

Promoting Investments



Quarterly Report
31 March 2012



Arif Habib Corp

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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 condensed interim consolidated financial information for the nine months period ended 31st March 2012.

Financial Results

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

During the nine months, AHCL recorded an operating revenue of Rs. 4,660.47 million. After accounting for operating, administrative and financial expenses of Rs.310.10 million, the company earned a profit before tax of Rs. 4,350.55 million. The company has reported an after-tax profit of Rs. 4,341.70 million for the nine months period under review as compared to the net profit of Rs. 2,100.56 million for the corresponding nine months ended 31st March 2011. This translates into earnings of Rs. 10.52 per share for nine month period as compared with Rs. 5.09 per share in corresponding period last year.

The Board of Directors' of your company has decided to distribute 41.25 million convertible preference shares of Aisha Steel as specie dividend. Aisha Steel has applied for listing at the Karachi Stock Exchange.

Performance of Subsidiaries and Associates

Most of the investee Group companies continued to perform in line with the Board's expectations during the reporting period. Businesses of subsidiaries and associates in fertilizers, asset management and securities brokerage have recorded good performance during the period under review. Investments in cement and dairies have incurred losses in nine months period but cement has recorded profit in third quarter. Investment in wind power is at developing stage and progressing satisfactorily, whereas, Steel project has been commissioned and is expected to start commercial operations soon.

Future Outlook

Industry dynamics of the key companies of the Group are compelling and offer healthy upside potential. On the back of improved capital market activity, Brokerage, Asset Management companies and secondary market portfolio are projected to yield robust returns. Fertilizer sector is expected to sustain good profitability record. Al-Abbas Cement Company Limited has started making modest profit due to stable production and favorable cement market conditions. Steel project has been commissioned and is expected to start contributing to the revenues of the Company. All in all, your Company is all set to present strong financial performance for the remaining period.

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 16th April 2012

For and on behalf of the Board



Arif Habib
Chairman & Chief Executive



Condensed Interim Unconsolidated Financial Information

Arif Habib Corporation Limited

Condensed Interim Unconsolidated Balance Sheet

As at 31 March 2012

		Unaudited March 2012	Audited June 2011
	Note		
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		20,602,487,154	17,361,650,968
		24,727,487,154	21,111,650,968
Non-current liabilities			
Deferred taxation		3,094,160,906	3,092,023,908
Long term loan - Secured	4	218,850,000	-
		3,313,010,906	3,092,023,908
Current liabilities			
Trade and other payables		3,502,521	1,918,640
Interest / mark-up accrued		84,934,565	51,570,250
Short term borrowings - Secured	5	2,598,434,859	1,327,457,775
Provision for taxation		106,538,233	99,826,284
		2,793,410,178	1,480,772,949
	Rupees	<u>30,833,908,238</u>	<u>25,684,447,825</u>
Contingencies and commitments	6		

Arif Habib Corporation Limited

Condensed Interim Unconsolidated Balance Sheet

As at 31 March 2012

		Unaudited March 2012	Audited June 2011
	Note		
ASSETS			
Non-current assets			
Property and equipment	7	47,682,923	53,333,298
Long term investments	8	27,674,528,849	23,840,733,981
Long term deposits		2,658,090	2,514,590
		27,724,869,862	23,896,581,869
Current assets			
Loans and advances	9	1,061,898,241	550,808,592
Prepayments		153,376	579,749
Advance tax		92,798,040	84,390,105
Trade and other receivables		678,556,732	205,301,187
Short term investments		1,268,482,132	938,215,581
Cash and bank balances		7,149,855	8,570,742
		3,109,038,376	1,787,865,956
		30,833,908,238	25,684,447,825
	Rupees		

The annexed notes 1 to 16 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 nine months period ended 31 March 2012

		Nine months period ended		Quarter ended	
		March 2012	March 2011	March 2012	March 2011
Operating revenue	10	4,660,467,402	2,455,379,069	1,388,299,670	1,275,648,110
Operating and administrative expenses	11	(81,397,803)	(49,962,793)	(44,265,082)	(15,989,102)
Operating profit		4,579,069,599	2,405,416,276	1,344,034,588	1,259,659,008
Other income		182,480	1,370,798	2,050	753,455
		4,579,252,079	2,406,787,074	1,344,036,638	1,260,412,463
Finance cost		(224,055,062)	(127,742,083)	(85,098,734)	(48,312,421)
Other charges		(4,650,000)	(97,054,401)	(350,000)	(53,691,586)
Profit before tax		4,350,547,017	2,181,990,590	1,258,587,904	1,158,408,456
Taxation					
For the period					
- Current		(6,711,949)	(2,970,366)	(5,072,429)	(258,014)
- Deferred		(2,137,062)	(78,459,629)	(2,578,064)	(16,893,060)
		(8,849,011)	(81,429,995)	(7,650,493)	(17,151,074)
Profit after tax	Rupees	4,341,698,006	2,100,560,595	1,250,937,411	1,141,257,382
Earnings per share - basic and diluted	Rupees	10.52	5.09	3.03	2.76

