

**MARCH 31,
2010**

REPORT FOR THE NINE MONTHS ENDED



Promoting Investment



ARIF HABIB
SECURITIES LTD.



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Company Information

Board of Directors

Arif Habib
Asadullah Khawaja
Kashif A. Habib
Muhammad Akmal Jameel
Muhammad Khubaib
Nasim Beg
Sirajuddin Cassim
Syed Ajaz Ahmed Zaidi

Chairman & Chief Executive
Director
Director
Director
Director
Director
Director
Director

Company Secretary

Tahir Iqbal

Audit Committee

Sirajuddin Cassim
Kashif A. Habib
Muhammad Akmal Jameel
Syed Ajaz Ahmed Zaidi

Chairman
Member
Member
Member

Management

Arif Habib
Tahir Iqbal

Chief Executive Officer
Chief Financial Officer

**Bankers**

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

Auditors

KPMG Taseer Hadi & Co.,
Chartered Accountants

Legal Advisors

Bawaney & Partners

Registered & Corporate Office

Arif Habib Centre
23, M. T. Khan Road, Karachi-74000
Phone: (0213)2460717-19
Fax No: (0213)2429653, 2470496
E-mail: ahsl@arifhabib.com.pk
Website: www.arifhabib.com.pk

Registrar & Share Transfer Agent

Central Depository Company of
Pakistan Limited
CDC House, 99 - B, Block 'B',
S.M.C.H.S., Main Shahra-e-Faisal
Karachi-74400.
Tel: Customer Support Services (Toll
Free) 0800-CDCPL (23275)
Fax: (92-21) 34326053
Email: info@cdcpakistan.com
Website: www.cdcpakistan.com



DIRECTORS' REPORT

Dear Shareholders

On behalf of the Board of Directors of Arif Habib Securities Limited, I am pleased to present the Directors' report of the Company together with interim condensed unconsolidated and consolidated financial statements for the nine months/third quarter ended 31 March 2010.

Economy and Market Review

The economy of Pakistan has stabilized. Pak Rupee Exchange rate and interest rates have been range bound. GDP growth is expected to be over 3 percent. Energy shortage is the biggest issue which is likely to affect future growth in GDP.

Profitability in various sectors of the economy has improved. Agriculture, Textile Spinning, Sugar, Fertilizers, Automobiles and Retails have been the biggest beneficiaries.

During third quarter of the current year, the stock market has recorded an appreciation of 8 percent. KSE 100 Index has crossed 10,000 marks reaching at 10,178.40 at end of the period under review. Nine months performance of the market has been impressive with an overall appreciation of 42 percent.

Financial Results

By the grace of Allah our company has been able to record a robust profitability during the nine months period under review. It has earned an after tax profit of Rs. 3.69 billion as compared to loss of Rs.(1.71) billion in corresponding period last year. This translates to an earning of Rs. 9.83 per share as compared to loss of Rs.(4.57) per share in corresponding period last year.

This impressive performance was contributed by good dividends and growth posted by our strategic investee companies as well as unrealized gains on investments both portfolio and strategic.

Performance of Subsidiaries and Associates

Subsidiaries and associates having large stakes of your Company have recorded good performance during the period under review namely brokerage, asset management and fertilizers whereas other small investments have suffered marginal losses due to developing stage of their businesses.



During last year the Company had entered into an agreement to sell its entire holding of 59.40 percent in the Arif Habib Bank at a price of Rs.9 per share. During the period under review the Company has transferred the shares to the buyer upon receiving full payment.

Future Outlook

The Company's Subsidiaries and Associates in sectors like brokerage, asset management, fertilizers, cement, steel and commodities are progressing as per plan. MOU for sale of Al-Abbas Cement shares has been signed with Attock Cement Pakistan. Pak Arab Fertilizer have declared specie dividend of 50 percent distributing shares of Fatima Fertilizer. These are expected to be realized in fourth quarter contributing significantly to the profitability of the Company.

Acknowledgement

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

For and on behalf of the Board

Arif Habib

Chairman & Chief Executive

Karachi
27 April 2010



Unconsolidated Financial Statements



Condensed Interim Unconsolidated Balance Sheet

As at 31 March 2010

	Note	Unaudited March 2010	Audited June 2009
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital 1,000,000,000 ordinary shares of Rs 10 each		<u>10,000,000,000</u>	<u>10,000,000,000</u>
Issued, subscribed and paid up share capital		3,750,000,000	3,750,000,000
Reserves		16,312,650,696	12,385,322,933
		20,062,650,696	16,135,322,933
Non-current liabilities			
Deferred taxation		2,886,121,270	2,950,231,966
Current liabilities			
Trade and other liabilities	4	2,130,927	110,154,289
Interest/mark-up accrued on short term borrowings		19,709,003	90,790,200
Short term borrowings	5	1,077,966,133	2,632,515,667
Provision for taxation		51,258,679	-
		1,151,064,742	2,833,460,156
Rupees		<u>24,099,836,708</u>	<u>21,919,015,055</u>
Contingencies and commitments			
	6		

The annexed notes 1 to 12 form an integral part of this condensed interim unconsolidated financial information.


CHAIRMAN & C.E.O


DIRECTOR



Condensed Interim Unconsolidated Balance Sheet

As at 31 March 2010

	Note	Unaudited March 2010	Audited June 2009
ASSETS			
Non-current assets			
Property and equipment	7	64,478,084	72,156,282
Long term investments	8	19,057,494,601	16,544,539,328
Long term deposits		44,590	44,590
Current assets			
Asset classified as held for sale	9	-	2,673,313,686
Loans and advances		145,881,849	15,000,000
Prepayments		13,344	112,906
Advance tax		62,270,336	48,865,944
Other receivables		132,582,135	1,946,012
Short term investments		4,629,721,291	2,544,376,775
Cash and bank balances		7,350,478	18,659,532
		4,977,819,433	5,302,274,855
Rupees		<u>24,099,836,708</u>	<u>21,919,015,055</u>

CHAIRMAN & C.E.O

DIRECTOR



Condensed Interim Unconsolidated Profit and Loss Account (Unaudited)

