

Promoting Investments



Half Yearly Report
31 December 2011



Arif Habib Corp

contents

04	Company Information
06	Directors' Review Report
08	Independent Auditors' Review Report
09	Condensed Interim Unconsolidated Financial Information
10	Condensed Interim Unconsolidated Balance Sheet
12	Condensed Interim Unconsolidated Profit and Loss Account
13	Condensed Interim Unconsolidated Statement of Comprehensive Income
14	Condensed Interim Unconsolidated Cash Flow Statement
15	Condensed Interim Unconsolidated Statement of Changes in Equity
16	Notes to the Condensed Interim Unconsolidated Financial Information
27	Condensed Interim Consolidated Financial Information
28	Condensed Interim Consolidated Balance Sheet
30	Condensed Interim Consolidated Profit and Loss Account
31	Condensed Interim Consolidated Statement of Comprehensive Income
32	Condensed Interim Consolidated Cash Flow Statement
33	Condensed Interim Consolidated Statement of Changes in Equity
34	Notes to the Condensed Interim Consolidated Financial Information

Company Information

Board of Directors

Arif Habib

Chairman & Chief Executive

Nasim Beg

Director

Asadullah Khawaja

Director

Samad A. Habib

Director

Kashif A. Habib

Director

Muhammad Ejaz

Director

Kashif Shah

Director

Company Secretary

Basit Habib

Audit Committee

Kashif A. Habib

Chairman

Muhammad Ejaz

Member

Kashif Shah

Member

Management

Arif Habib

Chief Executive Officer

Basit Habib

Chief Financial Officer

Zeshan Afzal

Group Head - Strategic Investments

Bankers

Allied Bank Limited
Askari Bank Limited
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
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: info@arifhabibcorp.com
Website: www.arifhabibcorp.com

Registrar & Share Transfer Agent

Central Depository Company of Pakistan Limited

Share Registrar Department

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

Directors' Review Report

Dear Shareholders

The Directors of Arif Habib Corporation Limited (AHCL) are pleased to present the Directors' report of the Company together with condensed interim unconsolidated financial information and the Independent Auditors' Review Report thereon and condensed interim consolidated financial information for the half year ended 31st December 2011.

Financial Results

By the grace of Allah, your company has continued to perform well and has achieved a healthy profitability during the half year under review. The subsidiaries, associates and equity portfolio continued to grow contributing to revenues of the company through dividends and capital appreciation.

During the half year, AHCL recorded an operating revenue of Rs.3,272.17 million, which includes dividend income of Rs.1,232.81 million and gain on remeasurement of investments amounting to Rs.2,059.22 million. After accounting for operating, administrative and financial expenses of Rs.180.39 million, the company earned a profit before tax of Rs.3,091.96 million. The company has reported an after-tax profit of Rs.3,090.76 million for the half year under review as compared to the net profit of Rs. 959.30 million for the corresponding half year ended 31st December 2010. This translates into earnings of Rs. 7.49 per share as compared with Rs. 2.33 per share in corresponding period last year.

Performance of Subsidiaries and Associates

A substantial portion of existing portfolio continued to perform in line with the Board's expectations during the

reporting period. Subsidiaries and associates in which your Company has large stakes namely fertilizers, asset management and brokerage have recorded good performance during the period under review. Whereas, smaller investments in cement and dairies have incurred losses. Investments in steel and wind power are at developing stage and progressing satisfactorily.

Emphasis of matter paragraphs included in the Auditors' Review Report

The Auditors' Review Report includes emphasis of matter paragraphs on notes 7.1 & 7.2 to the condensed interim financial information in connection with non-provision of Workers' Welfare Fund and merger of Arif Habib Investments Limited with MCB Asset Management Company Limited respectively. The conclusion of auditors is not qualified in respect of above-mentioned matters.

The issues were also highlighted by the auditors in the annual audit. The instance of the management is presented in the respective notes to the condensed interim financial information.

Future Outlook

Major investments in Pakarab Fertilizers, Fatima Fertilizers, Arif Habib Limited and Arif Habib Investments are on sound footing and are expected to contribute to the future revenues of the company. Aisha Steel is expected to complete its trial run in March 2012. Though Al-Abbas Cement has incurred losses, turnaround is expected in fourth quarter of its financial year. Sweetwater Dairies and SKM Lanka are incurring losses but measures are being taken to make them profitable businesses. Secondary market portfolio has also started to perform due to improvement in performance of Karachi Stock Exchange. In view of above, the Company is expected to do well in the future.

Karachi 21st February 2012

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.

For and on behalf of the Board



Arif Habib
Chairman & Chief Executive

Independent Auditors' Report to the Members on Review of Condensed Interim Unconsolidated Financial Information

Introduction

We have reviewed the accompanying condensed interim unconsolidated balance sheet of Arif Habib Corporation Limited ("the Company") as at 31 December 2011 and the related condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated cash flow statement, condensed interim unconsolidated statement of changes in equity and notes to the condensed interim unconsolidated financial information for the six-month period then ended (here-in-after referred as the "condensed interim unconsolidated financial information"). Management is responsible for the preparation and presentation of this condensed interim unconsolidated financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim unconsolidated financial information based on our review.

Scope of Review

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

Conclusion

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

Emphasis of Matter

We draw attention to note 7.1 to the condensed interim financial information which describes the basis on which the Company has not recognized provision for Workers' Welfare Fund.

We also draw attention to note 7.2 to the condensed interim financial information which describes the uncertainty related to the outcome of the constitutional petition filed by Arif Habib Investments Limited against Securities and Exchange Commission of Pakistan in the case of merger of Arif Habib Investments Limited with MCB Asset Management Company Limited.

Our conclusion is not qualified in respect of above-mentioned matters.

Other Matter

The figures for the quarters ended 31 December 2011 in the condensed interim unconsolidated profit and loss account and condensed interim unconsolidated statement of comprehensive income have not been reviewed and we do not express a conclusion thereon.

Date: 21 February 2012

Place: Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Mohammad Mahmood Hussain

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



Condensed Interim Unconsolidated Financial Information

Arif Habib Corporation Limited

Condensed Interim Unconsolidated Balance Sheet

As at 31 December 2011

		Unaudited December 2011	Audited June 2011
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital 1,000,000,000 ordinary shares of Rs. 10 each		<u>10,000,000,000</u>	<u>10,000,000,000</u>
Issued, subscribed and paid up share capital		4,125,000,000	3,750,000,000
Reserves		19,370,610,956	17,361,650,968
		23,495,610,956	21,111,650,968
Non-current liabilities			
Deferred taxation		3,091,582,842	3,092,023,908
Long term loan - secured	4	291,800,000	-
		3,383,382,842	3,092,023,908
Current liabilities			
Trade and other payables		35,122,361	1,918,640
Interest / mark-up accrued		76,334,235	51,570,250
Short term borrowings - secured	5	1,881,305,336	1,327,457,775
Loan from related party	6	400,000,000	-
Provision for taxation		101,465,804	99,826,284
		2,494,227,736	1,480,772,949
	Rupees	<u>29,373,221,534</u>	<u>25,684,447,825</u>
Contingencies and commitments	7		

Arif Habib Corporation Limited

Condensed Interim Unconsolidated Balance Sheet

As at 31 December 2011

		Unaudited December 2011	Audited June 2011
	Note		
ASSETS			
Non-current assets			
Property and equipment	8	49,383,211	53,333,298
Long term investments	9	27,319,359,437	23,840,733,981
Long term deposits		2,658,090	2,514,590
		27,371,400,738	23,896,581,869
Current assets			
Loans and advances	10	923,427,273	550,808,592
Prepayments		306,757	579,749
Advance tax		91,053,332	84,390,105
Trade and other receivables		205,478,422	205,301,187
Short term investments		774,499,378	938,215,581
Cash and bank balances		7,055,634	8,570,742
		2,001,820,796	1,787,865,956
		29,373,221,534	25,684,447,825
	Rupees		

The annexed notes 1 to 17 form an integral part of this condensed interim unconsolidated financial information.