The annexed notes 1 to 16 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 nine months period ended 31 March 2012

	Nine months period ended		Quarter ended	
	March 2012	March 2011	March 2012	March 2011
Profit for the period	4,341,698,006	2,100,560,595	1,250,937,411	1,141,257,382
Other comprehensive income / (loss)				
Unrealized appreciation / (diminution) during the period on remeasurement of investments classified as 'available for sale'	24,138,180	(92,450,437)	38,303,100	(68,630,565)
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	24,138,180	(90,712,532)	38,303,100	(68,630,565)
Total comprehensive income for the period	4,365,836,186	2,009,848,063	1,289,240,511	1,072,626,817

Rupees

The annexed notes 1 to 16 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 nine months period ended 31 March 2012

	Note	March 2012	March 2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	12	(992,156,651)	1,008,007,096
Income tax paid		(8,407,999)	(20,604,959)
Finance cost paid		(190,690,747)	(99,633,514)
Dividend received		87,790,188	185,994,568
Interest received		74,455,395	23,774,080
Net cash (used in) / generated from operating activities		(1,029,009,814)	1,097,537,271
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		(506,719)	(1,548,943)
Proceeds from sale of property and equipment		218,573	790,000
Acquisition of long term investments		(182,054,379)	(1,871,633,414)
Proceeds from sale of long term investments		470,247,868	9,798,843
Long term deposits		(143,500)	(1,308,800)
Net cash generated from / (used in) investing activities		287,761,843	(1,863,902,314)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loan obtained		656,550,000	-
Dividend paid		(750,000,000)	-
Net cash flows used in financing activities		(93,450,000)	-
Net decrease in cash and cash equivalents		(834,697,971)	(766,365,043)
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	13 Rupees	(2,153,585,004)	(1,379,170,513)

The annexed notes 1 to 16 form an integral part of this condensed interim unconsolidated financial information.



CHAIRMAN & CHIEF EXECUTIVE



DIRECTOR

Arif Habib Corporation Limited

Condensed Interim Unconsolidated Statement of Changes in Equity (Unaudited)

For the nine months period ended 31 March 2012

	Share capital Issued, subscribed and paid up	Unrealized (diminution)/ appreciation on remeasurement 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 nine months period						
Profit for the nine months period ended 31 March 2011	-	-	-	2,100,560,595	2,100,560,595	2,100,560,595
Unrealized diminution during the period on remeasurement of investments classified as 'available for sale'	-	(92,450,437)	-	-	(92,450,437)	(92,450,437)
Reclassification adjustments relating to loss realized on disposal of investments classified as 'available for sale'	-	1,737,905	-	-	1,737,905	1,737,905
	-	(90,712,532)	-	2,100,560,595	2,009,848,063	2,009,848,063
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 March 2011	Rupees 3,750,000,000	(327,781,536)	4,000,000,000	13,057,774,974	16,729,993,438	20,479,993,438
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 nine months period						
Profit for the nine months period ended 31 March 2012	-	-	-	4,341,698,006	4,341,698,006	4,341,698,006
Unrealized appreciation during the period on remeasurement of investments classified as 'available for sale'	-	24,138,180	-	-	24,138,180	24,138,180
	-	24,138,180	-	4,341,698,006	4,365,836,186	4,365,836,186
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 March 2012	Rupees 4,125,000,000	(411,904,795)	4,000,000,000	17,014,391,949	20,602,487,154	24,727,487,154

The annexed notes 1 to 16 form an integral part of this condensed interim unconsolidated financial information.