For the nine months period ended 31 March 2010

	Nine months period ended		Quarter ended	
	March 2010	March 2009	March 2010	March 2009
Operating revenue	802,937,670	205,028,287	49,229,375	6,218,980
(Loss) / gain on sale of securities-net	(280,419,501)	(116,169,155)	52,182,585	(193,005,247)
Gain / (loss) on remeasurement of investments-net	3,310,030,327	(805,586,035)	1,257,448,921	792,840,346
	3,832,548,496	(716,726,903)	1,358,860,881	606,054,079
Operating and administrative expenses	(123,165,718)	(88,096,734)	(16,660,058)	(31,472,727)
Operating profit / (loss)	3,709,382,778	(804,823,637)	1,342,200,823	574,581,352
Other income	166,983,607	9,014,600	1,356,823	3,277,588
	3,876,366,385	(795,809,037)	1,343,557,646	577,858,940
Finance cost	(201,926,372)	(296,659,550)	(19,136,464)	(108,089,129)
Profit / (loss) before tax	3,674,440,013	(1,092,468,587)	1,324,421,182	469,769,811
Taxation				
For the period				
- Current	(51,258,679)	-	(1,886,047)	-
- Deferred net	64,110,686	(626,503,811)	(263,686,189)	-
Prior year	-	5,715,523	-	-
	12,852,007	(620,788,288)	(265,572,236)	-
Profit / (loss) after tax	3,687,292,020	(1,713,256,875)	1,058,848,946	469,769,811
Earnings / (loss) per share - basic and diluted	9.83	(4.57)	2.82	1.25

The annexed notes 1 to 12 form an integral part of this condensed interim unconsolidated financial information.


CHAIRMAN & C.E.O


DIRECTOR



Condensed Interim Unconsolidated Statement of Comprehensive Income (Unaudited)

For the nine months period ended 31 March 2010

	Nine months period ended		Quarter ended	
	March 2010	March 2009	March 2010	March 2009
Profit / (loss) for the period	3,687,292,020	(1,713,256,875)	1,058,848,946	469,769,811
Other comprehensive income / (loss)				
Surplus / (deficit) on remeasurement of investments classified as 'available for sale'	168,944,743	(146,112,000)	163,651,586	(136,432,571)
Impairment loss on available for sale investment transferred to profit and loss account (note 9)	71,091,000	26,432,000	37,834,331	26,432,000
Other comprehensive income / (loss) for the period	240,035,743	(119,680,000)	201,485,917	(136,432,571)
Total comprehensive income / (loss) for the period	Rupees 3,927,327,763	(1,832,936,875)	1,260,334,863	333,337,240

The annexed notes 1 to 12 form an integral part of this condensed interim unconsolidated financial information.


CHAIRMAN & C.E.O


DIRECTOR



Condensed Interim Unconsolidated Cash Flow Statement (Unaudited)

For the nine months period ended 31 March 2010

	March 2010	March 2009
CASH GENERATED FROM OPERATIONS		
Profit / (loss) before tax	3,674,440,013	(1,092,468,587)
Adjustments for:		
Depreciation	7,951,677	680,331
Dividend income	(802,937,670)	(202,681,227)
Mark-up on bank balances, receivables, loans and advances and term finance certificates	(153,093,692)	(8,503,391)
Exchange gain on foreign currency bank balances	(138,100)	(122,500)
Impairment loss on investments	71,091,000	46,442,000
Reversal of doubtful debts	(12,188,785)	(15,000)
Gain on sale of shares of Arif Habib Investments Limited	-	(133,203,947)
Gain on remeasurement of investment in associates - net Finance cost	(1,427,968,816)	(2,386,681,184)
	201,926,372	296,659,550
	(2,115,358,014)	(2,387,425,368)
Operating profit / (loss) before working capital changes	1,559,081,999	(3,479,893,955)
Changes in working capital		
(Increase)/decrease in current assets		
Trade debts	-	3,500,001
Loans and advances	(118,516,615)	-
Prepayments	99,562	-
Other receivables	(455,216)	(1,099,578)
Short term investments	(2,085,344,516)	2,983,944,383
Increase / (decrease) in current liabilities		
Trade and other payables	(108,023,362)	(126,785,323)
	(2,312,240,147)	2,859,559,483
Cash (used) in operations	(753,158,148)	(620,334,472)
Income tax paid	(13,404,392)	(21,190,642)
Finance cost paid	(273,007,569)	(190,872,896)
Net cash (used) in operating activities	(1,039,570,109)	(832,398,010)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(819,820)	(2,511,750)
Proceeds from sale of property and equipment	546,340	-
Dividend received	780,932,670	202,267,362
Interest received	41,484,910	11,944,993
Acquisition of long term investments	(243,541,664)	(259,041,825)
Proceeds from sale of long term investments	2,004,208,153	135,004,000
Net cash generated from investing activities	2,582,810,589	87,662,780
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	(110,214,903)
Net cash (used) in financing activities	-	(110,214,903)
Net increase / (decrease) in cash and cash equivalents	1,543,240,480	(854,950,133)
Cash and cash equivalents at beginning of the period	(2,613,856,135)	(1,516,428,015)
Cash and cash equivalents at end of the year	(1,070,615,655)	(2,371,378,148)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	7,350,478	109,175,590
Short term borrowings	(1,077,966,133)	(2,480,553,738)
	(1,070,615,655)	(2,371,378,148)

Rupees

The annexed notes 1 to 12 form an integral part of this condensed interim unconsolidated financial information.

CHAIRMAN & C.E.O

DIRECTOR



Condensed Interim Unconsolidated Statement of Changes in Equity (Unaudited)

For the nine months period ended 31 March 2010

	Issued, subscribed and paid up share capital	Reserves		Sub Total		Total
		(Deficit) / surplus on remeasurement of investments	General reserve	Unappropriated profit		
Balance as at 1 July 2008	3,000,000,000	(51,968,000)	4,000,000,000	12,101,891,525	16,049,923,525	19,049,923,525
Total comprehensive income / (loss) for the period						
Loss for the period	-	-	-	(1,713,256,875)	(1,713,256,875)	(1,713,256,875)
Other comprehensive income						
Deficit on remeasurement of investments classified as 'available for sale'	-	(53,760,000)	-	-	(53,760,000)	(53,760,000)
Impairment loss on 'available for sale' investment transferred to profit and loss account	-	26,432,000	-	-	26,432,000	26,432,000
Transactions with owners recorded directly in equity						
Bonus shares issued for the year ended 30 June 2008 @ 25%	750,000,000	-	-	(750,000,000)	(750,000,000)	-
Cash dividend for the year ended 30 June 2008 - Rs. 1.5 per share	-	-	-	(110,214,903)	(110,214,903)	(110,214,903)
Balance as at 31 March 2009	3,750,000,000	(198,080,000)	4,000,000,000	9,058,649,936	12,860,569,936	16,610,569,936
Balance as at 30 June 2009	3,750,000,000	(87,425,952)	4,000,000,000	8,472,748,885	12,385,322,933	16,135,322,933
Total comprehensive income for the period						
Profit for the period	-	-	-	3,687,292,020	3,687,292,020	3,687,292,020
Other comprehensive income						
Surplus on remeasurement of investments classified as 'available for sale'	-	168,944,743	-	-	168,944,743	168,944,743
Impairment loss on 'available for sale' investment transferred to profit and loss account (note 9)	-	71,091,000	-	-	71,091,000	71,091,000
Balance as at 31 March 2010	Rupees 3,750,000,000	152,609,791	4,000,000,000	12,160,040,905	16,312,650,696	20,062,650,696

The annexed notes 1 to 12 form an integral part of this condensed interim unconsolidated financial information.


