns, management is not expecting to incur loss against the same. Apart from above the Group has extended loan under reverse repurchase agreements for which the Group at balance sheet date has obtained collateral from counterparty, the fair value of which is higher than its exposure amount. Subsequent to year end, the counterparty has repaid half of the outstanding amount and for remaining balance, management expect to recover shortly. Markup receivable mainly pertains to loans extended to related parties for which management is not expecting to incur any credit loss. Other receivable mainly comprise of receivable on account of guarantee extended to counterparty and does not expect to have material credit risk thereagainst based on the term of arrangement with parties involved.

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

	2015 (Rupees)	2014
Not past due	1,923,006,926	689,897,231
Past due 1-30 days	-	191,411,657
Past due 30-180 days	3,732,139	196,007,115
Past due 180 days	331,167,513	1,038,154,826
	<u>2,257,906,578</u>	<u>2,115,470,829</u>

Bank balances

As at 30 June 2015 the Group has placed funds with banks having good credit ratings and not considered itself to be exposed to credit risk thereagainst. The Surplus has been kept from bank having short term lower rating from A3 to higher rating A1+ and long term lower rating from A to higher rating AAA.

42.2 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 disadvantageous 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 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 Group has cash and bank balance and unutilized credit lines of Rs. 2,637.54 million (2014: Rs. 2,820.23 million) and Rs. 5.374 billion (2014: Rs. 2.505 billion) as mentioned in note 31 and 13 respectively.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

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

	2015		
	Carrying amount	Contractual cash flows	Upto one year
		(Rupees)	More than one year
Financial liabilities			
Long term loans	1,796,394,825	3,828,234,045	618,505,877
Long term payable	1,700,179,646	1,700,179,646	-
Liabilities against assets subject to finance lease	2,160,887	2,420,020	759,146
Trade and other payables	3,124,271,790	3,124,271,790	3,124,271,790
Accrued markup on borrowings	102,354,574	102,354,574	102,354,574
Short term borrowings	4,621,066,027	4,621,066,027	4,621,066,027
	11,346,427,749	13,378,526,102	8,466,957,414
2014			
	Carrying amount	Contractual cash flows	Upto one year
		(Rupees)	More than one year
Financial liabilities			
Long term loans	3,098,484,958	3,708,375,672	826,629,407
Long term payable	1,700,179,646	1,700,179,646	-
Liabilities against assets subject to finance lease	2,704,805	3,599,476	635,904
Trade and other payables	2,596,403,973	2,596,403,973	2,416,206,723
Accrued markup on borrowings	123,013,911	123,013,911	123,013,911
Short term borrowings	4,309,905,907	4,309,905,907	4,309,905,907
	11,830,693,200	12,441,478,585	7,676,391,852

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effective as at 30 June. The rates of mark-up have been disclosed in respective notes to these consolidated financial statements.

42.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Group is exposed to currency risk and interest rate risk.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

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 bank balances in foreign currency, foreign operation and receivables in respect of assets held for sale which are denominated in foreign currencies.

Financial assets	2015		
	Rupees	US Dollars	UAE Dirhams
Cash and Bank balances	<u>15,988,116</u>	<u>40,096</u>	<u>430,705</u>
2014			
	Rupees	US Dollars	UAE Dirhams
Cash and Bank balances	<u>4,308,602</u>	<u>40,359</u>	<u>14,992</u>

The following significant exchange rates were applicable during the year:

	Average rates		Balance sheet date rate	
	2015	2014	2015	2014
US Dollars to Pakistan Rupee	<u>102</u>	<u>103</u>	<u>101.57 / 101.75</u>	<u>98.61 / 98.80</u>
UAE Dirhams to Pakistan Rupee	<u>27.83</u>	<u>28.24</u>	<u>27.65 / 28.24</u>	<u>26.84 / 26.91</u>

Sensitivity analysis

A 10 percent strengthening / (weakening) of the Pakistan Rupee against various foreign currencies at 30 June would have (decreased) / increased the consolidated profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2014.

	Effect on profit and loss (net of tax)	
	2015	2014
	(Rupees)	
As at 30 June		
Effect in US Dollars	<u>407,973</u>	<u>263,175</u>
Effect in UAE Dirhams	<u>1,190,839</u>	<u>21,192</u>

b) Interest / mark-up rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The majority of the interest rate exposure arises from financial assets and financial liabilities as stated below.

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For the year ended 30th June, 2015

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

	2015 Effective interest rate (in %)	2014	2015 Carrying amounts (in Rupees)	2014
Financial assets				
Loans and advances	<u>11% to 13.42%</u>	<u>11.53% to 13.42%</u>	<u>507,762,091</u>	<u>441,506,452</u>
Bank balances	<u>4% to 7.5%</u>	<u>6.5% to 12%</u>	<u>1,533,363,189</u>	<u>172,082,991</u>
Financial liabilities				
Short term finance	<u>5.00% to 12.46%</u>	<u>10.03% to 12.43%</u>	<u>4,621,066,027</u>	<u>4,309,905,907</u>
Long term finance	<u>9.44% to 14.49%</u>	<u>12.43%</u>	<u>1,796,394,825</u>	<u>3,098,484,958</u>

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through the consolidated profit and loss account. Therefore a change in interest rates at the reporting date would not affect the consolidated profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

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.

	Profit and loss 100 bps	
	Increase (Rupees)	Decrease (Rupees)
As at 30 June 2015		
Cash flow sensitivity-Variable rate financial liabilities	<u>(64,174,609)</u>	<u>64,174,609</u>
Cash flow sensitivity-Variable rate financial assets	<u>20,411,253</u>	<u>(20,411,253)</u>
As at 30 June 2014		
Cash flow sensitivity-Variable rate financial liabilities	<u>(74,083,909)</u>	<u>74,083,909</u>
Cash flow sensitivity-Variable rate financial assets	<u>6,135,894</u>	<u>(6,135,894)</u>

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

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. Group is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. 1,780.8 million (2014: Rs. 1,866.792 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 realised 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 realised from the sale of a particular security may be affected by the relative quantity of the security being sold.

Sensitivity analysis

The table below summarizes the Group's equity price risk as of 30 June 2015 and 2014 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. Accordingly, the sensitivity analysis prepared is not necessarily indication of the effect on Group's net assets of future movement in the level of KSE 100 index.

	Fair value (Rupees)	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders' equity (Rupees)	Hypothetical increase / (decrease) in profit / (loss) before tax
30 June 2015	1,815.62	30% increase 30% decrease	2,360.31 1,270.93	- -	544.69 (544.69)
30 June 2014	1,898.85	30% increase 30% decrease	2,468.51 1,329.20	- -	569.66 (569.66)

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

42.4 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) 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 unless the instruments donor have a market / quoted price in an active market and whose fair value cannot be reliably measured.

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:

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

30 June 2015	Level 1	Level 2	Level 3 (Rupees)	Total
Financial assets at fair value through profit or loss				
Equity securities	1,780,853,075	-	121,342,551	1,902,195,626
Available-for-sale financial assets				
Equity securities	-	-	100,000	100,000
30 June 2014	Level 1	Level 2	Level 3 (Rupees)	Total
Financial assets at fair value through profit or loss				
Equity securities	1,866,791,673	-	121,342,551	1,988,134,224
Available-for-sale financial assets				
Equity securities	-	-	100,000	100,00

b) Financial instruments by categories

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 2015	At fair value through profit and loss	Loans and receivables	Available for Sale	Cost / amortised cost	Total carrying amount
			(Rupees)		
Financial Assets					
Bank balances	-	-	-	2,829,067,598	2,829,067,598
Investments	1,803,531,736	-	100,000	-	1,803,631,736
Long term deposits	-	47,599,877	-	-	47,599,877
Loans and advances	-	1,349,239,951	-	-	1,349,239,951
Markup receivable	-	18,856,147	-	-	18,856,147
Other receivables	-	1,320,649,417	-	-	1,320,649,417
Trade debts	-	791,170,241	-	-	791,170,241
Deposits	-	395,815,026	-	-	395,815,026
	1,803,531,736	3,923,330,659	100,000	2,829,067,598	8,556,029,993
Financial Liabilities					
Long term loan	-	-	-	1,796,394,825	1,796,394,825
Trade and other payables	1,214,400,000	-	-	1,436,743,852	2,651,143,852
Interest / mark-up accrued on borrowings	-	-	-	102,354,574	102,354,574
Short term borrowings	-	-	-	4,621,066,027	4,621,066,027
	1,214,400,000		-	7,956,559,278	9,170,959,278

