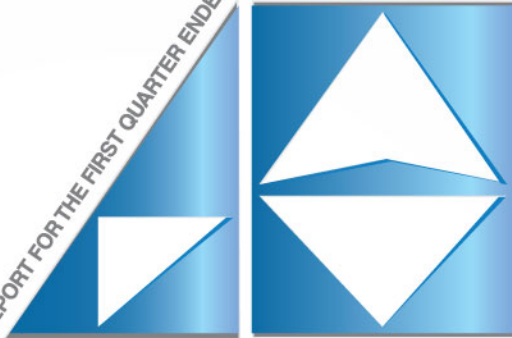


REPORT FOR THE FIRST QUARTER ENDED

30 SEPTEMBER 2010



PROMOTING INVESTMENT



Arif Habib Corp



Contents

02	Company Information
04	Directors' Report
07	Unconsolidated Financial Statements
08	Balance Sheet
10	Profit and Loss Account
11	Statement of Comprehensive Income
12	Cash Flow Statement
13	Statement of Changes in Equity
14	Notes to the Financial Statements
19	Consolidated Financial statements
20	Balance Sheet
22	Profit and Loss Account
23	Statement of Comprehensive Income
24	Cash Flow Statement
25	Statement of Changes in Equity
26	Notes to the Financial Statements



Company Information

Board of Directors

Arif Habib

Chairman & Chief Executive

Kashif A. Habib

Director

Asadullah Khawaja

Director

Nasim Beg

Director

Syed Ajaz Ahmed Zaidi

Director

Muhammad Khubaib

Director

Muhammad Akmal Jameel

Director

Company Secretary

Tahir Iqbal

Audit Committee

Syed Ajaz Ahmed Zaidi

Chairman

Kashif A. Habib

Member

Muhammad Akmal Jameel

Member

Management

Arif Habib

Chief Executive

Tahir Iqbal

Chief Financial Officer



Bankers

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

Auditors

KPMG Taseer Hadi & Co., Chartered
Accountants

Legal Advisors

Bawaney & Partners

Registered & Corporate Office

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

Registrar & Share Transfer Agent

Central Depository Company of
Pakistan

Share Registrar Department

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



Directors' Report

Dear Fellow Shareholders

On behalf of the Board of Directors of Arif Habib Corporation Limited (Formerly Arif Habib Securities Limited), I am pleased to present the Directors' report of the Company together with interim unaudited condensed unconsolidated and consolidated financial statements for the first quarter ended 30 September 2010.

Economy and Market Review

The economy of Pakistan is facing additional challenges due to recent devastating floods in the country creating problems of higher budget deficit and inflation. Though agricultural crops have been damaged due to floods but higher prices of commodities would bring more cash flows in agriculture economy. Energy shortage still persists and is likely to affect future growth in GDP.

Profitability in most sectors of the economy has remained very good. Corporate results in sectors like Textile Spinning, Exploration & Production, Fertilizers, Automobiles and Retails have been record breaking.

During first quarter of the current year, the stock market has largely remained flat. KSE 100 Index has once again crossed 10,000 marks reaching at 10,013 at end of the period under review recording an appreciation of 3 percent.

Financial Results

By the grace of Allah our company has been able to maintain a reasonable profitability during the first quarter under review. It has earned an after tax profit of Rs. 509.31 million as compared to Rs.2,012.40 million in corresponding period last year. This translates to an earning of Rs. 1.36 per share as compared to Rs. 5.37 per share in corresponding period last year.



This performance was mainly contributed by good dividends including 50 percent specie dividend distributed by Pakarab Fertilizers in shape of shares of Fatima Fertilizer which constitute 82 percent of the operating revenue, compensating diminution in value of investment.

Performance of Subsidiaries and Associates

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

Future Outlook

The Company's Subsidiaries and Associates in sectors like brokerage, asset management and fertilizers are performing satisfactorily. Secondary market portfolio has also started performing. Strategic investment in Cement is challenging whereas Dairy business is improving. Construction of Steel unit is progressing satisfactorily. Under the current market conditions the Company is expected to perform satisfactorily.