CHAIRMAN & C.E.O


DIRECTOR



Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2010

1. STATUS AND NATURE OF BUSINESS

Arif Habib Securities 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 and is engaged in the business of investments in listed and unlisted securities. The registered office of the Company is situated at Arif Habib Centre, 2nd Floor, 23, M. T. Khan Road, Karachi, Pakistan. The Company is domiciled in the province of Sindh.

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

The Company has investments in the following:

Name of Company	Shareholding
Subsidiaries	
- Arif Habib Limited, a brokerage house	75.00%
- Arif Habib Investments Limited (formerly Arif Habib Investment Management Limited), an asset management company	60.18%
- Arif Habib DMCC, a UAE incorporated member company of Dubai Gold and Commodities Exchange	100.00%
- SKM Lanka Holdings (Private) Limited, a Srilankan incorporated brokerage house at Colombo Stock Exchange	75.00%
- Pakistan Private Equity Management Limited, a venture capital company	85.00%
- Arif Habib Bank Limited (refer note 9)	0.00%

Additionally, the Company has long term investments in:

Associates	
- Pakarab Fertilizers Limited	30.00%
- Aisha Steel Mills Limited	25.00%
- Al-Abbas Cement Industries Limited	37.09%
- Thatta Cement Company Limited	9.71%
- Rozgar Microfinance Bank Limited	19.01%
- Sweetwater Dairies Pakistan (Private) Limited	28.00%
- Fatima Fertilizer Company Limited	10.00%
Others	
- Takaful Pakistan Limited	10.00%
- Sunbiz (Private) Limited	4.65%



Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2010

1.1 Changes in composition of the Group

During the period ended 31 March 2010, the Company disposed off its entire shareholding of 24,995 shares in Real Estate Modaraba Management Company Limited (a subsidiary) to Mr. Arif Habib (Chairman and C.E.O.) pursuant to special resolution passed on 26 September 2009 in the annual general meeting of the Company.

The Company also purchased 21,509,086 shares of Al-Abbas Cement Industries Limited (an associate) during the period which resulted in increase in Company's holding in this associate from 25.32% to 37.09%.

Further, the Company also subscribed for 3,509,626 shares of Sweet Water Dairies Pakistan (Private) Limited (an associate) under Shareholder's Agreement (SHA). This resulted in increase in the Company's holding in the associate from 24.90% to 28%.

In addition, the Company's associate, Fatima Fertilizers Company Limited offered 906,521,167 shares to Pakarab Fertilizers another share holder which resulted in decline in the Company's holding in the associate from 12.59% to 10%.

The Company last year had entered into an agreement to sell its entire holding in Arif Habib Bank Limited (refer note 9).

2 BASIS OF PREPARATION

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

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

This condensed interim unconsolidated financial information does not include all the information required for full financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended 30 June 2009.

This condensed interim unconsolidated financial information is presented in Pak Rupees which is the Company's functional and presentation currency.

2.2 Significant accounting policies

The accounting policies adopted by the Company in the preparation of this condensed interim unconsolidated financial information are the same as those applied in preparation of the preceding annual financial statements of the Company as at and for the year ended 30 June 2009.



Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2010

The Company has applied revised IAS 1 'Presentation of Financial Statements' (2007), which became effective as of 1 January 2009. The application of this standard has impacted the presentation aspect only (Condensed Interim Unconsolidated Statement of Comprehensive Income). Comparative information has also been re-presented so that it conforms with the revised standard.

Beside this, IFRS 8 'Operating segments' also became effective from January 1, 2009 which requires an entity to determine and present operating segments based on the information that is provided internally to the Company's Chief Operating Decision Maker (CODM). This condensed interim unconsolidated financial information is separate financial information and therefore, segment information is presented in the condensed interim consolidated financial information of the Company. Adoption of the said IFRS had no impact on the Company's profit / loss for the period or prior periods.

2.3 Use of estimates and judgments

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

In preparing this condensed interim unconsolidated financial information, significant judgments were made by management in applying the Company's uncertainty were the same as those that applied to the annual financial statements of the Company as accounting policies and the key sources of estimation at and for the year ended 30 June 2009.

3 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company as at and for the year ended 30 June 2009.

4 TRADE AND OTHER LIABILITIES

This represent amount after adjusting/excluding of advance payment amounting to Rs. 2,673 million received from Suroor Investment Limited against sale of Arif Habib Bank Limited (see note 9)

5 SHORT TERM BORROWINGS - secured

	Unaudited 31 March 2010	Audited 30 June 2009
From various banking companies		
- Short term running finance	Rupees <u>1,077,966,133</u>	<u>2,632,515,667</u>



Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2010

- 5.1** Short term running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 5,830 million (30 June 2009: Rs. 5,830 million) which represents the aggregate of sale prices of all mark-up agreements between the Company and the banks. These facilities have various maturity dates upto 31 April 2010. These arrangements are secured against pledge of marketable securities with 30% margin (30 June 2009: 30% margin). These running finance facilities carry mark-up ranging from 3 month KIBOR+1% to 3 month KIBOR+2% per annum (30 June 2009: 1 month KIBOR+1% to 6 month KIBOR+2% per annum) calculated on a daily product basis that is payable quarterly. The carrying amount of securities pledged as collateral against outstanding liability amounts to Rs. 3,029.98 million (30 June 2009: Rs. 3,760.74 million). The aggregate amount of these facilities which have not been availed as at the balance sheet date amounts to Rs. 4,752.03 million (30 June 2009: Rs. 3,197.48 million).

6 CONTINGENCIES AND COMMITMENTS

- 6.1** The Company has not recognised provision for Workers' Welfare Fund amounting to Rs. 56.89 million for the nine months period ended 31 March 2010 based on consultation with its legal counsel and on the understanding that a petition has already been filed by other entities on the applicability of amendments in Workers' Welfare Fund Ordinance, 1971 by finance bill.
- 6.2** Further, there is no change in the status of other contingency as disclosed in the preceding annual financial statements of the Company as at 30 June 2009.