CHAIRMAN & CHIEF EXECUTIVE



DIRECTOR

Arif Habib Corporation Limited

Condensed Interim Unconsolidated Profit and Loss Account (Unaudited)

For the six months period ended 31 December 2011

		Six months period ended		Quarter ended	
		December	December	December	December
		2011	2010	2011	2010
Operating revenue	11	3,272,167,732	1,179,730,959	1,531,204,815	592,242,516
Operating and administrative expenses		(37,132,721)	(33,973,691)	(21,226,534)	(19,794,178)
Operating profit		3,235,035,011	1,145,757,268	1,509,978,281	572,448,338
Other income		180,430	617,343	180,430	5,376
		3,235,215,441	1,146,374,611	1,510,158,711	572,453,714
Finance cost		(138,956,328)	(79,429,662)	(77,603,892)	(44,814,354)
Other charges	12	(4,300,000)	(43,362,815)	-	(21,362,815)
Profit before tax		3,091,959,113	1,023,582,134	1,432,554,819	506,276,545
Taxation					
For the period					
- Current		(1,639,520)	(2,712,352)	166,059	5,284,577
- Deferred		441,002	(61,566,569)	28,859,047	(61,566,569)
		(1,198,518)	(64,278,921)	29,025,106	(56,281,992)
Profit after tax	Rupees	3,090,760,595	959,303,213	1,461,579,925	449,994,553
Earnings per share - basic and diluted	Rupees	7.49	2.33	3.54	1.09

The annexed notes 1 to 17 form an integral part of this condensed interim unconsolidated financial information.



CHAIRMAN & CHIEF EXECUTIVE



DIRECTOR

Arif Habib Corporation Limited

Condensed Interim Unconsolidated Statement of Comprehensive Income (Unaudited)

For the six months period ended 31 December 2011

	Six months period ended		Quarter ended	
	December 2011	December 2010	December 2011	December 2010
Profit for the period	3,090,760,595	959,303,213	1,461,579,925	449,994,553
Other comprehensive income / (loss)				
Unrealized appreciation / (diminution) during the period on remeasurement of investments classified as 'available for sale'	43,199,393	(23,819,872)	57,364,313	10,401,769
Reclassification adjustments relating to loss realized on disposal of investments classified as 'available for sale'	-	1,737,905	-	-
Other comprehensive income / (loss) for the period	43,199,393	(22,081,967)	57,364,313	10,401,769
Total comprehensive income for the period	3,133,959,988	937,221,246	1,518,944,238	460,396,322

Rupees

The annexed notes 1 to 17 form an integral part of this condensed interim unconsolidated financial information.



CHAIRMAN & CHIEF EXECUTIVE



DIRECTOR

Arif Habib Corporation Limited

Condensed Interim Unconsolidated Cash Flow Statement (Unaudited)

For the six months period ended 31 December 2011

	Note	December 2011	December 2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	13	(455,019,850)	471,526,930
Income tax paid		(6,663,291)	(20,294,942)
Finance cost paid		(114,192,343)	(55,010,857)
Dividend received		63,625,132	185,994,568
Interest received		60,073,913	3,252,454
Net cash (used in) / generated from operating activities		(452,176,439)	585,468,153
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		(269,500)	(1,321,379)
Proceeds from sale of property and equipment		189,030	790,000
Acquisition of long term investments		(44,762,260)	(1,032,152,108)
Proceeds from sale of long term investments		-	9,798,843
Long term deposits		(143,500)	(681,800)
Net cash used in investing activities		(44,986,230)	(1,023,566,444)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan from related party		400,000,000	-
Long term loan obtained		656,550,000	-
Dividend paid		(750,000,000)	-
Net cash generated from financing activities		306,550,000	-
Net decrease in cash and cash equivalents		(190,612,669)	(438,098,291)
Cash and cash equivalents at beginning of the period		(1,318,887,033)	(612,805,470)
Cash and cash equivalents at end of the period	14 Rupees	(1,509,499,702)	(1,050,903,761)

The annexed notes 1 to 17 form an integral part of this condensed interim unconsolidated financial information.



CHAIRMAN & CHIEF EXECUTIVE



DIRECTOR

Arif Habib Corporation Limited

Unconsolidated Condensed Interim Statement of Changes in Equity (Unaudited)

For the six months period ended 31 December 2011

	Share capital issued, subscribed and paid up	Unrealized appreciation/ (diminution) on remeasurment of investments classified as 'available for sale'	Reserves		Sub Total	Total
			General reserve	Unappropriated profit		
Balance as at 1 July 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 six months period						
Profit for the six months period ended 31 December 2010	-	-	-	959,303,213	959,303,213	959,303,213
Unrealized diminution during the period on remeasurement of investments classified as 'available for sale'	-	(23,819,872)	-	-	(23,819,872)	(23,819,872)
Reclassification adjustments relating to loss realized on disposal of investments classified as 'available for sale'	-	1,737,905 (22,081,967)	-	-	1,737,905	1,737,905
	-		-	959,303,213	937,221,246	937,221,246
Transactions with owners						
Distribution of 112.5 million (3 shares for every 10 shares held) shares of Fatima Fertilizer Company Limited for the year ended 30 June 2010	-	-	-	(1,314,000,000)	(1,314,000,000)	(1,314,000,000)
Balance as at 31 December 2010	3,750,000,000	(259,150,971)	4,000,000,000	11,916,517,592	15,657,366,621	19,407,366,621
Balance as at 1 July 2011	3,750,000,000	(436,042,975)	4,000,000,000	13,797,693,943	17,361,650,968	21,111,650,968
Total comprehensive income for the six months period						
Profit for the six months period ended 31 December 2011	-	-	-	3,090,760,595	3,090,760,595	3,090,760,595
Unrealized appreciation during the period on remeasurement of investments classified as 'available for sale'	-	43,199,393 43,199,393	-	-	43,199,393	43,199,393
	-		-	3,090,760,595	3,133,959,988	3,133,959,988
Transactions with owners						
Issue of 37.5 million bonus shares (1 share for every 10 shares held) for the year ended 30 June 2011	375,000,000	-	-	(375,000,000)	(375,000,000)	-
Cash dividend for the year ended 30 June 2011 (Rs. 2 per share)	-	-	-	(750,000,000)	(750,000,000)	(750,000,000)
	375,000,000	-	-	(1,125,000,000)	(1,125,000,000)	(750,000,000)
Balance as at 31 December 2011	4,125,000,000	(392,843,582)	4,000,000,000	15,763,454,538	19,370,610,956	23,495,610,956

The annexed notes 1 to 17 form an integral part of this condensed interim unconsolidated financial information.