Acknowledgement

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

Karachi
25 October 2010

For and on behalf of the Board

Arif Habib

Chairman & Chief Executive



Annexure to the Directors' Report

Memorandum Under Section 218 of the Companies Ordinance, 1984

The Board of Directors of the Company has approved the appointment of Chief Executive for a fresh term of three years in accordance with the provisions of the Company's Articles of Association, on the following/existing monthly remuneration and other benefits;

Salary:	Rs.700,000/- per month.
Medical OPD:	Rs. 25,000/- per month
Driver & servant allowance:	Rs. 25,000/- per month
Petrol allowance:	Rs. 30,000/- per month
Provident fund:	@ 12.5% of the basic salary
Other perquisites:	In accordance with the Company's HR Policy the Chief Executive shall be entitled to all other perquisites including two company maintained vehicles (upto 3600CC).

No other director is concerned or interested in the above referred contract.



Unconsolidated Financial Statements



Unconsolidated Condensed Interim Balance Sheet

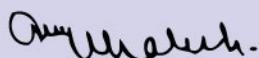
As at 30 September 2010

	Note	Unaudited September 2010	Audited June 2010
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		15,195,232,394 18,945,232,394	16,034,145,375 19,784,145,375
Non-current liabilities			
Deferred taxation		2,883,395,813	2,883,395,813
Current liabilities			
Trade and other liabilities		87,088,864	78,574,509
Interest/mark-up accrued on short term borrowings		34,828,326	21,011,622
Short term borrowings	4	1,045,732,273	620,235,048
Provision for taxation		8,863,976 1,176,513,439	867,047 720,688,226
	Rupees	<u>23,005,141,646</u>	<u>23,388,229,414</u>
Contingencies and commitments	5		

Unconsolidated Condensed Interim Balance Sheet**As at 30 September 2010**

	Note	Unaudited September 2010	Audited June 2010
ASSETS			
Non-current assets			
Property and equipment	6	58,691,985	61,151,042
Long term investments	7	19,605,146,247	19,535,274,470
Long term deposits		790,190	790,190
Current assets			
Loans and advances		473,942,279	268,635,000
Prepayments		56,700	75,600
Advance tax		76,975,330	62,778,527
Other receivables		110,507,639	114,054,059
Short term investments		2,668,586,449	3,338,040,948
Cash and bank balances		10,444,827	7,429,578
		3,340,513,224	3,791,013,712
	Rupees	<u>23,005,141,646</u>	<u>23,388,229,414</u>

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



CHAIRMAN & CHIEF EXECUTIVE


DIRECTOR



Unconsolidated Condensed Interim Profit and Loss

Account (Unaudited)

For the first quarter ended 30 September 2010

	Quarter Ended	
	September 2010	September 2009
Operating revenue	825,788,918	713,344,870
Loss on sale of securities-net	(112,203,046)	(342,610,206)
(Loss)/gain on remeasurement of investments - net	(126,097,429)	1,874,855,309
	587,488,443	2,245,589,973
Operating and administrative expenses	(36,179,513)	(51,101,769)
Operating profit	551,308,930	2,194,488,204
Other income	611,967	107,105,597
	551,920,897	2,301,593,801
Finance cost	(34,615,308)	(107,701,880)
Profit before tax	517,305,589	2,193,891,921
Taxation		
For the period		
- Current	(7,996,929)	(67,500,000)
- Deferred net	-	(113,990,625)
	(7,996,929)	(181,490,625)
Profit after tax	509,308,660	2,012,401,296
	Rupees	
Earnings per share - basic and diluted	1.36	5.37
	Rupees	

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

CHAIRMAN & CHIEF EXECUTIVE

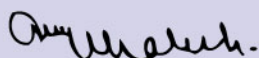
DIRECTOR

Unconsolidated Condensed Interim Statement of Comprehensive Income (Unaudited)

For the first quarter ended 30 September 2010

	Quarter Ended	
	September 2010	September 2009
Profit for the period	509,308,660	2,012,401,296
Other comprehensive income / (loss)		
(Deficit) / surplus on remeasurement of investments classified as 'available for sale'	(34,221,641)	13,555,613
Impairment loss on available for sale investment transferred to profit and loss account	-	33,256,669
Other comprehensive (loss) / income for the period	(34,221,641)	46,812,282
Total comprehensive income for the period Rupees	475,087,019	2,059,213,578

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



CHAIRMAN & CHIEF EXECUTIVE



DIRECTOR



Unconsolidated Condensed Interim Cash Flow

Statement (Unaudited)