7 PROPERTY AND EQUIPMENT

Following is the cost of property and equipment that have been added / disposed off during the nine months period ended 31 March 2010:

	Nine months period ended 31 March 2010		Nine months period ended 31 March 2009	
	Additions	Disposals	Additions	Disposals
Vehicles	152,000	1,237,000	-	-
Office equipment	242,440	-	-	-
Computer and allied equipments	425,380	-	11,750	-
Leasehold improvement	-	-	2,500,000	-
Capital work in progress	-	-	-	-
Rupees	<u>819,820</u>	<u>1,237,000</u>	<u>2,511,750</u>	<u>-</u>



Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2010

8 LONG TERM INVESTMENTS

		Unaudited 31 March 2010	Audited 30 June 2009
At cost	8.1	3,379,517,454	3,356,517,404
At fair value through profit or loss	8.2	14,884,100,855	12,710,020,469
Available for sale	8.3	793,876,292	478,001,455
	Rupees	<u>19,057,494,601</u>	<u>16,544,539,328</u>

8.1 At cost

Subsidiaries:

Arif Habib Limited (AHL)	2,671,676,243	2,671,676,243
Arif Habib Investments Limited, formerly Arif Habib Investment Management Limited (AHIL)	81,947,527	81,947,527
Arif Habib DMCC (AHD)	29,945,898	29,945,898
Pakistan Private Equity Management Limited (PPEML)	42,500,000	17,000,000
SKM Lanka Holdings (Private) Limited (SKML)	43,197,216	43,197,216
Real Estate Modaraba Management Company Limited (REMCO)	-	2,499,950
	2,869,266,884	2,846,266,834
Provision for impairment in PPEML	(17,000,000)	(17,000,000)
	<u>2,852,266,884</u>	<u>2,829,266,834</u>

Associates:

Aisha Steel Mills Limited (ASML)	497,250,570	497,250,570
Rozgar Microfinance Bank Limited (RMFBL)	19,010,000	19,010,000
	516,260,570	516,260,570
Provision for impairment in RMFBL	(19,010,000)	(19,010,000)
	<u>497,250,570</u>	<u>497,250,570</u>

Other investments:

Takaful Pakistan Limited (TPL)	30,000,000	30,000,000
Sun Biz (Private) Limited (SBL)	1,000,000	1,000,000
	31,000,000	31,000,000
Provision for impairment in SBL	(1,000,000)	(1,000,000)
	<u>30,000,000</u>	<u>30,000,000</u>

Rupees 3,379,517,454 3,356,517,404



Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2010

8.2 At fair value through profit or loss

	Unaudited 31 March 2010	Audited 30 June 2009
Associates:		
Pakrab Fertilizers Limited (PFL)	12,267,450,000	11,117,700,000
Fatima Fertilizer Company Limited (FFCL)	2,347,200,000	1,248,750,000
Sweet Water Dairies Pakistan (Private) Limited (SDPL)	269,450,855	343,570,469
Rupees	<u>14,884,100,855</u>	<u>12,710,020,469</u>

8.3 Available for sale

Associate:		
Al-Abbas Cement Industries Limited (AACIL)	642,868,292	461,115,129
Thatta Cement Company Limited (THCCL)	151,008,000	153,873,280
	793,876,292	614,988,409
Provision for impairment in AACIL	-	(136,986,954)
Rupees	<u>793,876,292</u>	<u>478,001,455</u>

- 8.4 Investments having an aggregate market value of Rs. 3,029.98 million (30 June 2009: Rs. 3,760.74 million) have been pledged with financial institutions as security against financing facilities (see note 5.1) out of which Rs. 686.18 million (30 June 2009: Rs. 618.50 million) relates to long term investments.

9 ASSET CLASSIFIED AS HELD FOR SALE

Company's investment in Arif Habib Bank Limited (AHBL) - a subsidiary was presented upto 31 December 2009 as an asset classified as held for sale following the signing of share purchase agreement (SPA) with Suroor Investments Limited for sale of its entire stake of 297,034,854 ordinary shares at Rs.9 per share. During the period ended 31 March 2010 the Company has transferred the shares to the buyer upon receipt of full payment and completion of all regulatory formalities.



Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2010

10 TRANSACTIONS WITH RELATED PARTIES

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

Transaction with subsidiaries		31 March 2010	31 March 2009
- Services availed	Rupees	16,167,633	5,301,693
- Mark up on short term running finance facility	Rupees	3,457,112	1,416,644
- Mark up on bank deposit	Rupees	450,205	7,254,551
- Mark up on loan/advance	Rupees	609,373	664,536
- Dividend income	Rupees	33,750,000	90,133,682
- Initial/fresh equity investments	Rupees	25,500,000	-
- Loan/advance repaid by subsidiary	Rupees	12,188,784	-
- Tender of capital gain	Rupees	-	318,290,000
- Bonus shares received	Rupees	-	342,005,340

Transaction with associates

- Equity investment	Rupees	146,930,094	-
- Subscription of right shares	Rupees	71,111,570	206,494,245
- Mark-up on loans and advances	Rupees	5,029,909	-
- Dividend income	Rupees	675,000,000	-



Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2010

		31 March 2010	31 March 2009
Transaction with other related parties			
- Payment to employees' provident fund	Rupees	379,490	191,712
- Remuneration to key management personnel	Rupees	10,097,500	2,939,387
- Payment for capital work in progress	Rupees	-	2,500,000
- "Proceed from sale of vehicle to Akmal Jameel"	Rupees	546,340	-
		Unaudited 31 March 2010	Audited 30 June 2009
Balances as at			
- Receivable at the period/year end - unsecured	Rupees	626,348	30,471,891
- Cash at bank	Rupees	45,313	98,603,004
- Loan from Mr. Arif Habib	Rupees	-	187,905,557
- Balance receivable from Arif Habib Limited	Rupees	130,070,498	-
- Loans and advances	Rupees	-	27,188,785



Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2010

11 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim unconsolidated financial information was authorized for issue on 27 April 2010 by the Board of Directors of the Company.

12 GENERAL

12.1 The Company changed its accounting policy with respect to accounting for investments in subsidiaries during the year ended 30 June 2009. As per the new policy, investments in subsidiaries are carried at cost which were previously classified as 'available for sale'. In the annual financial statements for the year ended 30 June 2009, the change in accounting policy was applied retrospectively and accordingly the corresponding figures for 2008 were restated.