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

30 June 2014	At fair value through profit and loss	Loans and receivables	Available for Sale	Cost / amortised cost	Total carrying amount
			(Rupees)		
Financial Assets					
Cash and bank balances	-	-	-	226,986,603	226,986,603
Investments	2,020,191,547	-	100,000	-	2,020,291,547
Long term deposits	-	17,985,571	-	-	17,985,571
Loans and advances	-	2,039,039,020	-	-	2,039,039,020
Markup receivable	-	50,667,183	-	-	50,667,183
Other receivables	851,312,000	67,840,977	-	-	919,152,977
Trade debts	-	452,594,045	-	-	452,594,045
Deposits	-	10,556,493	-	-	10,556,493
	2,871,503,547	2,638,683,289	100,000	226,986,603	5,737,273,439
Financial Liabilities					
Long term loan	-	-	-	4,309,905,907	4,309,905,907
Trade and other payables (restated)	851,312,000	-	-	1,395,827,581	2,247,139,581
Interest / mark-up accrued on borrowings	-	-	-	123,013,911	123,013,911
Short term borrowings	-	-	-	4,309,905,907	4,309,905,907
	851,312,000	-	-	10,138,653,306	10,989,965,306

43. 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.

44. 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:

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

Transactions with associates	2015 (Rupees)	2014
- Loan advanced and repaid	<u>1,914,128,586</u>	2,466,588,564
- Loans and advances extended	<u>1,965,409,225</u>	1,684,021,452
- Mark-up on loans and advances	<u>154,227,953</u>	137,751,457
- Markup received	<u>149,502,266</u>	130,329,725
- Guarantee fees	<u>2,025,000</u>	-
- Guarantee fees received	<u>1,400,000</u>	-
- Dividend income	<u>1,630,047</u>	5,051,131
- Purchase of investment property	<u>20,035,000</u>	2,674,304,400
- Brokerage commission from associates	<u>9,018,584</u>	10,030,944

Transaction with employees and key management personnel

- Brokerage commission to key management personnel	<u>865,645</u>	1,129,081
- Amount repaid to Mr. Arif Habib	<u>415,000,000</u>	530,000,000
- Loan received from Mr. Arif Habib	<u>605,100,000</u>	1,093,500,000

Transaction with other related parties

- Payment to employees' provident fund / voluntary pension scheme	<u>13,512,584</u>	11,056,977
- Donation made	<u>100,000,000</u>	2,500,000
- Sale of goods	<u>18,260,897</u>	15,236,097
- Purchase of goods	<u>3,936,000</u>	4,474,713
- Payment of rent and maintenance	<u>55,016,706</u>	29,316,838
- Brokerage commission charged to related parties	<u>4,284,080</u>	4,284,080
- Mark-up short term running finance	<u>36,773,018</u>	-

45. 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.
Brokerage	Principally engaged in brokerage, underwriting, corporate consultancy, research and corporate finance services.
Material and Construction	Principally engaged in manufacturing, selling and marketing of cement.
Others	Others includes assets of dairy farming and energy development entities

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

	2015									
	Capital market operations	Brokerage	Material and constructions	Others	Consolidated					
	(Rupees)									
Continuing operations										
Revenues										
Operating revenue	1,090,799,483	148,191,750	789,766,000	4,940	2,028,762,173					
(Loss) / gain on sale of securities - net	(168,183,892)	1,350,725,109	-	-	1,182,541,217					
	<u>922,615,591</u>	<u>1,498,916,859</u>	<u>789,766,000</u>	<u>4,940</u>	<u>3,211,303,390</u>					
Operating and administrative expenses	(143,311,686)	(293,066,541)	(56,460,590)	(24,886,380)	(517,725,197)					
	<u>779,303,905</u>	<u>1,205,850,318</u>	<u>733,305,410</u>	<u>(24,881,440)</u>	<u>2,693,578,193</u>					
Other income	2,091,964	119,189,742	311,021,000	1,028,199	433,330,905					
	<u>781,395,869</u>	<u>1,325,040,060</u>	<u>1,044,326,410</u>	<u>(23,853,241)</u>	<u>3,126,909,098</u>					
Finance cost and other charges	(427,361,337)	(294,828,214)	(421,364,328)	(9,593,368)	(1,153,147,247)					
	<u>354,034,532</u>	<u>1,030,211,846</u>	<u>622,962,082</u>	<u>(33,446,609)</u>	<u>1,973,761,851</u>					
Share of profit from equity accounted associates - net of tax	2,439,242,991	-	-	-	2,439,242,991					
Segment results	<u>2,793,277,523</u>	<u>1,030,211,846</u>	<u>622,962,082</u>	<u>(33,446,609)</u>	<u>4,413,004,842</u>					
Taxation	(346,312,589)	(216,577,742)	(182,172,000)	-	(745,062,331)					
Profit / (loss) after tax	2,446,964,934	813,634,104	440,790,082	(33,446,609)	3,667,942,511					

	2014									
	Capital market operations	Brokerage	Material and constructions	Others	Consolidated					
	(Rupees)									
Continuing operations										
Revenue										
Operating revenue	388,649,651	702,934,639	62,113,878	21,568	1,153,719,736					
(Loss) / gain on sale of securities - net	931,308,558	517,985,132	(27,389,838)	(21,805,342)	1,400,098,510					
	<u>1,319,958,209</u>	<u>1,220,919,771</u>	<u>34,724,040</u>	<u>(21,783,774)</u>	<u>2,553,818,246</u>					
Loss on loss of control of subsidiary	(3,212,433)	-	-	-	(3,212,433)					
Operating and administrative expenses	(99,369,296)	(231,467,771)	(69,026,000)	(43,720,524)	(443,583,591)					
Impairment loss on investment - net	(15,900,000)	-	-	-	(15,900,000)					
	<u>1,201,476,480</u>	<u>989,452,000</u>	<u>(34,301,960)</u>	<u>(65,504,298)</u>	<u>2,091,122,222</u>					
Other income	(114,666)	116,707,091	266,926,000	804,534	384,322,959					
	<u>1,201,361,814</u>	<u>1,106,159,091</u>	<u>232,624,040</u>	<u>(64,699,764)</u>	<u>2,475,445,181</u>					
Finance cost and other charges	(290,598,494)	(378,292,555)	(379,563,878)	(3,980,812)	(1,052,435,739)					
	<u>910,763,320</u>	<u>727,866,536</u>	<u>(146,939,838)</u>	<u>(68,680,576)</u>	<u>1,423,009,442</u>					
Share of profit from equity accounted associates - net of tax	1,177,978,427	-	-	-	1,177,978,427					
Segment results	<u>2,088,741,747</u>	<u>727,866,536</u>	<u>(146,939,838)</u>	<u>(68,680,576)</u>	<u>2,600,987,869</u>					
Taxation	(165,604,025)	(31,962,175)	34,982,000	-	(162,584,200)					
Profit / (loss) after tax	1,923,137,722	695,904,361	(111,957,838)	(68,680,576)	2,438,403,669					
Loss for the year from discontinued operations - net of tax	-	-	(37,412,501)	-	(37,412,501)					
Profit / (loss) for the year	<u>1,923,137,722</u>	<u>695,904,361</u>	<u>(111,957,838)</u>	<u>(106,093,077)</u>	<u>2,400,991,168</u>					