CHAIRMAN & CHIEF EXECUTIVE



DIRECTOR

Half Yearly Report
31 December 2011

Arif Habib Corporation Limited

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2011.

1. LEGAL STATUS AND NATURE OF BUSINESS

Arif Habib Corporation 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 strategic investments in subsidiary companies and associates engaged in Chemical, Fertilizer, Financial Services, Construction Materials, Industrial Metal, Steel and Other Sectors including investments in securities. The registered office of the Company is situated at Arif Habib Centre, 2nd Floor, 23 M. T. Khan Road, Karachi, Pakistan. The Company is domiciled in the province of Sindh.

This condensed interim unconsolidated financial information 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. Condensed interim Consolidated financial information is prepared separately.

The Company has following long term investments:

<i>Name of Company</i>	<i>Shareholding</i>
<i>Subsidiaries</i>	
- Arif Habib Limited, a brokerage house	76.61%
- Al-Abbas Cement Industries Limited, a cement manufacturing company	61.13%
- 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%
- Sachal Energy Development (Pvt) Limited, a wind power generation company	99.99%
<i>Associates</i>	
- Pakarab Fertilizers Limited	30.00%
- Aisha Steel Mills Limited	48.57%
- Arif Habib Investments Limited	30.09%
- Thatta Cement Company Limited	9.06%
- Rozgar Microfinance Bank Limited	20.47%
- Sweetwater Dairies Pakistan (Private) Limited	29.69%
- Fatima Fertilizer Company Limited	19.78%
- Crescent Textile Mills Limited	24.82%
<i>Others</i>	
- Takaful Pakistan Limited	10.00%
- Sunbiz (Private) Limited	4.65%

Arif Habib Corporation Limited

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2011.

1.1 Change in the composition of the Group

During the six months period ended 31 December 2011, further investments by the Company leading to changes in composition of the Group are summarized as under:

- the Company purchased 655,067 shares of Arif Habib Limited, a subsidiary of the Company, resulting in an increase in Company's holding from 75.15% to 76.61%.
- the Company purchased 5,000 shares of Crescent Textile Mills Limited, an associate of the Company, resulting in an increase in the Company's holding from 24.81% to 24.82%.
- the Company received 67,500,000 shares and 121,982 shares of Fatima Fertilizer Company Limited (FFCL) as specie dividend from Pakarab Fertilizers Limited and Reliance Weaving Mills Limited respectively. This resulted in an overall increase in Company's holding in FFCL, an associate of the Company, from 16.4% to 19.78%.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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 subject to limited scope review by the auditors, 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 as at and for the year ended 30 June 2011.

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

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

2.2 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 2011.

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

Arif Habib Corporation Limited

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2011

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, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience. Actual results may differ from these estimates.

In preparing this condensed interim unconsolidated financial information, significant judgments were made by management in applying the Company's accounting policies and the key sources of estimating uncertainty were the same as those that applied to the annual financial statements of the Company as at and for the year ended 30 June 2011.

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 2011.

4. LONG TERM LOAN - secured

		Unaudited 31 December 2011	Audited 30 June 2011
Term finance loan	4.1 & 9.4	656,550,000	-
Less: Current portion of term finance loan		(364,750,000)	-
		<u>291,800,000</u>	<u>-</u>

4.1 During the period, the Company obtained term finance facility from a commercial bank under mark-up arrangement at the rate of 3 months KIBOR +1% to be charged quarterly having maturity upto 31 December 2013. The loan is secured against pledge of shares of associate company.

5. SHORT TERM BORROWINGS - secured

		Unaudited 31 December 2011	Audited 30 June 2011
From various banking companies			
- Short term running finance	5.1 & 5.2	1,516,555,336	1,327,457,775
- Current portion of term finance loan		364,750,000	-
	Rupees	<u>1,881,305,336</u>	<u>1,327,457,775</u>

5.1 Short term running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 3,130 million (30 June 2011: 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 29 September 2012. These arrangements are secured against pledge of marketable securities with minimum 30% margin (30 June 2011: 30% margin). These running finance facilities carry mark-up ranging from 1 month KIBOR+1% to 3 month KIBOR+2.5% per annum (30 June 2011: 3 month KIBOR+1% to 3 month KIBOR+2.5% per annum) calculated on a daily product basis that is payable quarterly. The aggregate amount of these facilities which have not been availed as at the balance sheet date amounts to Rs. 1,613.445 million (30 June 2011 : Rs. 1,652.542 million).

Arif Habib Corporation Limited

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2011.

5.2 The fair value of securities pledged as collateral against outstanding liability to banking companies amounts to Rs. 4,103.55 million (30 June 2011: Rs. 2,292.47 million).

6. This represents unsecured loan received from Rotocast Engineering Company (Private) Limited, payable within twelve months and carries markup at the rate of 3 month KIBOR + 2%.

7. CONTINGENCIES AND COMMITMENT

7.1 During the year ended 30 June 2011, the Honourable High Court of Lahore vide their order in respect of writ petition No. 8763/2011, has declared amendments introduced through Finance Acts 2006 and 2008 in Workers' Welfare Ordinance, 1971 as unconstitutional. Further, the Company has also filed a writ petition in the High Court of Sindh at Karachi to impugn the amendments made to the Workers' Welfare Ordinance 1971, vide Finance Act 2008. The management of the Company is contesting the case vigorously and has obtained an interim stay on the petition. As per the legal council, the Company has a reasonable case and expects that the constitution petition pending in the Honourable High Court of Sindh on the subject as referred above will be decided in the favour of the Company (Accordingly, as of 30 June 2011, the management has reversed the provision held for Worker's welfare fund).

7.2 The scheme of amalgamation of MCB Asset Management Company Limited (MCB-AMC) with and into Arif Habib Investments Limited (AHIL) was sanctioned by Securities and Exchange Commission of Pakistan (SECP) through its order dated June 10, 2011 with effect from June 27, 2011. Subsequently SECP through its order dated June 27, 2011 extended the effective date of merger from June 27, 2011 to July 30, 2011. The Company in reply to the SECP order filed the petition in the Honourable Sindh High Court claiming that the same is a past and closed transaction. In view of this, the Honourable Sindh High Court through its interim order dated September 28, 2011 suspended the SECP order for extension of the effective date of merger. The hearing of this case is in progress.

7.3 There is no change in the status of contingencies as disclosed in the preceding annual financial statements of the Company as at 30 June 2011.