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


CHAIRMAN & C.E.O


DIRECTOR



Consolidated Financial Statements



Condensed Interim Consolidated Balance Sheet

As at 31 March 2010

	Note	Unaudited March 2010	Audited June 2009
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital		10,000,000,000	10,000,000,000
Issued, subscribed and paid up share capital		3,750,000,000	3,750,000,000
Reserves		13,136,811,328	9,480,434,178
		16,886,811,328	13,230,434,178
Minority interest		534,455,840	2,548,947,229
		17,421,267,168	15,779,381,407
Non-current liabilities			
Long term loans		215,982,990	682,607,990
Deferred taxation		-	5,091,888
Current liabilities			
Trade and other payables		1,194,362,218	696,680,952
Interest/Mark-up accrued		53,690,396	194,568,479
Short term borrowings		1,822,451,079	3,908,551,248
Current portion of long term loans		203,250,000	53,250,000
Provision for taxation		63,117,062	1,987,139
Liabilities classified as held for sale	6	-	26,956,786,000
		3,336,870,755	31,811,823,818
		20,974,120,913	48,278,905,103
Contingencies and commitments			
	7		

The annexed notes 1 to 13 form an integral part of this condensed interim consolidated financial information.


CHAIRMAN & C.E.O


DIRECTOR



Condensed Interim Consolidated Balance Sheet

As at 31 March 2010

	Note	Unaudited March 2010	Audited June 2009
ASSETS			
Non-current assets			
Property and equipment	8	359,640,280	348,830,502
Intangible assets		35,268,988	35,754,591
Goodwill		2,160,310,718	2,160,310,718
Membership cards and licenses		68,477,450	46,650,000
Long term investments		9,877,655,969	7,658,758,006
Investment property		61,895,000	60,795,000
Long term loans and advances - considered good		10,664,182	41,706,714
Long term deposits and prepayments		28,928,347	30,233,372
Deferred tax asset		(321,312)	-
Current assets			
Trade debts		2,000,732,003	1,546,203,584
Receivable against securities - considered good		124,666,293	-
Loans and advances - considered good		38,085,040	127,251,572
Deposits and prepayments		61,476,432	60,316,245
Advance tax		85,332,563	56,954,336
Other receivables - considered good		273,945,492	176,862,091
Short term investments		5,473,528,782	3,697,465,086
Other assets		-	357,082,445
Cash and bank balances		313,513,375	66,638,043
Assets classified as held for sale	6	-	31,807,092,798
		8,371,279,980	37,895,866,200
Rupees		<u>20,974,120,913</u>	<u>48,278,905,103</u>

CHAIRMAN & C.E.O

DIRECTOR



Condensed Interim Consolidated Profit and Loss Account (Unaudited)

For the nine months period ended 31 March 2010

	Note	Nine months period ended		Quarter ended	
		March 2010	March 2009	March 2010	March 2009
Operating revenue		1,181,116,266	868,928,211	220,733,369	197,045,715
(Loss) / gain on sale of securities-net		(24,075,310)	(247,852,255)	108,290,208	(204,080,351)
Gain / (loss) on remeasurement of investments - net		1,780,882,589	(2,973,279,511)	237,522,173	1,109,617,666
		<u>2,937,923,545</u>	<u>(2,352,203,555)</u>	<u>566,545,750</u>	<u>1,102,583,030</u>
Operating, administrative and other expenses		(394,260,571)	(779,326,553)	(105,628,062)	(162,832,156)
Operating profit / (loss)		<u>2,543,662,974</u>	<u>(3,131,530,108)</u>	<u>460,917,688</u>	<u>939,750,874</u>
Other income		369,926,719	362,869,924	8,862,542	11,217,420
		<u>2,913,589,693</u>	<u>(2,768,660,184)</u>	<u>469,780,230</u>	<u>950,968,294</u>
Finance cost		(317,654,405)	(543,328,855)	(58,840,526)	(195,550,007)
		<u>2,595,935,288</u>	<u>(3,311,989,039)</u>	<u>410,939,704</u>	<u>755,418,287</u>
Share of profit from associates - net of tax		1,282,509,372	2,683,499,192	869,673,491	1,212,154,093
Profit / (loss) before tax		<u>3,878,444,660</u>	<u>(628,489,847)</u>	<u>1,280,613,195</u>	<u>1,967,572,380</u>
Taxation					
For the period					
- Current		(63,117,061)	(10,552,196)	(7,965,840)	(1,514,584)
- Deferred		5,413,200	15,454,612	1,074,608	(6,711,304)
Prior year		-	12,849,876	-	12,849,876
		<u>(57,703,861)</u>	<u>17,752,292</u>	<u>(6,891,232)</u>	<u>4,623,988</u>
Profit / (loss) after tax from continuing operations	Rupees	<u>3,820,740,799</u>	<u>(610,737,555)</u>	<u>1,273,721,963</u>	<u>1,972,196,368</u>
Discontinued operations					
Loss for the period from discontinued operations/derecognised subsidiary, net of resulting loss on derecognition		(1,713,142,000)	(557,581,101)	(214,539,000)	(115,263,101)
Profit / (loss) for the period	Rupees	<u>2,107,598,799</u>	<u>(1,168,318,656)</u>	<u>1,059,182,963</u>	<u>1,856,933,267</u>
Profit / (loss) attributable to:					
Equity holders of Arif Habib Securities Limited					
From continuing operations		3,723,048,572	(604,935,548)	1,255,134,014	1,953,460,503
From discontinued operations		(1,017,606,348)	(331,314,690)	(127,436,166)	(68,466,282)
	Rupees	<u>2,705,442,224</u>	<u>(936,250,238)</u>	<u>1,127,697,848</u>	<u>1,884,994,221</u>
Minority interest					
From continuing operations		97,692,228	(5,802,007)	18,587,949	18,735,865
From discontinued operations		(695,535,652)	(226,266,411)	(87,102,834)	(46,796,819)
	Rupees	<u>(597,843,424)</u>	<u>(232,068,418)</u>	<u>(68,514,885)</u>	<u>(28,060,954)</u>
Earnings / (loss) per share - basic and diluted					
From continuing operations		9.93	(1.61)	3.35	5.21
From discontinued operations		(2.71)	(0.88)	(0.34)	(0.18)
Total	Rupees	<u>7.21</u>	<u>(2.50)</u>	<u>3.01</u>	<u>5.03</u>

The annexed notes 1 to 13 form an integral part of this condensed interim consolidated financial information.