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	2015				
	Capital market operations	Brokerage	Material and constructions	Others	Consolidated
	(Rupees)				
Other information					
Segment assets	8,792,127,542	1,689,001,206	5,084,363,383	3,863,773,634	19,429,265,765
Investment in equity accounted associates	<u>14,293,581,206</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,293,581,206</u>
	<u>23,085,708,748</u>	<u>1,689,001,206</u>	<u>5,084,363,383</u>	<u>3,863,773,634</u>	<u>33,722,846,971</u>
Segment liabilities					
Capital expenditure	8,256,519,646	2,862,917,625	4,304,085,000	(1,509,319,725)	13,914,202,546
Depreciation and amortisation	<u>3,815,686</u>	<u>19,185,023</u>	<u>198,327,000</u>	<u>52,395,535</u>	<u>273,723,244</u>
Expenses other than depreciation and amortisation	<u>9,794,419</u>	<u>9,550,823</u>	<u>8,753,000</u>	<u>2,771,543</u>	<u>30,869,785</u>
	<u>133,517,268</u>	<u>283,515,718</u>	<u>47,707,590</u>	<u>22,114,837</u>	<u>486,855,413</u>
	Capital market operations	Brokerage	Material and constructions	Others	Consolidated
	(Rupees)				
Other information					
Segment assets	6,305,718,022	2,884,919,953	4,721,666,343	3,203,893,278	17,116,197,596
Investment in equity accounted associates	<u>12,374,772,753</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,374,772,753</u>
	<u>18,680,490,775</u>	<u>2,884,919,953</u>	<u>4,721,666,343</u>	<u>3,203,893,278</u>	<u>29,490,970,349</u>
Segment liabilities					
Capital expenditure	5,324,682,372	2,616,673,901	4,525,167,676	78,692,843	12,545,216,792
Depreciation and amortisation	<u>27,196,975</u>	<u>7,674,650</u>	<u>209,473,471</u>	<u>34,987,318</u>	<u>279,332,414</u>
Non-cash expenses other than depreciation	<u>7,656,788</u>	<u>9,954,679</u>	<u>99,140,445</u>	<u>(148,571,689)</u>	<u>(31,819,777)</u>
	<u>91,712,508</u>	<u>221,513,092</u>	<u>2,795,261,555</u>	<u>240,949,910</u>	<u>3,349,437,065</u>

Reconciliations of reportable segment revenues, profit or loss and assets and liabilities

	2015	2014
	(Rupees)	
Operating revenues		
Total revenue for reportable segments	3,324,380,257	2,788,107,131
Elimination of inter-segment revenue	(113,076,867)	(196,604,053)
Consolidated revenue	<u>3,211,303,390</u>	<u>2,591,503,078</u>
Profit or loss		
Total profit or loss before tax for reportable segments	4,518,168,497	2,798,574,030
Elimination of inter-segment revenue / expense	(105,163,655)	(159,901,329)
Consolidated profit before tax	<u>4,413,004,842</u>	<u>2,638,672,701</u>

Information about major customers

AHL, Subsidiary Company is involved in a brokerage business. Its major clients are banking institutions such as National Bank of Pakistan Limited, United Bank Limited and Allied Bank Limited.

Notes to the Consolidated Financial Statements

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45.1 Geographical segment analysis

	2015			
	Profit / (loss) before tax	Total assets employed	Net assets	Contingencies and commitments
	(Rupees)			
Pakistan	4,435,773,624	33,660,911,169	19,759,418,278	1,614,057,491
Dubai, UAE	(22,768,782)	61,935,802	33,793,647	12,343,750
	<u>4,413,004,842</u>	<u>33,722,846,971</u>	<u>19,793,211,925</u>	<u>1,626,401,241</u>
	2014			
	Profit / (loss) before tax	Total assets employed	Net assets	Contingencies and commitments
	(Rupees)			
Pakistan	2,680,219,820	29,320,201,014	16,851,656,010	997,583,866
Colombo, Srilanka	(37,210,290)	69,628,401	45,812,709	-
Dubai, UAE	(4,336,829)	101,140,934	48,284,838	1,279,998
	<u>2,638,672,701</u>	<u>29,490,970,349</u>	<u>16,945,753,557</u>	<u>998,863,864</u>

45.2 PRODUCTION CAPACITY (CLINKER) OF MATERIAL AND CONSTRUCTION SEGMENTS

	2015	2014
	(Rupees)	
Installed capacity	<u>900,000</u>	<u>900,000</u>
Actual production	<u>553,063</u>	<u>458,900</u>

45.2.1 Production capacity utilization is 61% (2014: 54%) of total installed capacity.

45.2.2 Actual production is less than the installed capacity due to planned shut down for maintenance and in line with the industry demand.

Notes to the Consolidated Financial Statements

For the year ended 30th June, 2015

46. NUMBER OF EMPLOYEES	2015 (Rupees)	2014
Holding Company:		
Average number of employees	19	21
Number of employees as at 30 June	<u>18</u>	<u>19</u>
Subsidiary Company, AHL:		
Average number of employees	72	68
Number of employees as at 30 June	<u>74</u>	<u>68</u>
Subsidiary Company, AHCPL		
Average number of employees	29	27
Number of employees as at 30 June	<u>30</u>	<u>27</u>
Subsidiary Company, PCL:		
Average number of employees	278	265
Number of employees as at 30 June	<u>282</u>	<u>275</u>
Subsidiary Company, SEDPL:		
Average number of employees	10	8
Number of employees as at 30 June	<u>12</u>	<u>8</u>

47. GENERAL

Corresponding figures have been re-arranged and / or re-classified, wherever necessary, for the purposes of comparison and better presentation the impact of which is not material.

48. NON ADJUSTING EVENTS AFTER BALANCE SHEET DATE

The Board of Directors of the Parent Company has proposed a cash dividend of Rs. 4 per share amounting to Rs. 1,815,000,000 at its meeting held on 6 August 2015 for the approval of the members at the annual general meeting to be held on 21 October 2015. These consolidated financial statements do not reflect this appropriation as explained in note 3.30.

49. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements have been authorized for issue on 22nd September 2015 by the Board of Directors.

Any Mr. Steele.

Chief Executive Officer

[Signature]

Director

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 2016, Financial Results will be announced as per the following tentative schedule:

1st quarter ending	30th September 2015	Last Week of October, 2015	2 nd quarter ending	31 st December 2015	Last Week of January, 2016
3 rd quarter ending	31 st March 2016	Last Week of April, 2016	Year ending	30 th June 2016	Last Week of July, 2016

- **Issuance of Annual Report**

21 days before AGM i.e. on or before 30th September 2015.

- **21st Annual General Meeting**

The 21st Annual General Meeting of the Shareholders of Arif Habib Corporation Limited (“the Company”) will be held on Wednesday, 21st October 2015 at 05:00 P.M at the Beach Luxury Hotel, Moulvi Tamizuddin Khan Road Karachi.

- **CASH DIVIDEND**

A final Cash Dividend for the year ended 30th June 2015 at Rs. 4.00 per share i.e. 40% 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 13th October 2015, and the company expects to dispatch the final dividend warrants on or before 20th November 2015, being the statutory limit of 30 days from the date of General Meeting in which the dividend is approved.

Notice of Twenty First Annual General Meeting

Notice is hereby given that the Twenty First Annual General Meeting of the Shareholders of Arif Habib Corporation Limited (“the Company”) will be held on Wednesday, 21st October, 2015 at 05.00 p.m. at the Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi to transact the following business:

Ordinary Business

- 1) To confirm minutes of the Twentieth Annual General Meeting held on 25th October 2014.
- 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 2015 together with the Audited Consolidated Financial Statements of the Company and the Auditors' Reports thereon for the year ended 30th June 2015.
- 3) To appoint the Auditors for the year ending 30th June 2016 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 2015 at Rs. 4.00 per share i.e. 40% as recommended by the Board of Directors.

Special Business

- 5) To consider and if deemed fit, approve the amendments / additions / deletions in sub-clauses of Object Clause of Memorandum of Association of the Company as mentioned in the Annexure-A of Statement under Section 160(1)(b); and certain clauses of Articles of Association of the Company as mentioned in the Annexure-B of Statement under Section 160(1)(b); which are to be laid before the members for passing the following resolutions, with or without modifications, as special Resolutions:

“RESOLVED THAT subject to the necessary approvals to be obtained from regulators / creditors and any consequent modification theron, the amendments / additions in sub-clauses of Object Clause of Memorandum of Association of the Company which are laid before the members as Annexure-A of Statement under Section 160(1)(b) and forms an integral part of this resolution, be and are hereby approved.”

“FURTHER RESOLVED THAT subject to the necessary approvals to be obtained from regulators / creditors and any consequent modification theron, the amendments / additions / deletions in certain Clauses of Articles of Association of the Company which are laid before the members as Annexure-B of Statement under Section 160(1)(b) and forms an integral part of this resolution, be and are hereby approved.”