8. PROPERTY AND EQUIPMENT

Following is the cost of property and equipment that have been added / disposed off during the six months period ended 31 December 2011:

	Six months period ended 31 December 2011		Six months period ended 31 December 2010	
	Additions	Disposals	Additions	Disposals
Vehicles	-	700,000	1,070,000	1,169,000
Office equipment	-	-	101,370	-
Computer and allied equipments	269,500	-	150,009	-
Rupees	<u>269,500</u>	<u>700,000</u>	<u>1,321,379</u>	<u>1,169,000</u>

Arif Habib Corporation Limited

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2011

		Unaudited 31 December 2011	Audited 30 June 2011
9. LONG TERM INVESTMENTS			
At cost	9.1	2,792,218,893	2,747,513,215
At fair value through profit or loss	9.2	22,729,576,481	19,365,957,346
Available for sale	9.3	1,797,564,063	1,727,263,420
	<i>Rupees</i>	<u>27,319,359,437</u>	<u>23,840,733,981</u>

9.1 At cost

	Cost	Provision for Impairment	Carrying amount	
Subsidiaries				
Arif Habib Limited (AHL)	2,684,952,858	(950,449,366)	1,734,503,492	1,724,797,814
Arif Habib DMCC (AHD)	29,945,898	-	29,945,898	29,945,898
Pakistan Private Equity Management Limited (PPEML)	42,500,000	(25,500,000)	17,000,000	17,000,000
SKM Lanka Holdings (Private) Limited (SKML)	43,197,216	(21,598,608)	21,598,608	21,598,608
Al-Abbas Cement Industries Limited (AACIL)	824,170,835	-	824,170,835	824,170,835
Sachal Energy Development (Private) Limited (SEDPL)	165,000,060	-	165,000,060	130,000,060
<i>Rupees</i>	<u>3,789,766,867</u>	<u>(997,547,974)</u>	<u>2,792,218,893</u>	<u>2,747,513,215</u>

9.2 At fair value through profit or loss

	Cost	Unrealized appreciation / (diminution) on remeasurement of investments	Carrying amount	
Associates:				
Arif Habib Investments Limited (AHIL)	477,694,882	(166,597,443)	311,097,439	467,729,366
Pakarab Fertilizers Limited (PFL)	1,324,332,073	11,838,167,927	13,162,500,000	13,162,500,000
Fatima Fertilizer Company Limited (FFCL)	4,009,351,952	5,058,583,980	9,067,935,932	5,458,123,357
Sweetwater Dairies Pakistan (Private) Limited (SDPL)	287,539,905	(200,000,000)	87,539,905	87,539,905
Crescent Textile Mills Limited (CTML)	292,566,283	(192,063,078)	100,503,205	190,064,718
<i>Rupees</i>	<u>6,391,485,095</u>	<u>16,338,091,386</u>	<u>22,729,576,481</u>	<u>19,365,957,346</u>

Arif Habib Corporation Limited

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2011.

9.3	Available for sale	Cost	Unrealized appreciation on remeasurement of investments	Provision for Impairment	Unaudited	Audited
					31 December 2011	30 June 2011
					Carrying amount	
Associates:						
	Thatta Cement Company Limited (THCCL)	188,370,257	26,181,306	-	214,551,563	144,250,920
	Aisha Steel Mills Limited (ASML)	1,554,712,500	-	-	1,554,712,500	1,554,712,500
	Rozgar Microfinance Bank Limited (RMFBL)	32,310,000	-	(19,010,000)	13,300,000	13,300,000
		<u>1,775,392,757</u>	<u>26,181,306</u>	<u>(19,010,000)</u>	<u>1,782,564,063</u>	<u>1,712,263,420</u>
Other investments:						
	Takaful Pakistan Limited (TPL)	30,000,000	-	(15,000,000)	15,000,000	15,000,000
	Sun Biz (Private) Limited (SBL)	1,000,000	-	(1,000,000)	-	-
		<u>31,000,000</u>	<u>-</u>	<u>(16,000,000)</u>	<u>15,000,000</u>	<u>15,000,000</u>
	<i>Rupees</i>	<u>1,806,392,757</u>	<u>26,181,306</u>	<u>(35,010,000)</u>	<u>1,797,564,063</u>	<u>1,727,263,420</u>

9.4 Fair value of long term investments pledged with banking companies against various finance facilities amounts to Rs. 3,461.46 million (30 June 2011: Rs. 1,462.29 million).

9.5 There is no movement in provision for impairment during the period.

10. LOANS AND ADVANCES

Unsecured

Considered good

Advance against salaries
Advance against expenses

To related parties:

Aisha Steel Mills Limited 10.1
Aisha Steel Mills Limited -Advance against equity 10.2
Thatta Cement Industries Limited -Advance against equity
Sweetwater Dairies Pakistan (Private) Limited 10.1

Unaudited
31 December
2011

Audited
30 June
2011

	1,207,089	1,052,011
	740,000	635,000
	314,909,607	-
	3,570,577	3,570,577
	-	27,101,250
	3,000,000	-
	<u>323,427,273</u>	<u>32,358,838</u>
	600,000,000	518,449,754
<i>Rupees</i>	<u>923,427,273</u>	<u>550,808,592</u>

Secured

To related parties:

Javedan Corporation Limited (Formerly Javedan Cement Limited)

10.3
Rupees

Arif Habib Corporation Limited

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2011

10.1 This represents amount paid as loan carrying markup upto 3 month KIBOR plus 3%, repayable within 12 months. Being group companies no collateral was obtained.

10.2 The Company has given advances to subscribe for prospective right issue of shares of the said companies.

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

The mark-up rate on the said loan is three months KIBOR prevailing on the base rate setting date plus 3% per annum. Mark-up is payable on a quarterly basis. The effective mark-up charged during the period ranged between 16.17% to 16.54% (30 June 2011:16.02% to 16.52%) per annum.

10.4 There is no movement in provision for doubtful debts during the period.

11. OPERATING REVENUE

	Six months period ended		Quarter ended	
	December 2011	December 2010	December 2011	December 2010
Dividend income	1,232,806,884	989,524,866	62,959,109	181,750,256
Markup on loans	51,218,868	14,387,671	27,258,883	4,374,465
Underwriting commission	4,112,014	8,000,000	-	-
(Loss) / gain on sale of securities-net	(75,264,090)	(32,462,247)	(79,319,674)	79,740,799
Gain on rereasurement of investments-net	2,059,220,143	200,108,925	1,520,232,584	326,206,354
Profit on bank accounts	73,913	171,744	73,913	170,642
	<u>3,272,167,732</u>	<u>1,179,730,959</u>	<u>1,531,204,815</u>	<u>592,242,516</u>

12. OTHER CHARGES

The comparative figures of 31 December 2010 includes charge of Rs. 21.363 million for Workers' Welfare Fund, which was subsequently reversed due to reason disclosed in note 7.1.