CHAIRMAN & CHIEF EXECUTIVE


DIRECTOR

Arif Habib Corporation Limited

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31. March 2012

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 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 consolidated interim 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	76.69%
- Al-Abbas Cement Industries Limited, a cement manufacturing company	64.50%
- 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	19.46%
- Crescent Textile Mills Limited	24.82%
<i>Others</i>	
- Takaful Pakistan Limited	10.00%
- Sunbiz (Private) Limited	4.65%
- Javedan Corporation Limited	9.82%

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2012

1.1 Change in the composition of the Group

During the nine months period ended 31 March 2012, further investments by the Company leading to changes in composition of the Group are summarized as under:

- the Company purchased 690,720 shares of Arif Habib Limited, a subsidiary of the Company, resulting in an increase in Company's holding from 75.15% to 76.69%.
- the Company purchased 12,302,097 shares of Al-Abbas Cement Industries Limited, a subsidiary of the Company, resulting in an increase in Company's holding from 61.13% to 64.50%.
- the Company received 81,000,000 shares and 121,982 shares of Fatima Fertilizer Company Limited (FFCL) as specie dividend from Pakarab Fertilizers Limited and Reliance Weaving Mills Limited respectively and also sold 19,999,997 shares of the said company. This resulted in an overall increase in Company's holding in FFCL, an associate of the Company, from 16.40% to 19.46%.
- 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 acquired 14,581,900 convertible and cumulative preference shares of Javedan Corporation Limited, resulting in an increase in the Company's holding from 0% to 9.82%.

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 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.

Arif Habib Corporation Limited

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2012

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.

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 March 2012	Audited 30 June 2011
Term finance loan	4.1 & 8.4	656,550,000	-
Less: Current portion of term finance loan		(437,700,000)	-
	Rupees	<u>218,850,000</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 and payable quarterly having maturity upto 31 December 2013. The loan is secured against pledge of shares of associate company.

5. SHORT TERM BORROWINGS - Secured

From various banking companies			
- Short term running finance	5.1 & 5.2	2,160,734,859	1,327,457,775
- Current portion of term finance loan		437,700,000	-
	Rupees	<u>2,598,434,859</u>	<u>1,327,457,775</u>

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2012

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 31 May 2013. 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. 1,318.265 million (30 June 2011: Rs. 1,652.542 million).

5.2 The fair value of securities pledged as collateral against outstanding liability to banking companies amounting to Rs. 4,476.18 million (30 June 2011: Rs. 2,292.47 million).

6. CONTINGENCIES AND COMMITMENT

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.

7. PROPERTY AND EQUIPMENT

Following is the cost of property and equipment that have been added / disposed off during the nine months period ended 31 March 2012:

	Nine months period ended 31 March 2012		Nine months period ended 31 March 2011	
	Additions	Disposals	Additions	Disposals
Vehicles	-	700,000	1,070,000	1,169,000
Office equipment	-	-	101,370	-
Computer and allied equipments	413,240	36,927	150,009	-
Furniture & Fixtures	93,479	-	-	-
Rupees	<u>506,719</u>	<u>736,927</u>	<u>1,321,379</u>	<u>1,169,000</u>

8. LONG TERM INVESTMENTS

		Unaudited 31 March 2012	Audited 30 June 2011
At cost	8.1	2,829,511,303	2,747,513,215
At fair value through profit or loss	8.2	22,966,514,942	19,365,957,346
Available for sale	8.3	1,878,502,604	1,727,263,420
Rupees		<u>27,674,528,849</u>	<u>23,840,733,981</u>

Arif Habib Corporation Limited

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2012

8.1	At cost	Cost	Provision for Impairment	Unaudited	Audited
				31 March 2012	30 June 2011
				Carrying amount	
Subsidiaries					
	Arif Habib Limited (AHL)	2,685,816,862	(950,449,366)	1,735,367,496	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) 8.1.1	860,599,241	-	860,599,241	824,170,835
	Sachal Energy Development (Private) Limited (SEDPL)	165,000,060	-	165,000,060	130,000,060
	Rupees	<u>3,827,059,277</u>	<u>(997,547,974)</u>	<u>2,829,511,303</u>	<u>2,747,513,215</u>

8.1.1 Before acquisition of control, AACIL was classified as 'Available for sale' category in accordance with IAS 39. On control acquisition date, previously held equity interest was remeasured and the resulting fair value was made the deemed cost. Historical cost of investment is Rs 1,491.21 million.