“FURTHER RESOLVED THAT the Chief Executive or / and Company Secretary be and are hereby authorized to complete necessary formalities in connection with amendments in Memorandum and Articles of Association, as modified in the Annual General Meeting or in accordance with the advice of any regulator / creditor.”

- 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 investments / additional investments in associated companies and associated undertakings subject to the terms and conditions mentioned in the Annexure-C of 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 following 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 Annexure-D of 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 following 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 Annexure-D of Statement under Section 160(1)(b) whereas the renewal of limits will be in the nature of running finance and/or corporate guarantee for a period of one year and shall be renewable in next general meeting(s) for further period(s) of one year."

	Name of Associated Companies & Undertakings	Rupees in million			
		Proposed Fresh Investment	Renewal Requested	Equity	Loan/ Advance/ Guarantee
1	Javedan Corporation Ltd.	1,000	-	199	2,432
2	MCB-Arif Habib Savings and Investments Ltd.	200	-	199	-
3	Fatima Fertilizer Company Ltd.	1,000	-	800	1,000
4	Power Cement Ltd.	1,000	-	764	1,500
5	Sachal Energy Development (Pvt.) Ltd.	1,000	-	1,638	250
6	Arif Habib Ltd.	-	500	188	500
7	Aisha Steel Mills Ltd.	-	1,000	1,545	5,250
8	Summit Bank Ltd.	-	-	499	-
9	Pakarab Fertilizers Ltd.	-	-	1,000	1,000
10	Rotocast Engineering Co. (Pvt.) Ltd.	-	-	300	200
11	Arif Habib Dolmen REIT Management Ltd.	-	-	1,500	1,000
12	Safe Mix Concrete Ltd.	-	-	150	150
13	Dolmen City REIT	-	-	871	-

"FURTHER RESOLVED THAT the Chief Executive 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 comprising of Annexure-A, Annexure-B, Annexure-C and Annexure-D pertaining to the special business is given from page No. 223 to 250.

By order of the Board

Karachi: 30th September 2015

Manzoor Raza
Company Secretary

Notes:

1. Share transfer books of the company will remain closed from 14th October, 2015 to 21st October, 2015 (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 Tuesday, 13th October, 2015 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 submit copies of their CNICs and promptly notify any change in address by writing to the office of the registrar.

Important:**Withholding tax on dividend**

The Government of Pakistan through Finance Act, 2015 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under :

- For filers of Income Tax Returns	12.5%
- For non-filer of Income Tax Returns	17.5%

Shareholders who are filers are advised to make sure that their names (and/or the name of their joint holders) are entered into latest Active Tax Payers List (ATL) provided on the website of FBR at the time of AGM on 21st October 2015, otherwise they (and/or joint holders) shall be treated as non-filers and tax on their cash dividend will be deducted at the rate of 17.5% instead of 12.5%

Withholding tax on dividend in case of Joint Account Holders

In order to enable the Company to follow the directives of the regulators to determine shareholding in case of Joint account, all shareholders who hold shares with joint shareholders, are requested to provide shareholding proportions of Principal shareholder and Joint Holder(s) in respect of shares held by them to our Share Registrar, in writing, as follows:

Folio / CDS Account #	Total Shares	Principal Shareholder		Joint Shareholder	
		Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

Note: In the event of non-receipt of the information by 13th October 2015, each shareholder will be assumed to have equal proportion of shares and the tax will be deducted accordingly.

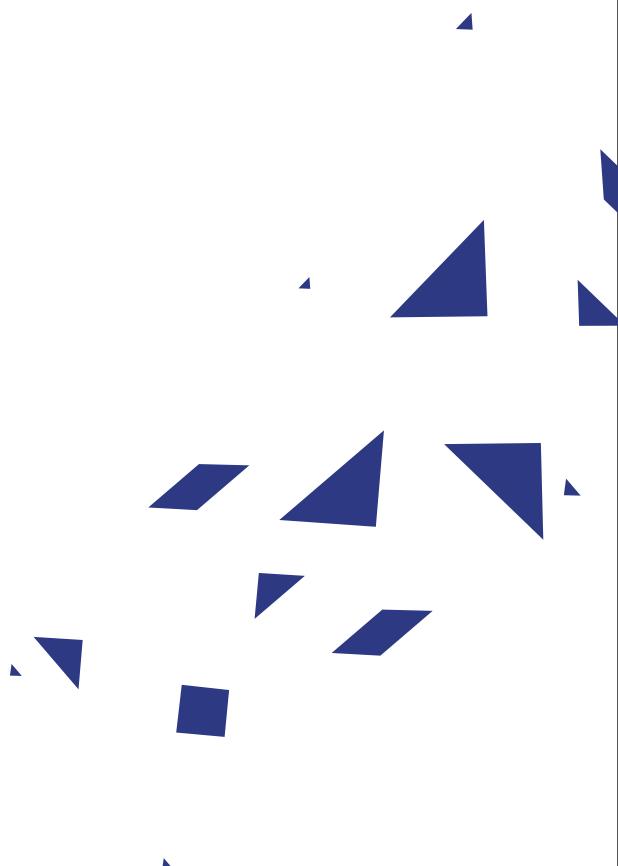
CNIC/Passport/NTN/Zakat Declaration

Shareholders are advised to ensure that they have provided their CNIC/Passport/NTN/Zakat Declaration under Zakat & Ushr Ordinance 1980 (for Zakat Exemption) to their respective Participant/CDC Investor Account Services/Company's Share Registrar.

Distribution of Annual Report through Email

The audited financial statements of the Company for the year ended 30th June 2015 have been made available on the Company's website (<http://www.arifhabibcorp.com>) in addition to annual and quarterly financial statements for the prior years.

Further, this is to inform that SRO No. 787(I)/2014 dated 8th September 2014 issued by SECP gives the shareholders an option to receive Annual Audited Financial Statements and Notice of General Meeting through email. Shareholders of the Company are requested to give their consent on prescribed format to our Shares Registrar to update their record if they wish to receive Annual Audited Financial Statements and Notice of General Meeting through email. However, if a shareholder, in addition, request for hard copy of Annual Audited Financial Statements, the same shall be provided free of cost within seven days of receipt of such request.



Statement under Section 160(1)(b) of the Companies Ordinance, 1984

This statement sets out the material facts concerning the Special Business given in Agenda items No. 5 & 6 of the Notice and comprise of Annexure-A, Annexure-B, Annexure-C and Annexure-D, to be transacted at the Annual General Meeting of the Company.

Statement Under Section 160(1)(b)

Arif Habib Corporation Limited

Proposed Amendments in Memorandum of Association

The Board of Directors has recommended to update the Memorandum of Association of the Company to increase the scope of the business and attaining the main purpose by improved means for the financial strength of the Company.

Clause	Existing Provision	Proposed Provision	Remarks
III	Objects	Objects	
1B	-	To undertake, develop or carry on any business or activity related with any form of energy or energy related infrastructure, including without limitation, renewable, petroleum, gas and power, including electrical power, at all stages of exploration, refining, generating, transporting, producing, selling, distributing and supply and to do all or such things as are incidental or conductive to the carrying on of such energy, petroleum, gas and power related infrastructure, services and facilities subject to any prior approvals required under law.	New clause
1C	-	To understand, develop and carry on all or any business or activity relating to Information Technology and to do all or such things as are incidental or conductive to the carrying on of Information Technology related manufacturing, services and facilities subject to any prior approvals required under the law.	New clause
1D	-	To carry on any other business, whether manufacturing or otherwise, which may seem to the Company capable of being conveniently carried on, or calculated directly or indirectly to enhance the value of or render profitable any of the Company's property, interests or rights.	New clause
2	To buy, sell, hold or otherwise acquire or invest the capital of the Company and other money in shares, stocks, fixed income securities, bonds, modaraba certificates, participation term certificates, term finance certificates, certificates of investments, commercial papers, debentures, debenture stock, obligations or securities issued or guaranteed by any company incorporated or registered in Pakistan; or in any foreign country and fixed income, securities, bonds, obligations and securities issued or guaranteed by any Government, of public body or authority, whether federal, provisional, municipal, local or otherwise in Pakistan or abroad, and also to invest in security or securities for short term or long term gains and to realize such gains.	To carry on the business of an investment holding company and for that purpose to buy, sell, hold or otherwise acquire or invest the capital of the Company and other money in shares, stocks, fixed income securities, bonds, modaraba certificates, participation term certificates, term finance certificates, certificates of investments, commercial papers, debentures, debenture stock, obligations or securities issued or guaranteed by any company incorporated or registered in Pakistan; or in any foreign country and fixed income, securities, bonds, obligations and securities issued or guaranteed by any Government, of public body or authority, whether federal, provincial , municipal, local or otherwise in Pakistan or abroad, and also to invest in security or securities for short term or long term gains and to realize such gains.	Amended