Arif Habib Corporation Limited

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2011

13. CASH GENERATED FROM OPERATIONS	Unaudited 31 December 2011	Unaudited 31 December 2010
Profit before tax	3,091,959,113	1,023,582,134
Adjustments for:		
Depreciation	4,030,557	4,580,898
Dividend income	(1,232,806,884)	(989,524,866)
Mark-up on bank balances, loans and advances	(51,292,781)	(14,507,046)
Exchange gain on foreign currency bank balances	-	(12,306)
Gain on sale of property and equipment	-	(605,037)
Loss / (gain) on remeasurement of short term investments	143,074,588	(548,518,462)
(Gain) / loss on remeasurement of investment in associates	(2,202,294,731)	348,409,537
Loss on disposal of long term investment	-	1,737,905
Finance cost	138,956,328	78,924,839
	(3,200,332,923)	(1,119,514,538)
	(108,373,810)	(95,932,404)
Changes in working capital		
(Increase) / decrease in current assets		
Loans and advances	(399,719,931)	(1,094,499,940)
Prepayments	272,992	37,800
Trade and other receivables	(8,958,367)	2,796,957
Short term investments	28,555,545	1,614,824,880
Increase in current liabilities		
Trade and other payables	33,203,721	44,299,637
	(346,646,040)	567,459,334
Cash (used in) / generated from operations	Rupees (455,019,850)	471,526,930
14. CASH AND CASH EQUIVALENTS		
Cash and bank balances	7,055,634	15,455,629
Short term running finance	5 (1,516,555,336)	(1,066,359,390)
	Rupees (1,509,499,702)	(1,050,903,761)
15. TRANSACTIONS AND BALANCES 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 and balances with related parties during the period other than those disclosed elsewhere in the condensed interim unconsolidated financial information are given below:

Arif Habib Corporation Limited

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2011

Name of the related party and relationship with the Company	Name of transaction	Six months period ended		
		31 December 2011	31 December 2010	
Subsidiaries				
Arif Habib Limited	- Services availed	Rupees	<u>3,859,661</u>	<u>1,230,854</u>
	- Loan / advance	Rupees	<u>-</u>	<u>235,000,000</u>
	- Loan / advance repayment	Rupees	<u>-</u>	<u>235,000,000</u>
	- Mark-up on loan and advance	Rupees	<u>-</u>	<u>3,344,418</u>
	- Lease rental	Rupees	<u>226,934</u>	<u>-</u>
	- Number of bonus shares received	Rupees	<u>-</u>	<u>5,636,595</u>
Sachal Energy Development (Pvt) Limited	- Subscription of right shares	Rupees	<u>35,000,000</u>	<u>-</u>
	- Advance against shares	Rupees	<u>-</u>	<u>74,999,940</u>
SKM Lanka Holdings (Private) Limited	- Payment of travelling expenses	Rupees	<u>234,700</u>	<u>-</u>
Al-Abbas Cement Industries Limited	- Advance against shares	Rupees	<u>-</u>	<u>697,500,000</u>
	- Loan / advance	Rupees	<u>-</u>	<u>25,000,000</u>
	- Loan / advance repayment	Rupees	<u>-</u>	<u>25,000,000</u>
	- Mark-up on loan and advance	Rupees	<u>-</u>	<u>196,377</u>
Associates				
Arif Habib Investments Limited	- Cash dividend	Rupees	<u>32,496,251</u>	<u>-</u>
	- Loan / advance	Rupees	<u>-</u>	<u>20,000,000</u>
	- Loan / advance repayment	Rupees	<u>-</u>	<u>35,000,000</u>
	- Mark-up on loan and advance	Rupees	<u>-</u>	<u>1,088,806</u>
	- Number of bonus shares received	Rupees	<u>-</u>	<u>3,610,694</u>
Sweetwater Dairies Pakistan (Private) Limited	- Mark-up on loan and advance	Rupees	<u>38,542</u>	<u>-</u>
Thatta Cement Company Limited	- Subscription of right shares	Rupees	<u>27,101,250</u>	<u>-</u>
Aisha Steel Mills Limited	- Loan / advance	Rupees	<u>376,938,467</u>	<u>180,444,931</u>
	- Loan / advance repayment	Rupees	<u>62,028,860</u>	<u>130,444,931</u>
	- Mark-up on loan and advance	Rupees	<u>3,007,549</u>	<u>1,880,833</u>
	- Subscription of right shares	Rupees	<u>-</u>	<u>302,832,500</u>
Pakarab Fertilizers Limited	- Specie dividend	Rupees	<u>1,158,300,000</u>	<u>801,900,000</u>

Arif Habib Corporation Limited

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period ended 31 December 2011.

		<u>Six months period ended</u>	
		<u>31 December 2011</u>	<u>31 December 2010</u>
Other related party			
Javedan Corporation Limited (Formerly Javedan Cement Limited)	- Loan / advance - Mark-up on loan and advance - Mark-up received	Rupees <u>81,550,246</u> Rupees <u>48,172,777</u> Rupees <u>60,000,000</u>	<u>460,000,000</u> <u>7,877,235</u> <u>-</u>
AHSL Provident Fund	- Provident fund contribution	Rupees <u>1,000,706</u>	<u>573,757</u>
Arif Habib Real Estate Services (Pvt) Limited	- Amount received for shared expenses	Rupees <u>-</u>	<u>2,903,071</u>
Rotocast Engineering Company (Private) Limited	- Payment of rent and maintenance charges	Rupees <u>6,372,944</u>	<u>4,456,954</u>
Key management personnel	- Remuneration	Rupees <u>10,462,166</u>	<u>6,289,062</u>
	- Proceeds from sale of vehicle	Rupees <u>-</u>	<u>790,000</u>
Balance as at		Unaudited 31 December 2011	Audited 30 June 2011
- Markup receivable from Javedan Corporation Limited (Formerly Javedan Cement Limited)		Rupees <u>12,567,361</u>	<u>24,394,584</u>
- Markup receivable from Aisha Steel Mills Limited		Rupees <u>3,007,549</u>	<u>-</u>
- Receivable from Sweetwater Dairies Pakistan (Private) Limited		Rupees <u>765,513</u>	<u>698,264</u>
- Receivable from SKM Holdings (Private) Limited		Rupees <u>393,200</u>	<u>158,500</u>
- Receivable from Fatima Fertilizer Company Limited		Rupees <u>7,000</u>	<u>7,000</u>
- Receivable from Rotocast Engineering Company (Private) Limited		Rupees <u>488,326</u>	<u>-</u>
- Receivable from Arif Habib Limited		Rupees <u>304,012</u>	<u>77,078</u>

16. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim unconsolidated financial information has been authorized for issue on 21 February 2012 by the Board of Directors of the Company.

17. GENERAL

Following corresponding figures have been re-classified for the purposes of comparison and better presentation:

Re-classified from	Re-classified to		
(Loss) / gain on sale of securities - net	Operating revenue	Rupees	<u>(32,462,247)</u>
Gain on remeasurement of investments - net	Operating revenue	Rupees	<u>200,108,925</u>
Donations - Operating and administrative expenses	Other charges	Rupees	<u>22,000,000</u>
Workers' Welfare Fund - Operating and administrative expense	Other charges	Rupees	<u>21,362,815</u>



CHAIRMAN & CHIEF EXECUTIVE



DIRECTOR



Condensed Interim Consolidated Financial Information

Arif Habib Corporation Limited

Condensed Interim Consolidated Balance Sheet

As at 31 December 2011

	Note	Unaudited December 2011	Audited June 2011
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital		<u>10,000,000,000</u>	<u>10,000,000,000</u>
1,000,000,000 ordinary shares of Rs. 10 each			
Issued, subscribed and paid up share capital		<u>4,125,000,000</u>	<u>3,750,000,000</u>
Reserves		<u>9,413,112,626</u>	<u>9,424,152,468</u>
		13,538,112,626	13,174,152,468
Non-controlling interest		<u>442,063,491</u>	<u>549,198,456</u>
		13,980,176,117	13,723,350,924
Non-current liabilities			
Long term loans		<u>3,165,375,435</u>	<u>2,836,644,192</u>
Liabilities against assets subject to finance lease		<u>2,994,826</u>	<u>3,467,065</u>
Deferred liabilities		<u>261,610,583</u>	<u>234,076,000</u>
Deferred taxation		<u>226,742,939</u>	<u>130,273,212</u>
		3,656,723,783	3,204,460,469
Current liabilities			
Trade and other payables		<u>1,486,138,119</u>	<u>952,115,114</u>
Interest/Mark-up accrued		<u>631,240,843</u>	<u>436,599,682</u>
Short term borrowings	4	<u>3,790,267,838</u>	<u>2,020,683,059</u>
Current portion of lease liabilities		<u>920,938</u>	<u>-</u>
Provision for taxation		<u>115,796,355</u>	<u>99,826,284</u>
Current portion of long term loans		<u>369,060,888</u>	<u>-</u>
		6,393,424,981	3,509,224,139
	Rupees	<u>24,030,324,881</u>	<u>20,437,035,532</u>
Contingencies and commitments	5		