8.2	At fair value through profit or loss	Cost	Unrealized appreciation / (diminution) on remeasurement of investments	Unaudited	Audited
				31 March 2012	30 June 2011
				Carrying amount	
Associates:					
	Arif Habib Investments Limited (AHIL) 8.2.1	477,694,882	(87,956,518)	389,738,364	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)	4,121,357,239	5,108,906,127	9,230,263,366	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	(196,092,976)	96,473,307	190,064,718
	Rupees	<u>6,503,490,382</u>	<u>16,463,024,560</u>	<u>22,966,514,942</u>	<u>19,365,957,346</u>

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

Arif Habib Corporation Limited

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2012

8.3 Available for sale	Cost	Unrealized appreciation on remeasurement of investments	Provision for Impairment	Unaudited 31 March 2012 Carrying amount	Audited 30 June 2011
Associates:					
Thatta Cement Company Limited (THCCL)	188,370,257	7,120,093	-	195,490,350	144,250,920
Aisha Steel Mills Limited (ASML) 8.3.1	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>7,120,093</u>	<u>(19,010,000)</u>	<u>1,763,502,850</u>	<u>1,712,263,420</u>
Other investments:					
Javedan Corporation Limited (Formerly Javedan Cement Limited) 8.3.2	99,999,754	-	-	99,999,754	-
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>130,999,754</u>	<u>-</u>	<u>(16,000,000)</u>	<u>114,999,754</u>	<u>15,000,000</u>
Rupees	<u>1,906,392,511</u>	<u>7,120,093</u>	<u>(35,010,000)</u>	<u>1,878,502,604</u>	<u>1,727,263,420</u>
8.3.1	This includes 75,463,000 (30 June 2011: 75,463,000) convertible preference shares of Rs. 10 (30 June 2011: Rs. 10) each.				
8.3.2	This represents 14,581,900 convertible preference shares of Rs. 6.86 each.				
8.4	Fair value of long term investments pledged with banking companies against various finance facilities amounts to Rs. 3,497.53 million (30 June 2011: Rs. 1,462.29 million).				
8.5	There is no movement in provision for impairment during the period.				
9. LOANS AND ADVANCES				Unaudited 31 March 2012	Audited 30 June 2011
Unsecured					
Considered good					
Advance against salaries				1,042,664	1,052,011
Advance against expenses				635,000	635,000
<i>To related parties:</i>					
Aisha Steel Mills Limited		9.1		76,649,997	-
Aisha Steel Mills Limited -Advance against equity				3,570,580	3,570,577
Al-Abbas Cement Industries Limited		9.2		500,000,000	-
Sachal Energy Development (Pvt) Limited		9.1		20,000,000	-
Thatta Cement Industries Limited -Advance against equity				-	27,101,250
				<u>601,898,241</u>	<u>32,358,838</u>
Secured					
<i>To related parties:</i>					
Javedan Corporation Limited (Formerly Javedan Cement Limited)		9.3		460,000,000	518,449,754
	Rupees			<u>1,061,898,241</u>	<u>550,808,592</u>

Arif Habib Corporation Limited

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31. March 2012

- 9.1** 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.
- 9.2** This represents amount paid as loan carrying markup upto 3 month KIBOR plus 2.5%, repayable within 12 months. Being group companies, no collateral was obtained.
- 9.3** 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.

10. OPERATING REVENUE

	Nine months period ended		Quarter ended	
	March 2012	March 2011	March 2012	March 2011
Dividend income	1,563,743,009	1,840,699,866	330,936,125	851,175,000
Markup on loans	83,330,990	31,918,305	32,112,122	17,530,634
Underwriting commission	4,112,014	10,478,982	-	2,478,982
Gain / (loss) on sale of securities-net	154,679,350	(25,868,663)	229,943,440	6,593,584
Gain on remeasurement of investments-net	2,854,454,398	597,948,050	795,234,255	397,839,125
Profit on bank accounts	147,641	202,529	73,728	30,785
Rupees	4,660,467,402	2,455,379,069	1,388,299,670	1,275,648,110

11. OPERATING AND ADMINISTRATIVE EXPENSES

	Nine months period ended	
	March 2012	March 2011
Salaries and benefits	21,298,386	14,631,627
Printing and stationery	4,120,961	2,951,265
Communication	1,476,671	275,854
Rent, Rates & taxes	8,674,325	5,718,808
Electricity	1,226,106	679,715
Legal and professional charges	1,817,404	7,958,709
Custody & settlement charges	1,331,148	2,937,524