Clause	Existing Provision	Proposed Provision	Remarks
2A	-	To exercise and enforce all rights and powers conferred by or incidental to the ownership of any such shares, stock, obligations or other securities including without prejudice to the generality of the foregoing all such powers of veto or control as may be conferred by virtue of the holding by the Company of some special proportion of the issued or nominal amount thereof and to provide managerial and other executive supervisory and consultant services for or in relation to any company in which the Company is howsoever interested upon such terms as may be thought fit.	New clause
2B	-	To promote any company or companies for the purpose of acquiring or undertaking all or any of the property and liabilities of this Company, or for any other purpose which may seem directly or indirectly calculated to benefit this Company.	New clause
8A	-	To enter in to any arrangements and contracts with any government, authority or regulatory body whether supreme, municipal, local or otherwise, that may seem conducive to the Company's objects or any of them and to obtain from such government, authority or regulatory body any rights, privileges, options, concessions and licenses, and to carry out, exercise or comply with any such arrangements, agreements, rights, privileges, concessions and licenses and to procure the Company to be registered or recognized in any part of the world.	New clause
15A	-	To purchase, acquire, take on lease or tenancy, sell, dispose of, mortgage or let any estate or interest in and to take, acquire, call or put options over any property or assets, immoveable and moveable, or rights of any kind, and to develop improve, turn to account, deal with, lease, mortgage, sell or otherwise dispose of the same in such manner as may be thought expedient.	New clause
17A	-	To give and/or arrange guarantees for the performance of any contract(s) or obligation(s) of any person, to stand as sureties for payment / repayment of finances, loans, advances and other indebtedness of this Company and / or of third parties, including sister concerns, associates and subsidiaries.	New clause

Clause	Existing Provision	Proposed Provision	Remarks
17B	-	To mortgage, pledge, hypothecate, charge and / or create liens or other encumbrances on the Company's movable and / or immovable properties / assets, present or future, in favour of financial institutions, banks, creditors and other principles as security for the performance of any contract(s) or obligation(s), for payment / repayment of finances, loans, advances and other indebtedness of this Company or of third parties, including sister concerns, associates and subsidiaries.	New clause
17C	-	To lend and advance money or other property or give credit or financial accommodation to any company or person in any manner either with or without security and whether with or without the payment of interest and upon such terms and conditions as the Company's board of directors shall think fit or expedient and to guarantee, indemnify, grant indemnities in respect of, enter into any suretyship or joint obligation, or otherwise support or secure, whether by personal covenant, indemnity or undertaking or by mortgaging, charging, pledging or granting a lien or other security over all or any part of the Company's property (both present and future) or by any one or more of such methods or any other method and whether in support of such guarantee or indemnity or suretyship or joint obligation or otherwise, on such terms and conditions as the Company's board of directors shall think fit, the payment of any debts or the performance or discharge of any contract, obligation or actual or contingent liability of any person or company (including, without prejudice to the generality of the foregoing, the payment of any capital, principal, dividends or interest on any stocks, shares, debentures, debenture stock, notes, bonds or other securities of any person, authority or company) including, without prejudice to the generality of the foregoing, any company which is associated with the Company, in each case notwithstanding the fact that the Company may not receive any consideration, advantage or benefit, direct or indirect, from entering into any such guarantee or indemnity or suretyship or joint obligation or other arrangement or transaction contemplated herein.	New clause

Clause	Existing Provision	Proposed Provision	Remarks
20A	-	To distribute any of the property or assets of the Company in specie among the members.	New clause
23A	-	To purchase, take on lease or in exchange, or otherwise acquire, any lands and to lay out, improve and prepare the same for building or commercial purposes; to sell, mortgage or let the same; to construct, alter, repair, pull down, decorate, maintain, furnish, fit up and improve buildings, to lay out, construct and pave roads, streets, alleys, paths and walks, to drain, improve and landscape grounds, and enter in to contracts and arrangements of all kinds with builders, property owners, tenants and others and to advance money to them.	New clause
30A	-	To acquire and undertake the whole or any part of the business, property and liabilities of any person or company carrying on or proposing to carry on any business which the Company is authorized to carry on, or possessed of property suitable for the purposes of the Company, or which can be carried on in conjunction therewith or which is capable of being conducted so as directly or indirectly to benefit the Company.	New clause
37A	-	To undertake, assist and participate in financial, commercial and industrial operations and undertakings in any part of the world, and both singly and in connection with other persons, firms, associations and companies and corporations.	New clause
44	To amalgamate, emerge with or to absorb, take over or manage any other company having any or the objects primarily similar to those of this Company. After the word company with the approval of Corporate Law Authority is required to be added.	To amalgamate, emerge with or to absorb, take over or manage any other company having any or <u>all</u> the objects primarily similar to those of this Company. After the word <u>company with the approval of Corporate Law Authority is required to be added.</u>	Amended

Statement Under Section 160(1)(b)

Arif Habib Corporation Limited Proposed Amendments in Articles of Association

The Board of Directors has recommended to update the Articles of Association of the Company for setting the operating policies of the company in relation to the business carried out / to be carried out by the company.

Clause	Existing Provision	Proposed Provision	Remarks
3	"Dividend" includes bonus.	"Dividend" includes bonus and specie dividend.	Amendment in Interpretation of "Dividend"
24(a)	The sponsors/directors will not sell their shares without prior approval of Corporate Law Authority.	-	Deleted
24(b)	The management of the Company will not be transferred without approval of Corporate Law Authority.	-	Deleted
32	Any person, committee or guardian of a lunatic or infant member becoming entitled to a share in consequence of the death or insolvency or a Member may, upon evidence as to his title being produced as may from time to time be required by the Directors, and subject as hereinafter provided elect either to be registered himself as holder of the shares or to have some other person nominated by him, registered as the transferee thereof, but the Directors shall in either case of a transfer of the shares by that member before his death or bankruptcy, as the case may be.	Any person, committee or guardian of a lunatic or infant member becoming entitled to a share in consequence of the death or insolvency or of a Member may, upon evidence as to his title being produced as may from time to time be required by the Directors, and subject as hereinafter provided elect either to be registered himself as holder of the shares or to have some other person nominated by him, registered as the transferee thereof, but the Directors shall in either case have the same right to decline or suspend registration as they would have had in the case of a transfer of the shares by that member before his death or bankruptcy, as the case may be.	Amended
33	If the person, committee or guardian or a lunatic or infant members so becoming entitle shall elect to be registered himself he shall deliver or send to the Company a notice in writing signed by him, stating that he so elects, if he shall elect to have another person a transfer of the share. All the limitations, restrictions and the registration of transfer as aforesaid as if the death or bankruptcy of a Member had not occurred and the notice of transfer were a transfer signed by that Member.	- Intentionally left blank -	Deleted
34	A person, committee or guardian of a lunatic or infant member be coming entitled to a share by reason of death or insolvency of the holders shall (subject to his complying with the provisions of these Articles) be entitled to the same dividends and other advantages to which he would have been entitled if he was the registered holder of the share. Provided always that the Directors may at any time give notice requiring any such person to elect to be registered himself or to transfer Directors may thereafter withhold payment of all dividends or other moneys payable on or in respect of the shares until the requirements of the notice have been complied with.	A person, committee or guardian of a lunatic or infant member becoming entitled to a share by reason of death or insolvency of the holders shall (subject to his complying with the provisions of these Articles) be entitled to the same dividends and other advantages to which he would have been entitled if he was the registered holder of the share. Provided always that the Directors may at any time give notice requiring any such person to elect to be registered himself as a member, or to transfer Directors may thereafter withhold payment of all dividends or other moneys payable on or in respect of the shares until the requirements of the notice have been complied with.	Amended