For the first quarter ended 30 September 2010

	Quarter Ended	
	September 2010	September 2009
CASH GENERATED FROM OPERATIONS		
Profit before tax	517,305,589	2,193,891,921
Adjustments for:		
Depreciation	2,323,994	2,732,020
Dividend income	(807,774,610)	(713,344,870)
Mark-up on bank balances, receivables, loans and advances	(10,014,308)	(90,788,847)
Exchange gain on foreign currency bank balances	(6,930)	(82,222)
Impairment loss on investments	-	33,256,669
(Loss)/gain on remeasurement of investment in associates - net	231,860,600	(434,250,000)
Gain on sale of property and equipment	(605,037)	-
Finance cost	34,615,308	107,701,880
Others	12,251,479	-
	(537,349,504)	(1,094,775,370)
Operating (loss)/profit before working capital changes	(20,043,915)	1,099,116,551
Changes in working capital		
(Increase)/decrease in current assets		
Loans and advances	(205,307,279)	-
Prepayments	18,900	-
Other receivables	3,546,420	(61,178)
Short term investments	669,454,499	(2,065,126,138)
Increase / (decrease) in current liabilities		
Trade and other payables	8,514,355	1,224,864,339
	476,226,895	(840,322,977)
Cash generated from operations	456,182,980	258,793,574
Income tax paid	(14,196,803)	(3,978,258)
Finance cost paid	(20,798,604)	(90,506,307)
Net cash generated from operating activities	421,187,573	164,309,009
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(49,900)	(104,241)
Proceeds from sale of property and equipment	790,000	-
Dividend received	132,774,610	38,343,295
Interest received	1,308,549	3,475,670
Acquisition of long term investments	(978,492,808)	(209,612,433)
Net cash (used) in investing activities	(843,669,549)	(167,897,709)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	-
Net cash generated from/(used in) financing activities	-	-
Net (decrease) in cash and cash equivalents	(422,481,976)	(3,588,700)
Cash and cash equivalents at beginning of the period	(612,805,470)	(2,613,856,135)
Cash and cash equivalents at end of the year	(1,035,287,446)	(2,617,444,835)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	10,444,827	6,753,014
Short term borrowings	(1,045,732,273)	(2,624,197,847)
	(1,035,287,446)	(2,617,444,833)

Rupees

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

CHAIRMAN & CHIEF EXECUTIVE

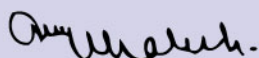
DIRECTOR

Unconsolidated Condensed Interim Statement of Changes in Equity (Unaudited)

For the first quarter ended 30 September 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 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	-	-	-	2,012,401,296	2,012,401,296	2,012,401,296
<i>Other comprehensive income</i>						
Surplus on remeasurement of investments classified as 'available for sale'	-	13,555,613	-	-	13,555,613	13,555,613
Impairment loss on 'available for sale' investment transferred to profit and loss account	-	33,256,669	-	-	33,256,669	33,256,669
Balance as at 30 September 2009 Rupees	<u>3,750,000,000</u>	<u>(40,613,670)</u>	<u>4,000,000,000</u>	<u>10,485,150,181</u>	<u>14,444,536,511</u>	<u>18,194,536,511</u>
Balance as at 30 June 2010	3,750,000,000	(237,069,004)	4,000,000,000	12,271,214,379	16,034,145,375	19,784,145,375
Total comprehensive income for the period						
Profit for the period	-	-	-	509,308,660	509,308,660	509,308,660
<i>Other comprehensive income</i>						
Deficit on remeasurement of investments classified as 'available for sale'	-	(34,221,641)	-	-	(34,221,641)	(34,221,641)
Appropriation of retained earning for specie dividend	-	-	-	(1,314,000,000)	(1,314,000,000)	(1,314,000,000)
Balance as at 30 September 2010 Rupees	<u>3,750,000,000</u>	<u>(271,290,645)</u>	<u>4,000,000,000</u>	<u>11,466,523,039</u>	<u>15,195,232,394</u>	<u>18,945,232,394</u>

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



CHAIRMAN & CHIEF EXECUTIVE



DIRECTOR

Notes to the Unconsolidated Condensed Interim

Financial Information (Unaudited)

For the first quarter ended 30 September 2010

1. STATUS AND NATURE OF BUSINESS

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

<i>Name of Company</i>	<i>Shareholding</i>
<i>Subsidiaries</i>	
- 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%

Additionally, the Company has long term investments in:

<i>Associates</i>	
- Pakarab Fertilizers Limited	30.00%
- Aisha Steel Mills Limited	32.71%
- Al-Abbas Cement Industries Limited	37.76%
- Thatta Cement Company Limited	9.71%
- Rozgar Microfinance Bank Limited	19.01%
- Sweetwater Dairies Pakistan (Private) Limited	27.83%
- Fatima Fertilizer Company Limited	12.93%
<i>Others</i>	
- Takaful Pakistan Limited	10.00%
- Sunbiz (Private) Limited	4.65%

1.1 Changes in composition of the Group

During the period ended 30 September 2010, the Company purchased 522,142 shares of Al-Abbas Cement Industries Limited (an associate) during the period which resulted in increase in Company's holding in this associate from 37.47% to 37.76%.