Arif Habib Corporation Limited

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31. March 2012

	Note	Nine months period ended	
		March 2012	March 2011
Entertainment		420,526	381,847
Travelling & conveyance		2,720,493	2,302,950
Audit fees		285,028	326,633
Advertisement & business promotion		21,531,625	1,365,708
Depreciation		5,938,522	6,806,300
Repair and maintenance		706,620	443,573
Insurance		805,543	483,829
Fees & subscription		1,990,240	364,987
Directors' Meeting fees		110,000	180,000
Others		6,734,205	2,153,464
	Rupees	<u>81,397,803</u>	<u>49,962,793</u>
12. CASH GENERATED FROM OPERATIONS			
Profit before tax		4,350,547,017	2,181,990,590
Adjustments for:			
Depreciation		5,938,521	6,806,300
Dividend income		(1,563,743,009)	(1,840,699,866)
Mark-up on bank balances, loans and advances		(83,478,631)	(31,918,305)
Exchange gain on foreign currency bank balances		-	(12,306)
Gain on sale of property and equipment		-	(807,565)
Gain on remeasurement of short term investments		(527,226,447)	(350,337,863)
Gain on remeasurement of investment in associates		(2,327,227,951)	(247,610,187)
(Gain) / Loss on disposal of long term investment		(267,568,155)	1,737,905
Finance cost		224,055,062	127,742,083
		<u>(4,539,250,610)</u>	<u>(2,335,099,804)</u>
		<u>(188,703,593)</u>	<u>(153,109,214)</u>
Changes in working capital			
<i>(Increase) / decrease in current assets</i>			
Loans and advances		(538,190,899)	(1,013,002,982)
Prepayments		426,373	(62,834)
Trade and other receivables		(464,232,309)	(2,537,726)
Short term investments		196,959,896	2,100,109,046
<i>Increase in current liabilities</i>			
Trade and other payables		1,583,881	76,610,806
		<u>(803,453,058)</u>	<u>1,161,116,310</u>
Cash (used in) / generated from operations	Rupees	<u>(992,156,651)</u>	<u>1,008,007,096</u>
13. CASH AND CASH EQUIVALENTS			
Cash and bank balances		7,149,855	11,336,162
Short term running finance	5	(2,160,734,859)	(1,390,506,675)
	Rupees	<u>(2,153,585,004)</u>	<u>(1,379,170,513)</u>

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2012

14. 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:

	Nine months period ended	
	March 2012	March 2011
Transaction with Subsidiaries		
- Services availed	Rupees 6,778,513	11,863,358
- Loan / advance extended	Rupees 520,000,000	270,000,000
- Loan / advance repayment	Rupees -	255,000,000
- Mark-up income on loan and advance	Rupees 7,458,926	4,433,224
- Receivable against expense	Rupees 2,622,982	-
- Payment received against expenses	Rupees 324,605	-
- Subscription of right shares /fresh equity investment	Rupees 35,000,000	115,000,000
- Number of bonus shares received	-	9,247,289
Associates		
- Dividend income	Rupees 1,532,611,128	1,653,075,000
- Loan / advance extended	Rupees 439,938,467	305,444,931
- Loan / advance repayment	Rupees 363,288,467	155,444,931
- Mark-up on loan and advance	Rupees 8,708,441	2,543,128
- Mark-up income received	Rupees 1,740,393	-
- Subscription of right shares	Rupees 27,101,250	1,071,033,077
- Advance against shares	Rupees -	719,830,000
Other related party		
- Provident fund contribution	Rupees 1,553,922	817,531
- Payment of rent and maintenance charges	Rupees 10,753,344	6,574,455
- Loan from related party	Rupees 400,000,000	-
- Repayment of related party loan	Rupees 400,000,000	-
- Loan / advance extended	Rupees 81,550,245	486,000,000
- Loan / advance repayment	Rupees 140,000,000	94,827,018
- Mark-up on loan and advance	Rupees 67,295,302	25,367,873
- Mark-up income received	Rupees 72,567,361	-
- Amount received for shared expenses	Rupees -	2,903,071
- Proceeds from sale of vehicle	Rupees -	790,000

Arif Habib Corporation Limited

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2012

		Unaudited 31 March 2012	Audited 30 June 2011
Balances as at			
- Markup receivable from Javedan Corporation Limited (Formerly Javedan Cement Limited)	Rupees	<u>18,990,846</u>	<u>24,394,584</u>
- Markup receivable from Aisha Steel Mills Limited	Rupees	<u>6,836,369</u>	<u>-</u>
- Markup receivable from Al-Abbas Cement Industries Limited	Rupees	<u>7,303,699</u>	<u>-</u>
- Markup receivable from Sweetwater Dairies Pakistan (Private) Limited	Rupees	<u>131,679</u>	<u>-</u>
- Markup receivable from Sachal Energy Development (Pvt) Limited	Rupees	<u>155,227</u>	<u>-</u>
- Receivable from Sweetwater Dairies Pakistan (Private) Limited	Rupees	<u>-</u>	<u>698,264</u>
- Receivable from SKM Holdings (Private) Limited	Rupees	<u>-</u>	<u>158,500</u>
- Receivable from Fatima Fertilizers Limited	Rupees	<u>-</u>	<u>7,000</u>
- Receivable from Arif Habib Limited	Rupees	<u>-</u>	<u>77,078</u>

15. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim unconsolidated financial information has been authorized for issue on 16 April 2012 by the Board of Directors of the Company.