Clause	Existing Provision	Proposed Provision	Remarks
47	Every register of holder of debentures of the Company may be close for any period not exceeding on the whole for five days in any year and not exceeding thirty days at a time, subject as aforesaid every such registered holders of any such debenture and of any member, but the Company may in General Meeting impose any reasonable restriction so that at least two hours in each day when such register is open are appointed for inspection.	Every register of holder of debentures of the Company may be close for any period not exceeding on the whole for five thirty days in any year and not exceeding thirty five days at a time, subject as aforesaid every such registered holders of any such debenture and of any member, but the Company may in General Meeting impose any reasonable restriction so that at least two hours in each day when such register is open are appointed for inspection.	Amended
68	The Chairman of the general meeting may with the consent of the meeting adjourn the same from time to time and from place to place but no business shall be transacted	The Chairman of the general meeting may with the consent of the meeting adjourn the same from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.	Amended
84(a)	Chief Executive of the Company shall be appointed with the approval of Corporate Law Authority. He will neither resign nor be recomoved for the office without approval of Corporate Law Authority.	-	Deleted
94	Subject to the Provisions of Section 214 of the Ordinance Directors shall not be disqualified from contracting with the company either as vendor, purchaser or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company or partnership of or in which any Director shall be member or otherwise interested be avoided nor shall any Director so contracting or being member such or so interested by liable to account to the Company for any profit realized by any such contract or arrangement by reason of such director holding that office of the fiduciary relation thereby established by the nature of their or his interest must be disclosed by them as determined on, if the interest then exists or in by any other case at the first meeting of the Directors is a Director or member of any specified firm and is to be regarded as interested in any subsequent transaction be sufficient disclosure under this Article and after such general notice relating to any particular transaction with such firm or Company.	Subject to the Provisions of Section 214 of the Ordinance, Directors shall not be disqualified from contracting with the company either as vendor, purchaser or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company or partnership of or in which any Director shall be member or otherwise interested be avoided nor shall any Director so contracting or being member such or so interested by liable to account to the Company for any profit realized by any such contract or arrangement by reason of such director holding that office of the fiduciary relation thereby established by the nature of their or his interest that must be disclosed by them or him in accordance with Section 214 of the Ordinance as determined on, if the interest then exists or in by any other case at the first meeting of the Directors is a Director or member of any specified firm and is to be regarded as interested in any subsequent transaction be sufficient disclosure under this Article and after such general notice relating to any particular transaction with such firm or Company.	Amended

Clause	Existing Provision	Proposed Provision	Remarks
108	Without prejudice to the general powers conferred by the preceding (Articles and the other powers conferred by the preceding Articles and the other powers conferred by these present, it is hereby expressly declared that the Directors shall have following powers conferred by these present, it is hereby expressly declared that the Directors shall have following powers; that it is to say power.	Without prejudice to the general powers conferred by the preceding Articles and the other powers conferred by the preceding Articles and the other powers conferred by these present, it is hereby expressly declared that the Directors shall have following powers conferred by these present: it is hereby expressly declared that the Directors shall have following powers; that it is to say power	Amended
154	A notice required to be given by the Company to the members or any of them and not expressly provided for by these presents shall be sufficiently given if given by advertisement.	A notice required to be given by the Company to the members shall be published at least in one issue each of a daily newspaper in English language and a daily newspaper in Urdu language having circulation in the Province where the registered office of the Company is situated.	Amended

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 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 capitalise 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 Required
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.1,000 million is requested for approval. This is in addition to : - renewal requested separately for the unutilised limit of equity investment of Rs.199.09 million; and- Investment at cost of Rs. 2,050.91 million already made upto 30 June 2015
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 : 62,323,926 shares (Ordinary & Preference) being 27.25% holding in the aggregate share capital of the company as on 30 June 2015 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. 26.59 (Ordinary share); Rs. 14.41 (Preference share);
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. 38.24
10	Earning per share of the associated company or associated undertaking for the last three years	2015 : Rs. 7.10 2014 : Rs. 10.25 2013 : Rs. 12.23
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 (ii) detail of guarantees and assets pledged for obtaining such funds	Company foresee the return on this strategic investment higher than the borrowing cost Pledge of listed securities and/or charge over assets of the company
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 yet

1 Investment in Securities

Sr.No	Description	Information Required
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 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	Not Applicable
(i)	description of the project and its history since conceptualization	
(ii)	starting and expected dated of completion of work	
(iii)	time by which such project shall become commercially operational	
(iv)	expected time by which the project shall start paying return on investment	

2 Investment in Securities

Sr.No	Description	Information Required
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	MCB - ARIF HABIB SAVINGS & INVESTMENTS LIMITED An associated undertaking due to holding of more than 20% shares in the capital of the company and common directorships of Mr. Nasim Beg and Mr. Samad A. Habib 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. 200 million is requested for approval. This is in addition to : - renewal requested separately for the unutilised limit of equity investment of Rs. 199.25 million; and - Investment at cost of Rs. 81.95 million already made upto 30 June 2015
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 : 21,664,167 shares being 30.09% holding in the company as on 30 June 2015; After : Increase in securities / percentage in accordance with / based on Sr. No. 3, 4 & 5 above

Sr.No	Description	Information Required
7	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired	Rs. 30.54
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. 20.90
10	Earning per share of the associated company or associated undertaking for the last three years	2015 : Rs. 3.87 2014 : Rs. 2.54 2013 : Rs. 2.19
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 (ii) detail of guarantees and assets pledged for obtaining such funds	Company foresee the return on this strategic investment higher than the borrowing cost Pledge of listed securities and/or charge over assets of the company
13	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment direct or indirect interest of directors, sponsors, majority	There is no agreement as yet
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 and Mr. Samad A. Habib
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 (ii) starting and expected date of completion of work (iii) time by which such project shall become commercially operational (iv) expected time by which the project shall start paying return on investment	Not Applicable

3 Investment In Securities

Sr.No	Description	Information Required
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	FATIMA FERTILIZER COMPANY LIMITED An associated undertaking due to common directorships of Mr. Arif Habib and Mr. Kashif A. Habib 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. 1,000 million is requested for approval. This is in addition to: - renewal requested separately for the unutilised limit of equity investment of Rs. 799.96 million; and - Investment at cost of Rs. 700.04 million already made upto 30 June 2015
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 : 329,000,206 shares being 15.67% holding in the company as on 30 June 2015 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. 38.42
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. 17.50
10	Earning per share of the associated company or associated undertaking for the last three years	2014 : Rs. 4.41 2013 : Rs. 3.82 2012 : Rs. 2.86
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 (ii) detail of guarantees and assets pledged for obtaining such funds	Company foresee the return on this strategic investment higher than the borrowing cost Pledge of listed securities and/or charge over assets of the company
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 yet

Sr.No	Description	Information Required
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 and Mr. Kashif A. Habib
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 (ii) starting and expected dated of completion of work time by which such project shall become commercially operational (iii) expected time by which the project shall start paying return on investment	Not Applicable

4 Investment In Securities

Sr.No	Description	Information Required
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	POWER CEMENT 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. 1,000 million is requested for approval. This is in addition to : - renewal requested separately for the unutilised limit of equity investment of Rs. 763.61 million; and - Investment at cost of Rs. 1,558.39 million already made upto 30 June 2015
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 : 208,295,030 shares being 56.96% holding in the company as on 30 June 2015 After : Increase in securities / percentage in accordance with / based on Sr. No. 3, 4 & 5 above

Sr.No	Description	Information Required
7	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired	Rs. 8.20
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. 5.09
10	Earning per share of the associated company or associated undertaking for the last three years	2015 : Rs. 1.19 2014 : Rs. (0.20) 2013 : Rs. 1.01
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 (ii) detail of guarantees and assets pledged for obtaining such funds	Company foresee the return on this strategic investment higher than the borrowing cost Pledge of listed securities and/or charge over assets of the company
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 yet
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, Mr. Kashif A. Habib, Mr. Nasim Beg 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 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 (ii) starting and expected dated of completion of work time by which such project shall become commercially operational (iii) expected time by which the project shall start paying return on investment	Not Applicable