CHAIRMAN & C.E.O


DIRECTOR



Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited)

For the nine months period ended 31 March 2010

	Nine months period ended		Quarter ended	
	March 2010	March 2009	March 2010	March 2009
Profit / (loss) for the period	2,705,442,224	(936,250,238)	1,127,697,848	1,884,994,221
Other comprehensive income / (loss)				
Surplus / (deficit) on remeasurement of investments classified as 'available for sale'	950,335,493	(695,575,057)	283,864,271	251,244,926
Net effect of translation of net assets of foreign subsidiary to presentation currency	599,433	456,543	55,555	55,555
Other comprehensive income / (loss) for the period	950,934,926	(695,118,514)	283,919,826	251,300,481
Total comprehensive income / (loss) for the period	3,656,377,150	(1,631,368,752)	1,411,617,674	2,136,294,702

Rupees

The annexed notes 1 to 13 form an integral part of this condensed interim consolidated financial information.


CHAIRMAN & C.E.O


DIRECTOR



Condensed Interim Consolidated Cash Flow Statement (Unaudited)

For the nine months period ended 31 March 2010

Note	March 2010	March 2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before tax	2,595,935,288	(3,311,989,039)
Adjustments for:		
Depreciation	30,280,019	49,968,477
Dividend income	(815,183,654)	(291,959,981)
Mark-up on bank balances, loans and advances and term finance certificates	(155,092,967)	(8,503,391)
Reversal of doubtful debts	(12,188,785)	(15,000)
Provision for doubtful debts	448,070	-
(Loss) / gain on sale of property and equipment	975,317	90,874
Amortization charges	1,040,370	21,080,439
Gain on sale of shares	(79,188,593)	(133,203,947)
Impairment on investments	71,272,050	89,952,802
Finance cost	316,628,929	541,912,211
	(641,009,244)	269,140,736
Operating profit / (loss) before working capital changes	1,954,926,044	(3,042,848,303)
Changes in working capital:		
(Increase) / decrease in current assets		
Trade debts	(454,528,419)	(1,092,930,411)
Stock in trade	-	(333,759,293)
Loans and advances	89,166,532	1,662,342,994
Prepayments	(1,160,187)	102,297,609
Other receivables	(97,083,401)	(1,022,170,429)
Short term investments	(1,776,063,696)	(2,670,518,197)
Other assets	357,082,445	-
Increase / (decrease) in current liabilities	497,681,266	5,093,509,475
Trade and other payables	(1,384,905,460)	1,738,771,748
Cash generated from / (used in) operations	570,020,584	(1,304,076,555)
Income tax paid	(33,926,403)	(153,868,242)
Finance cost paid	(463,589,587)	(344,970,441)
Net cash from / (used in) operating activities	72,504,594	(1,802,915,238)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(6,224,124)	(594,527,000)
Proceeds from sale of assets	2,225,750	52,480,552
Membership cards and licenses	(21,827,450)	-
Investment property	(1,100,000)	-
Dividend received	793,178,654	290,348,126
Interest received	42,222,979	14,541,683
Acquisition of long term investments	(689,151,080)	(380,693,497)
Proceeds from sale of long term investments	2,715,089,914	135,004,000
Long term loans and advances	31,042,532	(23,237,176)
Long term deposits	1,305,025	(3,866,697)
Net cash generated from / (used in) investing activities	2,866,762,200	(509,950,009)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	(466,625,000)	64,404,383
Proceeds from right shares	30,000,000	-
Dividend paid	(45,000,000)	(110,214,903)
Net cash (used) in financing activities	(481,625,000)	(45,810,520)
Net increase / (decrease) in cash and cash equivalents	2,457,641,794	(2,358,675,767)
Cash and cash equivalents at beginning of the period	(3,841,913,205)	(1,638,321,696)
Cash and cash equivalents at end of the period	(1,384,271,411)	(3,996,997,463)

9 Rupees

The annexed notes 1 to 13 form an integral part of this condensed interim consolidated financial information.

CHAIRMAN & C.E.O

DIRECTOR



Condensed Interim Consolidated Statement of Changes in Equity (Unaudited)

For the nine months period ended 31 March 2010

	Share capital Issued, subscribed and paid up	Surplus/(deficit) on remeasurement of investments/ fixed assets	Reserves Exchange difference on translation to presentation currency	General reserves	Unappropriated profit	Sub Total	Total
Balance as at 30 June 2008	3,000,000,000	603,232,838	8,168,490	4,019,567,665	9,984,074,622	14,615,043,615	17,615,043,615
Total comprehensive income/(loss) for period							
Loss for the period	-	-	-	-	(936,250,238)	(936,250,238)	(936,250,238)
Other comprehensive income							
Deficit on remeasurement of investments classified as available for sale	-	(695,575,057)	-	-	-	(695,575,057)	(695,575,057)
Net effect of translation of net assets of foreign subsidiary to presentation currency	-	-	456,543	-	-	456,543	456,543
Issue of bonus shares for the year ended 30 June 2008 @ 25%	750,000,000	-	-	-	(750,000,000)	(750,000,000)	-
Cash dividend for the year ended 30 June 2008 - Rs. 1.5 per share	-	-	-	-	(110,214,903)	(110,214,903)	(110,214,903)
Balance as at 31 March 2009	Rupees <u>3,750,000,000</u>	<u>(92,342,219)</u>	<u>8,625,033</u>	<u>4,019,567,665</u>	<u>8,187,609,481</u>	<u>12,123,459,960</u>	<u>15,873,459,960</u>
Balance as at 30 June 2009	Rupees <u>3,750,000,000</u>	<u>(539,888,801)</u>	<u>27,047,930</u>	<u>4,019,567,665</u>	<u>5,973,707,384</u>	<u>9,480,434,178</u>	<u>13,230,434,178</u>
Total comprehensive income/(loss) for period							
Profit for the period	-	-	-	-	2,705,442,224	2,705,442,224	2,705,442,224
Other comprehensive income							
Surplus on remeasurement of investments classified as available for sale	-	950,335,493	-	-	-	950,335,493	950,335,493
Net effect of translation of net assets of foreign subsidiary to presentation currency	-	-	599,433	-	-	599,433	599,433
Balance as at 31 March 2010	Rupees <u>3,750,000,000</u>	<u>410,446,682</u>	<u>27,647,363</u>	<u>4,019,567,665</u>	<u>8,679,149,608</u>	<u>13,136,811,328</u>	<u>16,886,811,328</u>

The annexed notes 1 to 13 form an integral part of this condensed interim consolidated financial information.