Notes to the Unconsolidated Condensed Interim**Financial Information (Unaudited)****For the first quarter ended 30 September 2010**

Further, the Company also subscribed for 30,283,250 rights shares of Aisha Steel Mills Limited (an associate). This resulted in increase in Company's holding in this associate from 25% to 32.71%.

In addition, during the period the Company has distributed 112.50 million shares to its shareholders as specie dividend and purchased 55,412,690 shares of Fatima Fertilizers Company Limited (an associate). Further, the Company has also received 67.50 million shares of this associate as specie dividend from Pakarab Fertilizers Limited. This resulted in increase in Company's holding in the associate from 12.38% to 12.93%.

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 2010.

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 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.

Notes to the Unconsolidated Condensed Interim Financial Information (Unaudited)

For the first quarter ended 30 September 2010

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 2010.

3 FINANCIAL RISK MANAGEMENT

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

4 SHORT TERM BORROWINGS - secured

		Unaudited September 2010	Audited June 2010
	Note	2010	2010
From various banking companies			
- Short term running finance	Rupees	1,045,732,273	620,235,048

4.1 Short term running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 2,980 million (2010: Rs. 2,980 million) which represents the aggregate of sale prices of all mark-up agreements between the Company and the banks. These facilities have various maturity dates upto 31 May 2011. These arrangements are secured against pledge of marketable securities with minimum 30% margin (2010: 30% margin). These running finance facilities carry mark-up ranging from 3 month KIBOR+1% to 3 month KIBOR+2.5% per annum (2010: 3 month KIBOR+1% to 3 month KIBOR+2.5% per annum) calculated on a daily product basis, that is payable quarterly. The carrying amount of securities pledged as collateral against outstanding liability amounts to Rs. 1,493.903 million (2010: Rs. 1,433.646 million). The aggregate amount of these facilities which have not been availed as at the balance sheet date amounts to Rs.1,934.268 million (2010: Rs. 2,359.763 million).

5 CONTINGENCIES AND COMMITMENTS

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 2010.

6 PROPERTY AND EQUIPMENT

Following is the cost of property and equipment that have been added / disposed off during the first quarter ended 30 September 2010:

	Quarter Ended 30 September 2010		Quarter Ended 30 September 2009	
	Additions	Disposals	Additions	Disposals
Vehicles	-	1,169,000	104,000	1,237,000
Computer and allied equipment	49,900	-	-	-
Rupees	49,900	1,169,000	104,000	1,237,000

Notes to the Unconsolidated Condensed Interim Financial Information (Unaudited)