5 Investment In Securities

Sr.No	Description	Information Required
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 wholly owned 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. 1,000 million is requested for approval. This is in addition to : - renewal requested separately for the unutilised limit of equity investment of Rs. 1,637.99 million; and - Investment at cost of Rs. 612 million already made upto 30 June 2015
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 : 61,200,006 shares being 99.99% holding in the company as on 30 June 2015 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	Not Applicable
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. 7.87
10	Earning per share of the associated company or associated undertaking for the last three years	2015 : Rs. (0.33) 2014 : Rs. (0.12) 2013 : Rs. (0.63)
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	Company foresee the return on this strategic investment higher than the borrowing cost
(i)	justification for investment through borrowings	Pledge of listed securities and/or charge over assets of the company
(ii)	detail of guarantees and assets pledged for obtaining such funds	
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 Long Term Strategic Investment

Sr.No	Description	Information Required
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 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 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 (ii) starting and expected dated of completion of work (iii) time by which such project shall become commercially operational (iv) expected time by which the project shall start paying return on investment	Not Applicable

1 Loans And Advances

Sr.No	Description	Information Required
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 common directorships of Mr. Arif Habib, Mr. Kashif A. Habib, Mr. Nasim Beg and Mr. Muhammad Ejaz in both the companies
2	Amount of loans or advances	Fresh limit for issuance of Corporate Guarantee upto Rs.1,000 million is requested for approval. Corporate Guarantee will be issued by Arif Habib Corporation Limited in favor of any bank / financial institution / company etc. in connection with financing or other facilities availed / to be availed by Aisha Steel Mills Limited. This is in addition to renewal requested for the previously sanctioned limit of loan in the nature of running finance amounting to Rs.2,750 million and corporate guarantee of Rs. 2,500 million. Above facilities 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.

Sr.No	Description	Information Required
4	In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof	Outstanding amount of facility in the nature of running finance as on 30 June 2014 was Rs. 441.5 million. During 2014-15, further payment of Rs. 1,492.62 million was made to the associated undertaking; whereas the associated undertaking has repaid the amount of Rs. 1,426.36 million. Outstanding amount of facility as on 30 th June 2015 is Rs. 507.76 million. The facilities carry markup rates of 3 month Kibor + 3% (2014: 3 month Kibor + 3%) and 6 month Kibor + 3.25% (2014: 6 month Kibor + 3.25%) which are higher than company borrowing cost. Approval from shareholders for renewal of the loan amounting to Rs.2,750 million and Rs.2,500 million in the nature of running finance and corporate guarantee respectively, for a period of one year, which 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. 2,811 million, Rs. 15,337 million and Rs. 12,526 million respectively as on 30 th June 2015 Loss before taxation and Loss after taxation amounts to Rs.1,488 and Rs. 1,211 million respectively for 2014-15
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 11.15% in 2014-15
7	Rate of interest, mark up, profit, fees or commission etc. to be charged	Negotiable; in line with prevailing commercial rates for similar facilities
8	Sources of funds from where loans or advances will be given	Not applicable as the proposed facility is Unfunded
9	Where loans or advances are being granted using borrowed funds	Not applicable as the proposed facility is Unfunded
(i)	justification for granting loan or advance out of borrowed funds	
(ii)	detail of guarantees / assets pledged for obtaining such funds, if any	
(iii)	repayment schedules of borrowing of the investing company	
10	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any	Letter of indemnity to be obtained from associated company before execution of unfunded facility
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

Sr.No	Description	Information Required
12	Repayment schedule and terms of loans or advances to be given to the investee company	Fresh facility will be in the nature of Guarantee 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 / shareholding : Mr. Arif Habib, Mr. Kashif A. Habib, Mr. Nasim Beg 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 (ii) starting date and expected date of completion time by which such project shall become commercially operational (iii) expected return on total capital employed in the project (iv) 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 Required
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.500 million is requested for approval. This is in addition to renewal requested separately for the previously sanctioned limit of loan amounting to Rs. 500 million which was unutilised upto 30 th June 2015. Above facilities shall be in the nature of running finance 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 2014-15 no loan was extended to the subsidiary

Sr.No	Description	Information Required
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. 2,681 million, Rs. 4,034 million and Rs. 1,354 million respectively as on 30 th June 2015 Profit before tax and Profit after tax amounts to Rs.1,144.96 million and Rs. 928.5 million respectively for 2014-15
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 11.15% in 2014-15
7	Rate of interest, mark up, profit, fees or commission etc. to be charged	Higher than company's 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 securities and/or charge over assets of the company
(iii)	repayment schedules of borrowing of the investing company	These facilities have various maturity dates upto 30 June 2016
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	To be finalized before disbursement of loan
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

Sr.No	Description	Information Required
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 (ii) starting date and expected date of completion (iii) time by which such project shall become commercially operational (iv) expected return on total capital employed in the project (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 interest in the investee companies except in their capacity as director/shareholder

Mr. Arif Habib	Chairman and shareholder of Javedan Corporation Ltd., Fatima Fertilizer Company Ltd., Aisha Steel Mills Ltd. and Sachal Energy Development (Pvt.) Ltd.
Mr. Samad A. Habib	Chief Executive and shareholder of Javedan Corporation Ltd., Director and shareholder of Power Cement Ltd. & MCB-Arif Habib Savings and Investments Ltd.
Mr. Kashif A. Habib	Chief Executive and shareholder of Power Cement Ltd. & Director and shareholder of Javedan Corporation Ltd., Aisha Steel Mills Ltd. & Fatima Fertilizer Company Ltd.
Mr. Nasim Beg	Chairman and shareholder of Power Cement Ltd. Director and shareholder of Aisha Steel Mills Ltd., Power Cement Ltd. & MCB-Arif Habib Savings & Investments Ltd.
Mr. Muhammad Ejaz	Director and shareholder of Javedan Corporation Ltd., Aisha Steel Mills Ltd., Power Cement Ltd. & Sachal Energy Development (Pvt.) 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

S. No.	Description	Investment in Securities	Loans & Advances In The Nature of:	
			Running Finance	Corporate Guarantee
a)	total investment approved;	2,250,000,000	2,231,550,000	200,000,000
b)	amount of investment made to date;	2,050,909,906	-	200,000,000
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 for complete utilisation	Facility is in the nature of running finance; (to be) availed as when needed in the interest of the shareholders	Facility is in the nature of Guarantee; (to be) availed as when needed 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: i Earnings per share ii Net Profit iii Shareholders Equity iv Total Assets v Break-up value		FY2015	FY2014
i	Earnings per share		7.10	10.25
ii	Net Profit		800,521,000	842,277,000
iii	Shareholders Equity		8,745,100,000	6,903,235,000
iv	Total Assets		14,124,202,000	12,890,840,000
v	Break-up value		38.24	40.52
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.:	Unutilised 199,090,094	Sanctioned 2,231,550,000	Sanctioned 200,000,000

2 Name of associated company / undertaking : Summit Bank Limited

S. No.	Description	Investment in Securities	Loans & Advances In The Nature of:	
			Running Finance	Corporate Guarantee
a)	total investment approved;	755,822,522	-	-
b)	amount of investment made to date;	257,071,472	-	-
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 for complete utilisation	-	-
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:		FY2014	FY2013
i	Earnings / (Loss) per share		0.16	(1.52)
ii	Net Profit / (Loss)		229,450,000	(1,828,224,000)
iii	Shareholders Equity		12,361,537,000	3,388,743,000
iv	Total Assets		148,457,341,000	125,560,035,000
v	Break-up value		8.42	3.14
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.:	Unutilised 498,751,050	-	-

3 Name of associated company / undertaking : Arif Habib Limited

S. No.	Description	Investment in Securities	Loans & Advances In The Nature of:	
			Running Finance	Corporate Guarantee
a)	total investment approved;	2,921,676,000	500,000,000	-
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 for complete utilisation	Facility is in the nature of running finance; (to be) availed as when needed 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:		FY2015	FY2014
i	Earnings per share		16.88	14.88
ii	Net Profit		928,534,952	818,644,302
iii	Shareholders Equity		2,681,027,552	2,012,060,100
iv	Total Assets		4,034,683,369	4,770,940,062
v	Break-up value		48.74	36.58
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.:	Unutilised 188,423,964	Sanctioned 500,000,000	-

4 Name of associated company / undertaking: MCB - Arif Habib Savings and Investments Limited

S. No.	Description	Investment in Securities	Loans & Advances In The Nature of:	
			Running Finance	Corporate Guarantee
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 for complete utilisation	-	-
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:		FY2015	FY2014
i	Earnings per share		3.87	2.54
ii	Net Profit		278,863,350	182,641,052
iii	Shareholders Equity		1,505,038,859	1,353,846,006
iv	Total Assets		2,019,331,578	1,607,734,001
v	Break-up value		20.90	18.80
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.:	Unutilised 199,252,473	-	-