CHAIRMAN & C.E.O

DIRECTOR



Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months period ended 31 March 2010

1. STATUS AND NATURE OF BUSINESS

Arif Habib Securities Limited (AHSL), the Parent Company, was incorporated in Pakistan on 14 November 1994 as a public limited company under the Companies Ordinance, 1984. The Company is listed on the Karachi, Lahore and Islamabad Stock Exchanges of Pakistan and is engaged in the business of investments in listed and unlisted securities. The registered office of the Company is situated at Arif Habib Centre, 2nd Floor, 23, M. T. Khan Road, Karachi, Pakistan. The Company is domiciled in the province of Sindh.

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

Subsidiaries	Note	Shareholding (including indirect holding)
Name of Company		
- Arif Habib Limited (AHL)	1.1	75.00%
- Arif Habib Investments Limited (formerly Arif Habib Investment Management Limited) (AHIL)	1.2	60.18%
- Arif Habib DMCC (AHD)	1.3	100.00%
- SKM Lanka Holdings (Private) Limited (SKML)	1.4	75.00%
- Pakistan Private Equity Management Limited (PPEML)	1.5	85.00%
- Arif Habib Bank Limited (AHBL)	6	0.00%

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

Associates	Shareholding (including indirect holding)
Name of Company	
- Pakarab Fertilizers Limited (PFL)	30.00%
- Aisha Steel Mills Limited (ASML)	25.00%
- Al-Abbas Cement Industries Limited (AACIL)	49.94%
- Thatta Cement Company Limited (THCCL)	25.42%
- Rozgar Microfinance Bank Limited (RMFBL)	19.01%
- Sweetwater Dairies Pakistan (Private) Limited (SDPL)	28.00%
- Fatima Fertilizer Company Limited (FFCL)	15.50%

- 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 64, KSE Building, Karachi, Pakistan. It is domiciled in the province of Sindh. AHL is member of Karachi, Lahore, Islamabad Stock Exchanges and National Commodities Exchange. It is registered with SECP as securities brokerage house. AHL is a subsidiary of AHSL with shareholding of 75% (June 2009:75%) and principally engaged in the business of securities brokerage, commodities brokerage, IPO underwriting, corporate finance advisory and securities research. The shares of AHL are listed at the Karachi Stock Exchange with effect from 31 January 2007.



Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months period ended 31 March 2010

- 1.2** Arif Habib Investments Limited (AHIL) (formerly Arif Habib Investment Management Limited) was incorporated in Pakistan on 30 August 2000 as a public limited company under the Companies Ordinance, 1984. The registered office of AHIL is situated at 2/1, R.Y 16, Old Queens Road, Karachi, Pakistan. It is domiciled in the province of Sindh. AHIL is a subsidiary of AHSL with shareholding of 60.18% (June 2009:60.18%). AHIL is registered as an Asset Management Company, Investment Advisor under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC) and Pension Scheme Manager under Voluntary Pension System Rules 2005. AHIL is currently acting as Asset Management Company / Investment Advisor / Pension Scheme Manager for the various funds / schemes.
- 1.3** Arif Habib DMCC (AHD) was incorporated in Dubai, UAE on 24 October 2005 as a limited liability company. Its registered office situated at Dubai Metals and Commodities Center, Dubai, UAE. AHD is a wholly owned subsidiary of AHSL and was granted registration and trading license by the Registrar of Companies of the Dubai Multi Commodities Center (DMCC) Authority on 26 October 2005. AHD is expected to start its commercial operations at the Dubai Gold and Commodities Exchange within next twelve months besides consultancy which have already been started.
- 1.4** S.K.M Lanka Holdings (Pvt.) Limited (SKML) was incorporated in Colombo, Sri Lanka on 15 February 2007 as a limited liability company. Its registered office situated at 86/1, Dawson Street, Colombo 02, Sri Lanka. It is domiciled in the province of Colombo. It is registered with Securities and Exchange Commission of Sri Lanka as securities brokerage house. SKML is a subsidiary of AHSL with 75% (June 2009: 75%) shareholding.
- 1.5** Pakistan Private Equity Management Limited (PPEML) was incorporated in Pakistan on 6 September 2006 as a public limited company under the Companies Ordinance, 1984. The registered office of PPEML is situated at 2/1, R.Y 16, Old Queens Road, Karachi, Pakistan. It is domiciled in the province of Sindh. PPEML is a subsidiary of AHSL with shareholding of 85% (June 2009:85%). PPEML is a venture capital company registered, under the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 as amended through SRO 113(1)2007, with the Securities and Exchange Commission of Pakistan.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

This condensed interim consolidated financial information does not include all the information required for full financial statements and should be read in conjunction with the published financial statements as at and for the year ended 30 June 2009.



Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months period ended 31 March 2010

2.2 Significant accounting policies

The accounting policies adopted by the Company in the preparation of these condensed interim consolidated financial statements are the same as those applied in preparation of the preceding published financial statements of the Company for the year ended 30 June 2009.

The Company has applied revised IAS 1 'Presentation of Financial Statements' (2007), which became effective as of 1 January 2009. The application of this standard has impacted the presentation aspect only (Condensed Interim Consolidated Statement of Comprehensive Income). Comparative information has also been re-presented so that it conforms with the revised standard.

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

In preparing this condensed interim unconsolidated financial information, significant judgments were made by management in applying the Company's uncertainty were the same as those that applied to the annual financial statements of the Company as accounting policies and the key sources of estimation at and for the year ended 30 June 2009.

3 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company as at and for the year ended 30 June 2009.

4 TRADE AND OTHER LIABILITIES

This represent amount after adjusting/excluding of advance payment amounting to Rs. 2,673 million received from Suroor Investment Limited against sale of Arif Habib Bank Limited (see note 6).



Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months period ended 31 March 2010

5 SHORT TERM BORROWINGS - secured

	Unaudited 31 March 2010	Audited 30 June 2009
From various banking companies		
- Short term running finance	Rupees <u>1,822,451,079</u>	<u>3,908,551,248</u>

Short term running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 9,745 million (30 June 2009: Rs. 9,745 million) which represents the aggregate of sale prices of all mark-up agreements between the Company and the banks. These facilities have various maturity dates upto 31 May 2010. These arrangements are secured against pledge of marketable securities with 30% margin (30 June 2009: 30% margin). These running finance facilities carry mark-up ranging from 3 month KIBOR+1% to 3 month KIBOR+2% per annum (30 June 2009: 1 month KIBOR+1% to 6 month KIBOR+2% per annum) calculated on a daily product basis that is payable quarterly. The carrying amount of securities pledged as collateral against outstanding liability amounts to Rs. 3,029.98 million (30 June 2009: Rs. 3,760.74 million). The aggregate amount of these facilities which have not been availed as at the balance sheet date amounts to Rs. 9,158.93 million (30 June 2009: Rs. 5,836.45 million).