For the first quarter ended 30 September 2010

7	LONG TERM INVESTMENTS	Unaudited September	Audited June	
	Note	2010	2010	
	At cost	7.1	3,699,220,891	3,396,388,391
	At fair value through profit or loss	7.2	15,542,059,642	15,731,225,855
	Available for sale	7.3	363,865,714	407,660,224
	Rupees	<u>19,605,146,247</u>	<u>19,535,274,470</u>	
7.1	At cost			
	Subsidiaries:			
	Arif Habib Limited	2,675,247,180	2,675,247,180	
	Arif Habib Investments Limited	81,947,527	81,947,527	
	Arif Habib DMCC	29,945,898	29,945,898	
	Pakistan Private Equity Management Limited	42,500,000	42,500,000	
	SKM Lanka Holdings (Private) Limited	43,197,216	43,197,216	
		<u>2,872,837,821</u>	<u>2,872,837,821</u>	
	Provision for impairment in PPEML	(17,000,000)	(17,000,000)	
		<u>2,855,837,821</u>	<u>2,855,837,821</u>	
	Associates:			
	Aisha Steel Mills Limited	800,083,070	497,250,570	
	Rozgar Microfinance Bank Limited	32,310,000	32,310,000	
		<u>832,393,070</u>	<u>529,560,570</u>	
	Provision for impairment in RMFBL	(19,010,000)	(19,010,000)	
		<u>813,383,070</u>	<u>510,550,570</u>	
	Other investments:			
	Takaful Pakistan Limited	30,000,000	30,000,000	
	Sun Biz (Private) Limited	1,000,000	1,000,000	
		<u>31,000,000</u>	<u>31,000,000</u>	
	Provision for impairment in SBL	(1,000,000)	(1,000,000)	
		<u>30,000,000</u>	<u>30,000,000</u>	
	Rupees	<u>3,699,220,891</u>	<u>3,396,388,391</u>	
7.2	At fair value through profit or loss			
	Associates:			
	Pakarab Fertilizers Limited	12,360,600,000	12,360,600,000	
	Fatima Fertilizer Company Limited	2,907,008,787	3,101,175,000	
	Sweetwater Dairies Pakistan (Private) Limited	274,450,855	269,450,855	
	Rupees	<u>15,542,059,642</u>	<u>15,731,225,855</u>	
7.3	Available for sale			
	Associate:			
	Al-Abbas Cement Industries Limited (AACIL)	360,499,654	385,549,504	
	Thatta Cement Company Limited (THCCL)	142,950,060	161,694,720	
		<u>503,449,714</u>	<u>547,244,224</u>	
	Provision for impairment in AACIL	(139,584,000)	(139,584,000)	
	Rupees	<u>363,865,714</u>	<u>407,660,224</u>	

Notes to the Unconsolidated Condensed Interim**Financial Information (Unaudited)****For the first quarter ended 30 September 2010****8 TRANSACTIONS WITH RELATED PARTIES**

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

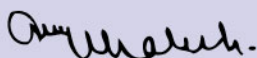
		30 September	30 September
	Note	2010	2009
- Services availed	Rupees	4,496,800	7,942,262
- Mark up on short term running finance facility	Rupees	-	89,350
- Mark up on bank deposit	Rupees	-	137,018
- Mark up on loan/advance	Rupees	900,698	332,268
- Dividend income	Rupees	-	33,750,000
- Initial/fresh equity investments	Rupees	-	17,000,000
Transaction with associates			
- Equity investment	Rupees	670,660,308	209,612,433
- Subscription of right shares	Rupees	307,832,500	-
- Mark-up on loans and advances	Rupees	9,112,508	4,045,744
- Dividend income	Rupees	675,000,000	675,000,000
Transaction with other related parties			
- Payment to employees' provident fund	Rupees	255,024	252,993
- Remuneration to key management personnel	Rupees	3,165,000	2,970,000

9 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim unconsolidated financial information was authorized for issue on 25 October 2010 by the Board of Directors of the Company

10 GENERAL

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



CHAIRMAN & CHIEF EXECUTIVE


DIRECTOR



Consolidated Financial Statements



Consolidated Condensed Interim Balance Sheet

As at 30 September 2010

	Note	Unaudited September 2010	Audited June 2010
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital		10,000,000,000	10,000,000,000
Issued, subscribed and paid up share capital		3,750,000,000	3,750,000,000
Reserves		10,648,571,210	11,159,544,877
		14,398,571,210	14,909,544,877
Minority interest		515,881,950	515,012,001
		14,914,453,160	15,424,556,878
Non-current liabilities			
Long term loans		183,939,269	183,939,269
Liabilities against assets subject to finance lease		4,217,761	4,385,569
Deferred taxation		198,228,255	263,791,923
Current liabilities			
Trade and other payables		490,564,210	416,895,696
Interest/Mark-up accrued		58,392,883	55,280,439
Short term borrowings	4	1,453,398,084	1,217,727,694
Current portion of long term liabilities		103,994,311	153,250,000
Provision for taxation		17,258,906	2,354,617
		2,123,608,394	1,845,508,446
	Rupees	17,424,446,839	17,722,182,085
Contingencies and commitments			
	5		

Consolidated Condensed Interim Balance Sheet**As at 30 September 2010**

	Note	Unaudited September 2010	Audited June 2010
ASSETS			
Non-current assets			
Property and equipment	6	335,930,470	345,924,089
Intangible assets		34,570,157	34,681,348
Goodwill		2,160,310,718	2,160,310,718
Membership cards and licenses		69,378,063	68,655,000
Long term investments		9,153,448,711	8,818,153,833
Investment property		76,879,000	61,895,000
Long term loans and advances - considered good		19,285,294	18,307,708
Long term deposits and prepayments		36,120,043	36,120,043
Current assets			
Trade debts		1,442,977,516	1,760,651,188
Loans and advances - considered good		447,771,461	263,270,015
Deposits and prepayments		77,771,771	71,015,733
Advance tax		84,130,359	68,632,877
Other receivables - considered good		129,634,531	207,196,507
Short term investments		3,271,276,922	3,680,869,407
Cash and bank balances		84,961,823	126,498,619
		5,538,524,383	6,178,134,346
	Rupees	17,424,446,839	17,722,182,085