15.1 EVENTS AFTER BALANCE SHEET DATE

The Board of Directors in their meeting held on 16 April 2012 has decided to distribute 41.25 million convertible preference shares of ASML as interim specie dividend for the nine months period ended 31 March 2012 in the ratio of 1:10 (1 preference share of ASML for every 10 shares held of the Company). This condensed interim financial information do not include the effect of the above appropriation.

16. GENERAL

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

Re-classified from	Re-classified to		
Donations - Operating and administrative expenses	Other charges	Rupees	<u>53,360,000</u>
Workers' Welfare Fund - Operating and administrative expense	Other charges	Rupees	<u>43,694,401</u>



CHAIRMAN & CHIEF EXECUTIVE



DIRECTOR



Condensed Interim Consolidated Financial Information

Arif Habib Corporation Limited

Condensed Interim Consolidated Balance Sheet

As at 31 March 2012

		Unaudited March 2012	Audited June 2011
	Note		
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital		10,000,000,000	10,000,000,000
Issued, subscribed and paid up share capital		4,125,000,000	3,750,000,000
Reserves		10,542,398,627	9,424,152,468
		14,667,398,627	13,174,152,468
Non-controlling interest		508,232,521	549,198,456
		15,175,631,148	13,723,350,924
Non-current liabilities			
Long term loans		2,078,960,581	2,836,644,192
Liabilities against assets subject to finance lease		2,751,607	3,467,065
Deferred liabilities		811,165,000	567,173,000
Deferred taxation		380,461,064	130,273,212
		3,273,338,252	3,537,557,469
Current liabilities			
Trade and other payables		1,662,071,169	952,115,114
Interest/Mark-up accrued		128,004,894	103,502,682
Short term borrowings - Secured	4	3,652,713,336	2,020,683,059
Provision for taxation		119,757,556	99,826,284
Current portion of long term loans		816,558,949	-
		6,379,105,904	3,176,127,139
		Rupees	
		24,828,075,304	20,437,035,532
Contingencies and commitments	5		

Arif Habib Corporation Limited

Condensed Interim Consolidated Balance Sheet

As at 31 March 2012

		Unaudited March 2012	Audited June 2011
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment	6	4,500,466,644	4,475,330,502
Intangible assets		31,783,290	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		11,994,127,606	10,505,544,974
Investment property		89,500,000	126,000,000
Long term deposits and prepayments		26,443,300	38,613,563
		18,226,018,250	16,757,372,643
Current assets			
Stock in trade		262,023,000	120,422,000
Stores and spares		427,985,000	444,791,000
Trade debts		1,169,444,881	481,606,595
Loans and advances - considered good		638,307,684	647,202,095
Deposits and prepayments		37,716,493	42,174,165
Advance tax		122,390,816	157,124,792
Other receivables - considered good		55,992,971	226,229,603
Short term investments		2,734,837,888	1,470,284,734
Cash and bank balances		1,153,358,321	89,827,905
		6,602,057,054	3,679,662,889
		24,828,075,304	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 nine months period ended 31 March 2012