6 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

The assets and liabilities of a subsidiary, Arif Habib Bank Limited (AHBL), were presented till 31 December 2009 as disposal group classified as held for sale and its result presented as discontinued operations, following the signing of share purchase agreement (SPA) with Suroor Investments Limited (a Company incorporated in Mauritius) for sale of its entire stake of 297,034,854 ordinary shares at Rs.9 per share. The subsidiary was not a discontinued operation or classified as held for sale as at 31 March 2009 and the comparative profit and loss account has been re-presented to show the discontinued operation separately from continuing operations. The Company has received full payment from buyer as advance against the total consideration of Rs. 2,673,313,686.

The regulatory formalities for completion of transaction were completed at period end. Consequently, subsidiary has been derecognised in these accounts due to loss of control. The assets and liabilities of the subsidiary has derecognised at their carrying amounts from the date when control was lost. Further, Company has derecognised the carrying amount of non-controlling interests in the former subsidiary on the same date.

7 CONTINGENCIES AND COMMITMENTS

- 7.1 AHSL has not recognised provision for Workers' Welfare Fund amounting to Rs. 56.89 million for the nine months period ended 31 March 2010 based on consultation with its legal counsel and on the understanding that a petition has already been filed by other entities on the applicability of amendments in Workers' Welfare Fund Ordinance, 1971 by finance bill.



Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months period ended 31 March 2010

7.2 There is no significant change in contingency as disclosed in the preceeding published financial statements of the Company as at 30 June 2009.

8 PROPERTY AND EQUIPMENT

Capital expenditure incurred during the period amounted to Rs.261.634 million (30 June 2009: Rs.393.317 million). Disposal of fixed assets during the period amounted to Rs. 2.289 million (30 June 2009: Rs. 208.519).

9 CASH AND CASH EQUIVALENTS

	31 March 2010	31 March 2009
Cash and bank balances	313,513,375	2,038,462,802
Receivable against securities - considered good	124,666,293	13,011,265
Short term borrowings	(1,822,451,079)	(6,048,471,530)
	<u>(1,384,271,411)</u>	<u>(3,996,997,463)</u>

10 TRANSACTIONS WITH RELATED PARTIES

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

	31 March 2010	31 March 2009
Transactions with associates		
- Initial/fresh equity investments	146,930,094	-
- Subscription of right shares	57,240,980	206,494,245
- Payment for capital work in progress	-	21,500,000
- Markup on loans and advances	5,029,909	-
- Dividend income	675,000,000	-
- Loan advanced and repaid	-	-
- Technical assistance fee	96,275	6,582,270

Transaction with other related parties

- Payment to employees' provident fund	1,184,095	1,336,132
- Remuneration to key management personnel	10,045,511	2,939,387
- Markup on loan from Chairman	50,179,173	-
- Proceed from sale of vehicle to Mr. Akmal Jameel	546,340	-
- Brokerage charged to others	4,652,697	3,388,719
- Management fee/investment advisory fee	-	189,474,883



Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months period ended 31 March 2010

11 REPORTABLE SEGMENTS

- 11.1** The group has four reportable segments: Capital market operations, banking, investment advisory / assets manager, brokerage & others. The capital market operations' segment principally engaged in trading of equity securities and maintaining strategic and trading portfolios. The banking segment principally engaged in providing investment and commercial banking services. The investment advisory / assets manager principally providing investment advisory and assets management services to different mutual funds and unit trusts. The brokerage and others operations' segment of the group comprise of brokerage, underwriting, corporate consultancy, research and corporate finance services.
- 11.2** The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies in the last published annual audited consolidated financial statements for the year ended 30 June 2009. The group evaluates performance on the basis of profit or loss from operations before tax expense not including non-recurring gains and losses and foreign exchange gains and losses. The group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market price unless disclosed otherwise.
- 11.3** The group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology, professional skills and marketing strategies. Most of the businesses were acquired as individual units, and the management at the time of the acquisition was retained.
- 11.4** The group does not allocate tax expense (tax income) or non-recurring gains and losses to reportable segments. In addition, not all reportable segments have material non-cash items other than depreciation, amortization and remeasurement of equity and debt instruments in profit or loss. The amounts given below are to be the amounts in reports used by the chief operating decisions maker.

Unaudited 31 March 2010					
					Rupees
	Capital Market Operations	Banking	Investment Advisor/Assets Management	Brokerage & Others	Total
	2010	2010	2010	2010	2010
Revenues from external customers & resources	2,404,579,680	590,712,000	290,793,098	242,550,767	3,528,635,545
Interest revenues	166,983,607	16,284,000	9,713,581	193,561,799	386,542,987
Interest expense	(201,926,372)	-	(37,228,035)	(77,512,152)	(316,666,559)
Depreciation and amortization	7,951,677	109,109,839	10,953,391	12,415,321	140,430,228
Reportable segment profit / (loss)	2,195,212,518	(1,713,142,000)	74,526,883	273,526,211	830,123,612
Reportable segment assets	16,455,510,712	40,794,684,000	862,871,784	3,435,488,548	61,548,555,044
Capital expenditure	819,820	256,021,366	3,417,531	1,376,773	261,635,490
Reportable segment liabilities	1,164,617,502	37,022,106,000	417,483,531	2,006,367,418	40,610,574,451



Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months period ended 31 March 2010

11.5 Reconciliation of reportable segment revenues, profit or loss, assets and liabilities

	31 March 2010
Revenues	
Total revenues for reportable segments	3,570,135,878
Elimination of intersegment revenues	(41,500,333)
	<u>3,528,635,545</u>
Profit or loss	
Total profit or loss for reportable segments	830,123,612
Other profit or loss	69,876,428
Elimination of intersegment revenues	(41,500,333)
Income tax expense	63,146,139
Income before income tax expense	<u>921,645,846</u>
Assets	
Total assets for reportable segments	61,548,555,044
Other assets eliminated	139,005,320
	<u>61,687,560,364</u>
Liabilities	
Total liabilities for reportable segments	40,610,574,451
Unallocated defined liabilities	-
	<u>40,610,574,451</u>

12 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim consolidated financial statements have been authorized for issue on 27 April 2010 by the Board of Directors of the Company.

13 GENERAL

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

CHAIRMAN & C.E.O

DIRECTOR



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