Arif Habib Corporation Limited

Condensed Interim Consolidated Balance Sheet

As at 31 December 2011

		Unaudited December 2011	Audited June 2011
	Note		
ASSETS			
Non-current assets			
Property plant and equipment	6	4,504,688,339	4,475,330,502
Intangible assets		33,128,514	28,186,194
Goodwill		1,515,042,410	1,515,042,410
Membership cards and licenses		68,655,000	68,655,000
Long term investments		12,045,059,808	10,505,544,974
Investment property		118,700,000	126,000,000
Long term deposits and prepayments		26,432,344	38,613,563
		18,311,706,415	16,757,372,643
Current assets			
Stock in trade		230,031,000	120,422,000
Stores and spares		425,171,000	444,791,000
Trade debts		1,554,059,697	481,606,595
Loans and advances - considered good		961,698,269	647,202,095
Deposits and prepayments		61,725,375	42,174,165
Advance tax		120,647,762	157,124,792
Other receivables - considered good		216,871,663	226,229,603
Short term investments		2,032,876,013	1,470,284,734
Cash and bank balances		115,537,687	89,827,905
		5,718,618,466	3,679,662,889
		24,030,324,881	20,437,035,532
	Rupees		

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



CHAIRMAN & CHIEF EXECUTIVE



DIRECTOR

Arif Habib Corporation Limited

Condensed Interim Consolidated Profit and Loss Account (Unaudited)

For the six months period ended 31 December 2011

	Six months period ended		Quarter ended	
	December 2011	December 2010	December 2011	December 2010
Operating revenue	1,308,864,361	807,247,603	789,201,545	526,412,630
Distribution cost	(76,217,905)	-	(40,781,148)	-
Operating cost and administrative expenses	(1,175,571,179)	(303,800,313)	(607,714,542)	(170,668,384)
Operating Profit	57,075,277	503,447,290	140,705,855	355,744,246
Other income	71,781,888	74,934,947	51,596,631	30,127,715
	128,857,165	578,382,237	192,302,486	385,871,961
Finance cost	(437,510,963)	(123,139,277)	(240,888,881)	(68,345,019)
Other charges	(96,685,456)	(10,715,069)	(96,663,172)	(10,715,069)
	(405,339,254)	444,527,891	(145,249,567)	306,811,873
Share of profit from associates - net of tax	1,491,544,722	291,820,906	619,771,677	157,384,018
Profit before tax	1,086,205,468	736,348,797	474,522,110	464,195,891
Taxation				
For the period				
- Current	(33,036,848)	(13,873,033)	3,057,683	1,034,257
- Deferred	(96,469,727)	11,297,821	(96,469,727)	8,203,479
Prior year	(3,353,000)	(19,719)	(3,353,000)	(19,719)
	(132,859,575)	(2,594,931)	(96,765,044)	9,218,017
Profit after tax	953,345,893	733,753,866	377,757,066	473,413,908
	Rupees			
Profit / (loss) attributable to:				
Equity holders of Arif Habib Corporation Limited	1,060,722,119	684,339,766	440,401,432	444,296,702
Non- controlling interest	(107,376,226)	49,414,100	(62,644,366)	29,117,206
	Rupees			
Earnings per share - basic and diluted	2.57	1.66	1.07	1.08

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



CHAIRMAN & CHIEF EXECUTIVE



DIRECTOR

Arif Habib Corporation Limited

Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited)

For the six months period ended 31 December 2011

	Six months period ended		Quarter ended	
	December 2011	December 2010	December 2011	December 2010
Profit for the period	953,345,893	733,753,866	377,757,066	473,413,908
Other comprehensive income / (loss)				
Surplus / (deficit) on remeasurement of investments classified as 'available for sale'	-	14,430,764	-	(51,988,266)
Share of other comprehensive income of equity accounted Investees	50,340,752	-	50,340,752	-
Net effect of translation of net assets of foreign subsidiary to presentation currency	3,138,548	3,626,133	2,563,657	3,186,912
Other comprehensive income / (loss) for the period	53,479,300	18,056,897	52,904,409	(48,801,354)
Total comprehensive income for the period	Rupees <u>1,006,825,193</u>	<u>751,810,763</u>	<u>430,661,475</u>	<u>424,612,554</u>

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



CHAIRMAN & CHIEF EXECUTIVE



DIRECTOR

Arif Habib Corporation Limited

Condensed Interim Consolidated Cash Flow Statement (Unaudited)

For the six months period ended 31 December 2011

	Note	December 2011	December 2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		1,086,205,468	736,348,979
Adjustments for:			
Depreciation		64,941,566	20,898,322
Provision against receivable from proposed funds		-	6,930,844
Impairment loss on property and equipments		-	1,377,225
Impairment loss on investments		-	2,407,000
Loss on sale of investment property		400,000	-
Share of profit from associate - net		(1,491,544,722)	(291,820,906)
Gain on sale of property and equipment		(28,257,302)	(595,353)
Unrealised gain on investment property		-	(10,316,000)
Unrealised loss on short term investments		177,688,181	-
(Gain) / Loss on sale of shares		-	47,246,175
Intangible assets		1,684,171	(4,117,988)
Mark-up on bank balances, loans and advances		(57,841,502)	(18,289,241)
Dividend Income		(56,776,190)	(862,445,193)
Finance cost		437,510,963	123,139,277
		<u>(952,194,835)</u>	<u>(985,585,838)</u>
		134,010,633	(249,236,859)
Changes in working capital:			
(Increase) / decrease in current assets			
Stock in trade		(109,609,000)	-
Store and spares		19,620,000	-
Trade debts		(1,072,453,102)	69,607,521
Loans and advances		(314,496,174)	(1,102,417,595)
Deposits and prepayments		(19,551,210)	10,587,790
Other receivables		(61,528,918)	78,058,362
Short term investments		(562,591,279)	1,011,913,699
Increase / (decrease) in current liabilities			
Trade and other payables		534,023,005	7,033,246
		<u>(1,586,586,678)</u>	<u>74,783,023</u>
		(1,452,576,045)	(174,453,836)
Cash used in operations		(16,057,252)	(30,250,247)
Taxes paid			
Gratuity - net		3,334,000	-
Finance cost paid		(242,869,802)	(114,356,649)
Dividend received		67,954,783	185,994,568
Markup Received		70,886,858	1,488,258
Net cash used in operating activities		<u>(1,569,327,458)</u>	<u>(131,577,906)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of intangible assets		(6,626,491)	-
(Acquisition)/Disposal of property, plant and equipment - net		(79,653,329)	(11,621,641)
Membership cards and licenses		-	(673,035)
Investment property		6,900,000	(25,300,000)
Deferred cost		(27,534,583)	(65,211,548)
Interest received		-	-
Long term investments		(27,157,787)	(117,726,247)
Long term loans and advances		-	8,026,896
Long term deposits		12,181,219	3,038,706
Net cash (used in) / generated investing activities		<u>(121,890,971)</u>	<u>(209,466,869)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing		697,792,131	(239,311,769)
Repayment of finance lease liability		(448,699)	-
Dividend paid		(750,000,000)	-
Lease liability		-	374,683
Net cash used in financing activities		<u>(52,656,568)</u>	<u>(238,937,086)</u>
Net (decrease) / increase in cash and cash equivalents		<u>(1,743,874,997)</u>	<u>(579,981,861)</u>
Cash and cash equivalents at beginning of the period		<u>(1,930,855,154)</u>	<u>(1,091,229,075)</u>
Cash and cash equivalents at end of the period	7 Rupees	<u>(3,674,730,151)</u>	<u>(1,671,210,936)</u>