	Nine months period ended		Quarter ended	
	March 2012	March 2011	March 2012	March 2011
Operating revenue	3,485,415,467	994,221,075	2,176,551,106	176,657,472
Distribution cost	(99,485,808)	-	(23,267,903)	-
Operating cost and administrative expenses	(2,017,160,692)	(372,991,749)	(841,589,513)	(166,245,837)
Operating Profit	1,368,768,967	621,229,326	1,311,693,690	10,411,635
Other income	104,969,921	85,343,635	33,188,033	20,724,688
	1,473,738,888	706,572,961	1,344,881,723	31,136,323
Finance cost	(656,394,460)	(191,155,203)	(218,883,497)	(68,015,926)
Other charges	(166,298,430)	(107,769,470)	(69,612,974)	-
	651,045,998	407,648,288	1,056,385,252	(36,879,603)
Share of profit from associates - net of tax	1,568,121,235	227,171,869	76,576,513	(64,649,037)
Profit before tax	2,219,167,233	634,820,157	1,132,961,765	(101,528,640)
Taxation				
For the period				
- Current	(53,212,435)	(16,372,799)	(20,175,587)	(2,499,766)
- Deferred	(96,610,291)	(19,727,221)	(140,564)	(31,025,042)
- Prior year	(353,000)	(19,719)	3,000,000	-
	(150,175,726)	(36,119,739)	(17,316,151)	(33,524,808)
Profit after tax	2,068,991,507	598,700,418	1,115,645,614	(135,053,448)
	Rupees			
Profit / (loss) attributable to:				
Equity holders of Arif Habib Corporation Limited	2,109,957,442	549,749,197	1,049,235,323	(134,590,579)
Non-controlling interest	(40,965,935)	48,951,221	66,410,291	(462,869)
Earnings / (loss) per share - basic and diluted	Restated 5.11	1.33	2.54	(0.32)

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 nine months period ended 31 March 2012

	Nine months period ended		Quarter ended	
	March 2012	March 2011	March 2012	March 2011
Profit / (loss) for the period	2,068,991,507	598,700,418	1,115,645,614	(135,053,448)
Other comprehensive income				
Surplus on remeasurement of investments classified as 'available for sale'	-	19,238,795	-	4,808,031
Share of other comprehensive income of equity accounted Investees	127,299,944	-	76,959,192	-
Net effect of translation of net assets of foreign subsidiary to presentation currency	5,988,773	9,856,568	2,850,225	6,230,435
Other comprehensive income for the period	133,288,717	29,095,363	79,809,417	11,038,466
Total comprehensive income / (loss) for the period	Rupees 2,202,280,224	627,795,781	1,195,455,031	(124,014,982)

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 nine months period ended 31 March 2012

Note	March 2012	March 2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	2,219,167,233	634,820,157
Adjustments for:		
Depreciation	89,984,425	24,192,866
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 properties	2,800,000	-
Amortization	2,526,257	1,210,491
Share of profit from associate - net	(1,568,121,235)	(227,171,869)
Gain on Sale of Property, Plant and Equipment	(25,305,133)	(373,134)
Unrealised gain on investment property	-	(10,316,000)
Unrealised gain on short term investments	(790,414,961)	(351,428,725)
Gain on sale of shares	(182,028,331)	-
Intangible assets	-	(5,271,727)
Mark-up on bank balances, loans and advances	(92,405,101)	(32,120,834)
Dividend Income	(48,208,326)	(247,139,754)
Finance cost	656,394,460	191,155,203
	(1,954,777,945)	(646,548,414)
	264,389,288	(11,728,257)
Changes in working capital:		
(Increase) / decrease in current assets		
Stock in trade	(141,601,000)	-
Store and spares	16,806,000	-
Trade debts	(687,838,286)	(16,143,799)
Loans and advances	8,894,411	(1,021,395,586)
Deposits and prepayments	4,457,672	61,245,094
Other receivables	170,236,632	15,523,866
Short term investments	(303,975,414)	2,179,425,122
Advance tax	34,733,976	-
Increase / (decrease) in current liabilities		
Trade and other payables	709,956,055	(2,945,059)
	(188,329,954)	1,215,709,638
Cash generated from operations	76,059,334	1,203,981,381
Taxes paid	(33,634,163)	(19,936,317)
Finance cost paid	(407,900,248)	(177,000,901)
Dividend received	120,780,735	244,414,686
Markup Received	75,012,798	23,774,080
Net cash (used in) / generated from operating activities	(169,681,544)	1,275,232,930
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of intangible assets	(6,123,353)	-
(Acquisition)/Disposal of property, plant and equipment - net	(89,815,434)	(11,228,962)
Membership cards and licenses	-	(673,035)
Investment property	33,700,000	(14,984,000)
Deferred cost	-	(97,882,706)
Long term investments	(127,157,541)	(1,852,003,721)
Sale proceed from disposal of investment	470,247,868	-
Long term loans and advances	-	7,951,881
Long term deposits	12,170,263	2,050,331
Net cash generated from / (used in) investing activities	293,021,803	(1,966,770,212)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	58,875,338	(173,220,177)
Repayment of finance lease liability	(715,458)	-
Dividend paid	(750,000,000)	-
Lease liability	-	169,755
Net cash used in financing activities	(691,840,120)	(173,050,422)
Net decrease in cash and cash equivalents	(568,499,861)	(864,587,704)
Cash and cash equivalents at beginning of the period	(1,930,855,154)	(1,091,229,075)
Cash and cash equivalents at end of the period	(2,499,355,015)	(1,955,816,779)