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



CHAIRMAN & CHIEF EXECUTIVE


DIRECTOR



Consolidated Condensed Interim Profit and Loss

Account (Unaudited)

For the first quarter ended 30 September 2010

	Quarter Ended	
	September 2010	September 2009
Operating revenue	288,049,634	139,678,269
Loss on sale of securities-net	(112,536,556)	(249,823,279)
Gain on remeasurement of investments - net	105,321,895	1,514,052,192
	<u>280,834,973</u>	<u>1,403,907,182</u>
Operating, administrative and other expenses	(133,131,929)	(109,313,505)
Operating profit	<u>147,703,044</u>	<u>1,294,593,677</u>
Other income	44,807,232	177,145,007
	<u>192,510,276</u>	<u>1,471,738,684</u>
Finance cost	(54,794,258)	(160,893,208)
	<u>137,716,018</u>	<u>1,310,845,476</u>
Share of profit from associates - net of tax	134,436,888	128,952,241
Profit before tax	<u>272,152,906</u>	<u>1,439,797,717</u>
Taxation		
For the period		
- Current	(14,904,290)	(71,641,308)
- Deferred	3,094,342	452,627
	<u>(11,809,948)</u>	<u>(71,188,681)</u>
Profit after tax from continuing operations	Rupees <u>260,342,958</u>	<u>1,368,609,036</u>
Discontinued operations		
Loss for the period from discontinued operations/derecognised subsidiary, net of resulting loss on derecognition	-	(297,334,000)
Profit for the period	Rupees <u>260,342,958</u>	<u>1,071,275,036</u>
Profit / (loss) attributable to:		
Equity holders of Arif Habib Securities Limited		
From continuing operations	240,043,064	1,187,299,983
From discontinued operations	-	(176,616,396)
	Rupees <u>240,043,064</u>	<u>1,010,683,587</u>
Minority interest		
From continuing operations	20,299,894	57,390,997
From discontinued operations	-	(120,717,604)
	Rupees <u>20,299,894</u>	<u>(63,326,607)</u>
Earnings / (loss) per share - basic and diluted		
From continuing operations	0.64	3.17
From discontinued operations	-	(0.47)
Total	Rupees <u>0.64</u>	<u>2.70</u>

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

CHAIRMAN & CHIEF EXECUTIVE

DIRECTOR

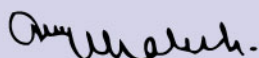
Consolidated Condensed Interim Statement of Comprehensive Income (Unaudited)

For the first quarter ended 30 September 2010

	Quarter Ended	
	September	September
	2010	2009
Profit for the period	240,043,064	1,010,683,587
Other comprehensive income / (loss)		
Surplus on remeasurement of investments classified as 'available for sale'	66,419,030	296,607,994
Net effect of translation of net assets of foreign subsidiary to presentation currency	439,221	444,878
Other comprehensive income for the period	66,858,251	297,052,872
Total comprehensive income for the period	306,901,315	1,307,736,459

Rupees

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



CHAIRMAN & CHIEF EXECUTIVE



DIRECTOR



Consolidated Condensed Interim Cash Flow

Statement (Unaudited)