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



CHAIRMAN & CHIEF EXECUTIVE



DIRECTOR

Arif Habib Corporation Limited

Condensed Interim Consolidated Statement of Changes in Equity (Unaudited)

For the six months period ended 31 December 2011.

	Rupees	Share capital		Reserves			Sub Total	Non - Controlling Interest	Total equity
		Issued, subscribed and paid up	Surplus/(deficit) on remeasurement of investments/ fixed assets	Exchange difference on translation to presentation currency	General reserves	Unappropriated profit			
Balance as at 01 July 2010		3,750,000,000	(424,820,983)	29,325,287	4,019,567,665	7,564,634,866	11,188,706,835	524,255,736	15,462,962,571
Total comprehensive income/(loss) for the period									
Profit for the six months period ended 31 December 2010		-	-	-	-	684,339,766	684,339,766	49,414,100	733,753,866
Other comprehensive income									
Surplus on remeasurement of investments classified as available for sale		-	14,430,764	-	-	-	14,430,764	-	14,430,764
Net effect of translation of net assets of foreign subsidiary to presentation currency		-	-	3,626,133	-	-	3,626,133	-	3,626,133
		-	14,430,764	3,626,133	-	684,339,766	702,396,663	49,414,100	751,810,763
Transactions with owners									
Distribution of 112.5 million (3 shares for every 10 shares held) shares of Fatima Fertilizer Company Limited for the year ended 30 June 2010									
		-	-	-	-	(817,874,982)	(817,874,982)	-	(817,874,982)
Balance as at 31 December 2010	Rupees	<u>3,750,000,000</u>	<u>(410,390,219)</u>	<u>32,951,420</u>	<u>4,019,567,665</u>	<u>7,431,099,650</u>	<u>11,073,228,516</u>	<u>573,669,836</u>	<u>15,396,898,352</u>
Balance as at 01 July 2011	Rupees	3,750,000,000	(1,948,642)	30,029,222	4,019,567,665	5,376,504,223	9,424,152,468	549,198,456	13,723,350,924
Total comprehensive income/(loss) for the period									
Profit for the six months period ended 31 December 2011		-	-	-	-	1,060,722,119	1,060,722,119	(107,376,226)	953,345,893
Other comprehensive income									
Surplus on remeasurement of investments classified as available for sale		-	-	-	-	-	-	-	-
Share of other comprehensive income / (loss) of equity accounted investees		-	50,340,752	-	-	-	50,340,752	-	50,340,752
Net effect of translation of net assets of foreign subsidiary to presentation currency		-	-	2,897,287	-	-	2,897,287	241,262	3,138,548
		-	50,340,752	2,897,287	-	1,060,722,119	1,113,960,158	(107,134,965)	1,006,825,193
Transaction with owners									
Issue of 37.5 million bonus shares (1 share for every 10 shares held) for the year ended 30 June 2011.									
		375,000,000	-	-	-	(375,000,000)	(375,000,000)	-	-
Cash dividend for the year ended 30 June 2011 (Rs. 2 per share)		-	-	-	-	(750,000,000)	(750,000,000)	-	(750,000,000)
		375,000,000	-	-	-	(1,125,000,000)	(1,125,000,000)	-	(750,000,000)
Balance as at 31 December 2011	Rupees	<u>4,125,000,000</u>	<u>48,392,110</u>	<u>32,926,509</u>	<u>4,019,567,665</u>	<u>5,312,226,342</u>	<u>9,413,112,626</u>	<u>442,063,491</u>	<u>13,980,176,117</u>

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


CHAIRMAN & CHIEF EXECUTIVE


DIRECTOR

Arif Habib Corporation Limited

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31 December 2011.

1. STATUS AND NATURE OF BUSINESS

Arif Habib Corporation 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. The principal activity of the Company is to make strategic investments in subsidiary companies and associates engaged in Chemical, Fertilizer, Financial Services, Construction Materials, Industrial Metal, Steel and Other Sectors. The Company also invests in listed 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.

<i>Subsidiaries</i>		<i>Shareholding (including indirect holding)</i>
<i>Name of Company</i>	<i>Note</i>	
- Arif Habib Limited (AHL)	1.1	76.61%
- Al-Abbas Cement Industries Limited (AACIL)	1.2	61.13%
- 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%
- Sachal Energy Development (Pvt) Limited (SEDL)	1.6	99.99%

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

<i>Associates</i>	<i>Shareholding (including indirect holding)</i>
<i>Name of Company</i>	
- Pakarab Fertilizers Limited (PFL)	30.00%
- Aisha Steel Mills Limited (ASML)	48.57%
- Arif Habib Investments Limited (AHIL)	30.09%
- Thatta Cement Company Limited (THCCL)	9.06%
- Rozgar Microfinance Bank Limited (RMFBL)	20.47%
- Sweetwater Dairies Pakistan (Private) Limited (SDPL)	29.69%
- Fatima Fertilizer Company Limited (FFCL)	19.78%
- Crescent Textile Mills Limited (CTML)	24.82%

Arif Habib Corporation Limited

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31 December 2011.

- 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 76.61% (June 2011: 75.15%) 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 since 31 January 2007. During the period, AHCL purchased 655,067 shares of AHL resulting in an increase in holding from 24.81% to 24.82%.
- 1.2** Al-Abbas Cement Industries Limited (AACIL) was established as private limited company on 1st December, 1981 and was converted into public limited company on 9th July 1987 and is listed on Karachi and Lahore Stock Exchanges. AACIL's principal activity is manufacturing, selling and marketing of cement. The registered office of the Company is situated at Arif Habib Centre, 2nd Floor, 23 M. T. Khan Road, Karachi, and its undertaking is situated at Deh Kalo Kohar, Nooriabad Industrial Estate, District Dadu (Sindh).
- 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 business which has 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 and is registered with Securities and Exchange Commission of Sri Lanka as securities brokerage house.
- 1.5** Pakistan Private Equity Management Limited (PPEML) was incorporated in Pakistan on 6 September 2006 as a public limited company under the Companies Ordinance, 1984. The registered office of PPEML is situated at Arif Habib Centre, 2nd Floor, 23 M. T. Khan 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.
- 1.6** Sachal Energy Development (Private) Limited (SEDL) was incorporated in Pakistan on 20 November 2006 as a private limited company under the Companies Ordinance, 1984. The registered office of SEDL is situated in Islamabad, Pakistan. SEDL plans to carry out the business of purchasing, importing, transforming, converting, distributing, supplying and dealing in electricity and all other form of energy and the related services.