5 Name of associated company / undertaking : Pakarab Fertilizers Limited

S. No.	Description	Investment in Securities	Loans & Advances In The Nature of:	
			Running Finance	Corporate Guarantee
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 for complete utilisation	Facility is in the nature of running finance; (to be) availed as when needed 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:		FY2014	FY2013
i	Loss per share		(0.10)	(4.06)
ii	Net Loss		(44,661,000)	(1,825,083,000)
iii	Shareholders Equity		20,773,411,000	18,084,194,000
iv	Total Assets		52,726,710,000	48,147,812,000
v	Break-up value		46.16	40.19
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.:	Unutilised 999,999,927	Sanctioned 1,000,000,000	-

6 Name of associated company / undertaking : Fatima Fertilizer Company Limited

S. No.	Description	Investment in Securities	Loans & Advances In The Nature of:	
			Running Finance	Corporate Guarantee
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 for complete utilisation	Facility is in the nature of running finance; (to be) availed as when needed 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: i Earnings per share ii Net Profit iii Shareholders Equity iv Total Assets v Break-up value		FY2014	FY2013
i	Earnings per share		4.41	3.82
ii	Net Profit		9,257,796,000	8,022,185,000
iii	Shareholders Equity		36,757,024,000	32,758,958,000
iv	Total Assets		83,120,963,000	80,071,703,000
v	Break-up value		17.50	15.60
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.:	Unutilised 799,962,894	Sanctioned 1,000,000,000	-

7 Name of associated company / undertaking : Rotocast Engineering Company (Private) Limited

S. No.	Description	Investment in Securities	Loans & Advances In The Nature of:	
			Running Finance	Corporate Guarantee
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 where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	Facility is in the nature of running finance; (to be) availed as when needed 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: i Earnings / (Loss) per share ii Net Profit / (Loss) iii Shareholders Equity iv Total Assets v Break-up value		FY2014	FY2013
i	Earnings / (Loss) per share		106.00	(126.17)
ii	Net Profit / (Loss)		106,003,460	(126,170,556)
iii	Shareholders Equity		2,641,362,558	2,471,389,772
iv	Total Assets		3,559,052,252	3,500,813,727
v	Break-up value		2,641.36	2,471.39
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.:	Unutilised 300,000,000	Sanctioned 200,000,000	-

8 Name of associated company / undertaking : Arif Habib Dolmen REIT Management Limited

S. No.	Description	Investment in Securities	Loans & Advances In The Nature of:	
			Running Finance	Corporate Guarantee
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 for complete utilisation	Facility is in the nature of running finance; (to be) availed as when needed 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: i Earnings / (Loss) per share ii Net Profit / (Loss) iii Shareholders Equity iv Total Assets v Break-up value		FY2015	FY2014
i	Earnings / (Loss) per share		8.76	(1.84)
ii	Net Profit / (Loss)		175,142,961	(15,566,686)
iii	Shareholders Equity		424,913,307	37,451,388
iv	Total Assets		1,546,425,753	54,654,622
v	Break-up value		21.25	3.75
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.:	Unutilised 1,500,000,000	Sanctioned 1,000,000,000	-

9 Name of associated company / undertaking : Aisha Steel Mills Limited

S. No.	Description	Investment in Securities	Loans & Advances In The Nature of:	
			Running Finance	Corporate Guarantee
a)	total investment approved;	3,750,000,000	2,750,000,000	2,500,000,000
b)	amount of investment made to date;	2,204,863,398	507,762,091	2,500,000,000
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 for complete utilisation	Facility is in the nature of running finance; (to be) availed as when needed in the interest of the shareholders	Facility is in the nature of Guarantee; (to be) availed as when needed 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: i Loss per share ii Net Loss iii Shareholders Equity iv Total Assets v Break-up value		FY2015	FY2014
i	Loss per share		(4.97)	(1.62)
ii	Net Loss		(1,210,822,000)	(346,667,000)
iii	Shareholders Equity		2,810,748,000	2,533,822,000
iv	Total Assets		15,336,862,000	16,280,209,000
v	Break-up value		5.45	7.37
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.:	Unutilised 1,545,136,602	Sanctioned 2,750,000,000	Sanctioned 2,500,000,000

10 Name of associated company / undertaking: Power Cement Limited

S. No.	Description	Investment in Securities	Loans & Advances In The Nature of:	
			Running Finance	Corporate Guarantee
a)	total investment approved;	2,322,000,000	1,000,000,000	500,000,000
b)	amount of investment made to date;	1,558,388,199	-	267,857,143
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 for complete utilisation	Facility is in the nature of running finance; (to be) availed as when needed in the interest of the shareholders	Facility is in the nature of Guarantee; (to be) availed as when needed 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:		FY2015	FY2014
i	Earnings / (Loss) per share		1.19	(0.20)
ii	Net Profit / (Loss)		433,833,000	(73,909,000)
iii	Shareholders Equity		1,862,170,000	1,428,542,000
iv	Total Assets		5,988,209,000	5,785,815,000
v	Break-up value		5.09	3.91
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.:	Unutilised 763,611,801	Sanctioned 1,000,000,000	Sanctioned 500,000,000

11 Name of associated company / undertaking : Sachal Energy Development Pvt Limited

S. No.	Description	Investment in Securities	Loans & Advances In The Nature of:	
			Running Finance	Corporate Guarantee
a)	total investment approved;	2,250,000,000	250,000,000	-
b)	amount of investment made to date;	612,000,060	-	-
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 for complete utilisation	Facility is in the nature of running finance; (to be) availed as when needed 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:		FY2015	FY2014
i	Loss per share		(0.33)	(0.12)
ii	Net Loss		(20,420,138)	(37,290,855)
iii	Shareholders Equity		481,851,553	200,271,691
iv	Total Assets		493,235,976	212,183,233
v	Break-up value		7.87	6.46
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.:	Unutilised 1,637,999,940	Sanctioned 250,000,000	-

12 Name of associated company / undertaking: Safe Mix Concrete Limited

S. No.	Description	Investment in Securities	Loans & Advances In The Nature of:	
			Running Finance	Corporate Guarantee
a)	total investment approved;	150,000,000	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 for complete utilisation	Facility is in the nature of running finance; (to be) availed as when needed 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: i Earnings per share ii Net Profit iii Shareholders Equity iv Total Assets v Break-up value		FY2014	FY2013
i	Earnings per share		0.62	0.76
ii	Net Profit		12,318,651	15,225,877
iii	Shareholders Equity		224,636,696	212,318,045
iv	Total Assets		413,500,045	346,208,180
v	Break-up value		11.23	10.62
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.:	Unutilised 150,000,000	Sanctioned 150,000,000	-

13 "Name of associated company / undertaking: Dolmen City REIT

S. No.	Description	Investment in Securities	Loans & Advances In The Nature of:	
			Running Finance	Corporate Guarantee
a)	total investment approved;	1,000,000,000	-	-
b)	amount of investment made to date;	128,679,628	-	-
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 for complete utilisation	-	-
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: i Earnings per unit ii Net Profit iii Total unit-holders' fund iv Total Assets v Net Asset Value per unit		FY2015	FY2014
i	Earnings per unit		0.08	-
ii	Net Profit		169,977,000	-
iii	Total unit-holders' fund		22,688,323,000	-
iv	Total Assets		23,218,502,000	-
v	Net Asset Value per unit		10.20	-
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.:	Unutilised 871,320,372	-	-

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Form of Proxy

21st 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 Twenty First Annual General Meeting of the Company to be held on October 21, 2015 and/or any adjournment thereof.

Signed this _____ day of _____ 2015.

Witnesses:

1. Name : _____
Address : _____
CNIC No. : _____
Signature : _____

Signature on
Rs. 5/-
Revenue Stamp

2. Name : _____
Address : _____
CNIC No. : _____
Signature : _____

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 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
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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

Karach-74000

Tel: (021) 32460717-19

Fax: (021) 32429653, 32468117

Company website: www.arifhabibcorp.com

Group website: www.arifhabib.com.pk