For the first quarter ended 30 September 2010

	Quarter Ended	
	September 2010	September 2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	272,152,906	1,439,797,717
Adjustments for:		
Depreciation	9,853,738	8,824,260
Dividend income	(182,374,662)	(41,906,480)
Mark-up on bank balances, loans and advances and term finance certificates	(18,289,241)	(90,935,209)
Reversal of doubtful debts	-	(181,050)
Gain/(loss) on sale of property and equipment	(605,037)	285,545
Amortization charges	132,260	355,090
Finance cost	54,794,258	160,893,208
	(136,488,684)	37,335,364
Operating profit before working capital changes	135,664,222	1,477,133,081
Changes in working capital:		
(Increase) / decrease in current assets		
Trade debts	317,673,672	(235,088,232)
Loans and advances	(184,501,446)	173,060
Prepayments	(6,756,038)	(2,712,863)
Other receivables	77,561,976	(118,084,942)
Short term investments	409,592,485	(1,850,199,998)
Increase / (decrease) in current liabilities		
Trade and other payables	73,668,514	1,955,237,855
	687,239,163	(250,675,120)
Cash generated from operations	822,903,385	1,226,457,961
Income tax paid	(15,497,482)	(9,669,916)
Finance cost paid	(51,681,814)	(133,062,011)
Net cash from operating activities	755,724,089	1,083,726,034
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(1,233,850)	(2,029,000)
Proceeds from sale of assets	991,068	-
Membership cards and licenses	(723,063)	-
Investment property	(14,984,000)	-
Dividend received	182,374,662	41,906,480
Interest received	1,488,258	(90,935,209)
Acquisition of long term investments	(1,181,546,255)	(259,240,371)
Proceeds from sale of long term investments	31,877,198	41,218,291
Long term loans and advances	(977,586)	25,351,317
Long term deposits	-	(5,548,975)
Net cash used in investing activities	(982,733,568)	(249,277,467)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	(50,197,707)	50,000,000
Net cash (used in)/generated from financing activities	(50,197,707)	50,000,000
Net (decrease)/increase in cash and cash equivalents	(277,207,186)	884,448,567
Cash and cash equivalents at beginning of the period	(1,091,229,075)	(3,841,913,205)
Cash and cash equivalents at end of the period	(1,368,436,261)	(2,957,464,638)

7 Rupees

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

CHAIRMAN & CHIEF EXECUTIVE

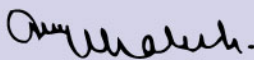
DIRECTOR

Consolidated Condensed Interim Statement of Changes in Equity (Unaudited)

For the first quarter ended 30 September 2010

		Share capital		Reserves			Sub total	Total
		Issued, subscribed and paid up	Surplus(deficit) on remeasurement of investments/ fixed assets	Exchange difference on translation to presentation currency	General reserve	Unappropriated profit		
Balance as at 30 June 2009	Rupees	3,750,000,000	(539,888,801)	27,047,930	4,019,567,665	5,973,707,384	9,480,434,178	13,230,434,178
Total comprehensive income/(loss) for period								
Profit for the period		-	-	-	-	1,010,683,587	1,010,683,587	1,010,683,587
Other comprehensive income								
Surplus on remeasurement of investments classified as available for sale		-	296,607,994	-	-	-	296,607,994	296,607,994
Net effect of translation of net assets of foreign subsidiary to presentation currency		-	-	444,878	-	-	444,878	444,878
Balance as at 30 September 2009	Rupees	<u>3,750,000,000</u>	<u>(243,280,807)</u>	<u>27,492,808</u>	<u>4,019,567,665</u>	<u>6,984,390,971</u>	<u>10,788,170,637</u>	<u>14,538,170,637</u>
Balance as at 30 June 2010	Rupees	3,750,000,000	(424,820,983)	29,325,287	4,019,567,665	7,535,472,908	11,159,544,877	14,909,544,877
Total comprehensive income/(loss) for period								
Profit for the period		-	-	-	-	240,043,064	240,043,064	240,043,064
Other comprehensive income								
Surplus on remeasurement of investments classified as available for sale		-	66,419,030	-	-	-	66,419,030	66,419,030
Net effect of translation of net assets of foreign subsidiary to presentation currency		-	-	439,221	-	-	439,221	439,221
Appropriation of retained earning for specie dividend		-	-	-	-	(817,874,982)	(817,874,982)	(817,874,982)
Balance as at 30 September 2010	Rupees	<u>3,750,000,000</u>	<u>(358,401,953)</u>	<u>29,764,508</u>	<u>4,019,567,665</u>	<u>6,957,640,990</u>	<u>10,648,571,210</u>	<u>14,398,571,210</u>

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



CHAIRMAN & CHIEF EXECUTIVE



DIRECTOR



Notes to the Consolidated Condensed Interim

Financial Information (Unaudited)

For the first quarter ended 30 September 2010

1. STATUS AND NATURE OF BUSINESS

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

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

Subsidiaries		Shareholding (including indirect holding)
Name of Company	Note	
- Arif Habib Limited (AHL)	1.1	75.00%
- 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%