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31 December 2011.

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 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 2011.

2.2 Significant accounting policies

The accounting policies adopted by AHCL in the preparation of this condensed interim consolidated financial information are the same as those applied in preparation of the preceding published financial statements of the Company for the year ended 30 June 2011.

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

2.3 Functional and presentation currency

This condensed Interim consolidated financial information is 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 this condensed interim consolidated financial information. All financial information has been rounded to the nearest rupee.

2.4 Use of estimates and judgments

The preparation of this condensed interim consolidated financial information is 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, based on historical experience. Actual results may differ from these estimates.

In preparing this condensed interim consolidated financial information, significant judgments made by management were the same as applied to the annual financial statements of the AHCL as at and for the year ended 30 June 2011.

Arif Habib Corporation Limited

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31 December 2011.

3 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the AHCL as at and for the year ended 30 June 2011.

4 SHORT TERM BORROWINGS - secured

		Unaudited 31 December 2011	Audited 30 June 2011
From various banking companies			
- Short term running finance	Rupees	<u>3,390,267,838</u>	<u>2,020,683,059</u>

Short term running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 4,530 million (30 June 2011: Rs. 4,380 million) which represents the aggregate of sale prices of all mark-up agreements between AHCL and the banks. These facilities have various maturity dates upto september 2012. These arrangements are secured against pledge of marketable securities with minimum 30% margin (30 June 2011: 30% margin). These running finance facilities carry mark-up ranging from 1 month KIBOR+1% to 3 month KIBOR+2.5% per annum (30 June 2011: 3 month KIBOR+1% to 3 month KIBOR+2.5% per annum) calculated on a daily product basis that is payable quarterly.

5 CONTINGENCIES AND COMMITMENTS

5.1 There is no significant change in contingencies / commitments as disclosed in the preceeding published financial statements of AHCL as at 30 June 2011.

6 PROPERTY AND EQUIPMENT

Capital expenditure incurred during the period amounted to Rs 22.802 million. Costs of disposal of fixed assets during the period amounted to Rs 38.367 million.

7 CASH AND CASH EQUIVALENTS

		31 December 2011	31 December 2010
Cash and bank balances		115,537,687	200,387,725
Short term borrowings		<u>(3,790,267,838)</u>	<u>(1,871,598,661)</u>
	Rupees	<u>(3,674,730,151)</u>	<u>(1,671,210,936)</u>

8 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of group companies 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. Significant transactions with related parties during the period other than those disclosed elsewhere in the financial statements are given below:

Arif Habib Corporation Limited

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31. December 2011.

		31 December 2011	31 December 2010
Transactions with associates			
- Advance against shares	Rupees	<u>125,596</u>	-
- Loan / advance	Rupees	<u>376,938,467</u>	<u>205,444,931</u>
- Loan / advance repayments	Rupees	<u>62,028,860</u>	<u>155,444,931</u>
- Mark-up on loan and advances	Rupees	<u>3,046,091</u>	<u>2,077,210</u>
- Subscription of right shares	Rupees	<u>27,101,250</u>	<u>312,832,500</u>
- Dividend Income	Rupees	-	<u>801,900,000</u>
- Director's meeting fees / travelling expenses	Rupees	-	<u>1,242,746</u>
- Dividend received	Rupees	<u>32,496,251</u>	-
- Specie dividend	Rupees	<u>1,158,300,000</u>	-
- Sale of goods	Rupees	<u>13,438,000</u>	-
Transaction with other related parties			
- Payment to employees' Provident fund	Rupees	<u>1,859,715</u>	<u>573,757</u>
- Loan and advance extended	Rupees	<u>147,430,452</u>	<u>60,000,000</u>
- Mark-up on loan and advance	Rupees	<u>48,840,328</u>	<u>7,877,235</u>
- Repayment of loan and advances	Rupees	<u>48,968,046</u>	-
- Mark- up received	Rupees	<u>60,000,000</u>	-
- Amount received for shared expenses	Rupees	-	<u>2,903,071</u>
- Payment of rent and maintaince charges	Rupees	<u>18,238,667</u>	<u>4,456,954</u>
- Renemuration to key management personnals	Rupees	<u>18,323,118</u>	<u>6,289,062</u>
- Proceed from sale of vehicle (CEO)	Rupees	-	<u>790,000</u>
- Management fee / investment advisory fee	Rupees	-	<u>127,090,282</u>
- Brokerage expenses	Rupees	<u>5,632,024</u>	<u>5,935,592</u>
- Purchase of goods	Rupees	<u>757,000</u>	-
Balances as at			
- Markup receivable from Javedan Corporation Limited (Formerly Javedan Cement Limited)	Rupees	<u>12,567,361</u>	<u>24,394,584</u>
- Markup receivable from Aisha Steel Mills Limited	Rupees	<u>3,007,549</u>	-
- Receivable from Sweetwater Dairies Pakistan (Private) Limited	Rupees	<u>726,971</u>	<u>698,264</u>
- Receivable from SKM Holdings (Private) Limited	Rupees	<u>393,200</u>	<u>158,500</u>
- Receivable from Fatima Fertilizer Company Limited	Rupees	<u>7,000</u>	<u>7,000</u>
- Receivable from Rotocast Engineering Company (Private) Limited	Rupees	<u>488,326</u>	-
- Receivable from other related parties	Rupees	<u>363,562,710</u>	-
- Loan from other related parties	Rupees	<u>450,000,000</u>	<u>450,000,000</u>
- Payable to other related party	Rupees	<u>92,170,888</u>	<u>3,662,716</u>
- Receivable from Sweetwater Dairies Pakistan (Pvt) Limited	Rupees	-	<u>537,978</u>
- Receivables from other related parties	Rupees	-	<u>24,249,234</u>

Arif Habib Corporation Limited

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31 December 2011.

9 REPORTABLE SEGMENTS

9.1 The group has six reportable segments: Fertilizer, Capital Market Operations, Financial Services, Cement, Steel and Dairies. The fertilizer segment is principally engaged in manufacturing & sale of fertilizer. The capital market operations' segment is principally engaged in trading of equity securities and maintaining strategic and trading portfolios. The financial services' segment is 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 & sale of cement. The steel and 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 2011. 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 21 February 2012 by the Board of Directors of the Company.

11 GENERAL

Following corresponding figures have been re-classified for the purposes of comparison and better presentation:

Re-classified from	Re-classified to		
Gain on sale of securities - net	Operating revenue	Rupees	<u>47,246,175</u>
Gain on remeasurement of investments - net	Operating revenue	Rupees	<u>302,379,381</u>
Donations - Operating and administrative expenses	Other charges	Rupees	<u>22,000,000</u>
Workers' Welfare Fund - Operating and administrative expense	Other charges	Rupees	<u>21,362,815</u>



CHAIRMAN & CHIEF EXECUTIVE



DIRECTOR



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