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)		32.71%
- Al-Abbas Cement Industries Limited (AACIL)		37.76%
- Thatta Cement Company Limited (THCCL)		25.42%
- Rozgar Microfinance Bank Limited (RMFBL)		19.01%
- Sweetwater Dairies Pakistan (Private) Limited (SDPL)		27.83%
- Fatima Fertilizer Company Limited (FFCL)		26.43%

- 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 AHCL with shareholding of 75% (June 2010:75%) 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 Consolidated Condensed Interim Financial Information (Unaudited)

For the first quarter ended 30 September 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 AHCL with shareholding of 60.18% (June 2010:60.18%). 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 AHCL and was granted registration and trading license by the Registrar of Companies of the Dubai Multi Commodities Center (DMCC) Authority on 26 October 2005. AHD is expected to start its commercial operations at the Dubai Gold and Commodities Exchange within next twelve months besides 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 AHCL with 75% (June 2010: 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 AHCL with shareholding of 85% (June 2010:85%). 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 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 2010.



Notes to the Consolidated Condensed Interim

Financial Information (Unaudited)

For the first quarter ended 30 September 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 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 2010.

3 FINANCIAL RISK MANAGEMENT

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

4 SHORT TERM BORROWINGS - secured

		Unaudited September	Audited June
	Note	2010	2010
From various banking companies			
- Short term running finance	Rupees	1,453,398,084	1,217,727,694

Short term running finance facilities are available from various commercial banks under mark-up arrangements amounting to Rs. 5,030 million (2010: Rs. 5,030 million) which represents the aggregate of sale prices of all mark-up agreements between the group companies and the banks. These facilities have various maturity dates upto 31 May 2011. These arrangements are secured against pledge of marketable securities with minimum 30% margin (2010: 30% margin). The rates of mark-up range from 3 months' KIBOR+1% to 3 months' KIBOR+3.5% per annum (2010: 1 months' KIBOR+1% to 6 months' KIBOR+2% per annum) calculated on a daily product basis, that is payable quarterly.

Notes to the Consolidated Condensed Interim Financial Information (Unaudited)

For the first quarter ended 30 September 2010

5 CONTINGENCIES AND COMMITMENTS

There is no significant change in contingency/commitments as disclosed in the preceding published financial statements of the Company as at 30 June 2010.

6 PROPERTY AND EQUIPMENT

Capital expenditure incurred during the period amounted to Rs.1.24 million (30 June 2010: Rs.522.99 million). Disposal of fixed assets during the period amounted to Rs. 0.39 million (30 June 2010: Rs. 652.38 million).

7 CASH AND CASH EQUIVALENTS

	September 2010	September 2009
Cash and bank balances	84,961,823	100,870,063
Receivable against securities - considered good	-	184,566,178
Short term borrowings	<u>(1,453,398,084)</u>	<u>(3,242,900,879)</u>
	<u>(1,368,436,261)</u>	<u>(2,957,464,638)</u>

8 TRANSACTIONS WITH RELATED PARTIES

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

	September 2010	September 2009
Transactions with associates		
- Equity investments	<u>873,713,755</u>	<u>209,612,433</u>
- Subscription of right shares	<u>307,832,500</u>	<u>-</u>
- Markup on loans and advances	<u>8,211,810</u>	<u>-</u>
- Dividend income	<u>675,000,000</u>	<u>-</u>
- Management fee/investment advisory fee	<u>65,790,529</u>	<u>62,540,633</u>
Transaction with other related parties		
- Payment to employees' provident fund	<u>1,283,000</u>	<u>448,751</u>
- Remuneration to key management personnel	<u>5,049,800</u>	<u>2,098,178</u>



Notes to the Consolidated Condensed Interim

Financial Information (Unaudited)

For the first quarter ended 30 September 2010

9 REPORTABLE SEGMENTS

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

9.2 The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies in the last published annual audited consolidated financial statements for the year ended 30 June 2010. The group evaluates performance on the basis of profit or loss from operations before tax expense not including non-recurring gains and losses and foreign exchange gains and losses. The group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market price unless disclosed otherwise.

9.3 The group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology, professional skills and marketing strategies. Most of the businesses were acquired as individual units, and the management at the time of the acquisition was retained.

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

10 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim consolidated financial statements have been authorized for issue on 25 October 2010 by the Board of Directors of the Company.

11 GENERAL

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

CHAIRMAN & CHIEF EXECUTIVE

DIRECTOR



Arif Habib Corp

Arif Habib Corporation Limited

Formerly Arif Habib Securities Limited

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