7 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 Statement of Changes in Equity (Unaudited)

For the nine months period ended 31. March 2012

	Rupees	Share capital		Exchange difference on translation currency	Reserves			Non - Controlling Interest	Total equity
		Issued, subscribed and paid up	Surplus/(Deficit) on remeasurement of Investments/ fixed assets		General reserve	Unappropriated profit	Sub Total		
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 period									
Profit for the nine months period ended 31 March 2011		-	-	-	-	549,749,197	549,749,197	48,951,221	598,700,418
Other comprehensive income									
Surplus on remeasurement of investments classified as available for sale		-	19,238,795	-	-	-	19,238,795	-	19,238,795
Net effect of translation of net assets of foreign subsidiary to presentation currency		-	-	9,856,568	-	-	9,856,568	-	9,856,568
		-	19,238,795	9,856,568	-	549,749,197	578,844,560	48,951,221	627,795,781
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 March 2011		3,750,000,000	(405,582,188)	39,181,855	4,019,567,665	6,799,183,370	10,452,350,702	573,206,957	14,775,557,659
Balance as at 01 July 2011		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 period									
Profit for the nine months period ended 31 March 2012		-	-	-	-	2,109,957,442	2,109,957,442	(40,965,935)	2,068,991,507
Other comprehensive income									
Surplus on remeasurement of investments classified as available for sale		-	-	-	-	-	-	-	-
Share of other comprehensive income / (loss) of equity accounted Investees		-	127,299,944	-	-	-	127,299,944	-	127,299,944
Net effect of translation of net assets of foreign subsidiary to presentation currency		-	-	5,988,773	-	-	5,988,773	-	5,988,773
		-	127,299,944	5,988,773	-	2,109,957,442	2,243,246,159	(40,965,935)	2,202,280,224
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 March 2012		4,125,000,000	125,351,302	36,017,995	4,019,567,665	6,361,461,665	10,542,398,627	508,232,521	15,175,631,148

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


CHAIRMAN & CHIEF EXECUTIVE


DIRECTOR

Quarterly Report
 31 March 2012

Arif Habib Corporation Limited

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the nine months period ended 31. March 2012

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		76.69%
- Al-Abbas Cement Industries Limited (AACIL)	1.2		64.50%
- 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, a wind power generation company (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)			19.46%
- Crescent Textile Mills Limited (CTML)			24.82%

Arif Habib Corporation Limited

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2012

- 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 23, M.T Khan Road, at 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 76.69% (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 690,720 shares of AHL resulting in an increase in holding from 75.15% to 76.69%.
- 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. The Company'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). During the period, AHCL purchased 12,302,097 shares of AACIL resulting in an increase in holding from 61.13% to 64.50%.
- 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 it 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 nine months period ended 31 March 2012

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 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 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

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 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.

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.

Arif Habib Corporation Limited

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2012

4 SHORT TERM BORROWINGS - Secured

		Unaudited 31 March 2012	Audited 30 June 2011
From various banking companies			
- Short term running finance	Rupees	<u>3,652,713,336</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. 5,280 million (30 June 2011: Rs. 4,380 million) which represents the aggregate of sale prices of all mark-up agreements between the Group and the banks. These facilities have various maturity dates upto may 2013. 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, PLANT AND EQUIPMENT

Capital expenditure incurred during the period amounted to Rs 131.772 million. Costs of disposal of fixed assets during the period amounted to Rs 41.957 million.

	31 March 2012	31 March 2011
7 CASH AND CASH EQUIVALENTS		
Cash and bank balances	1,153,358,321	123,671,246
Short term borrowings	<u>(3,652,713,336)</u>	<u>(2,079,488,025)</u>
	<u>(2,499,355,015)</u>	<u>(1,955,816,779)</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. 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 nine months period ended 31. March 2012

		31 March 2012	31 March 2011
Transactions with associates			
- Advance against shares	Rupees	-	719,830,000
- Loan / advance	Rupees	439,938,467	305,444,931
- Loan / advance repayments	Rupees	363,288,467	155,444,931
- Mark-up on loan and advances	Rupees	8,708,441	2,543,128
- Subscription of right shares	Rupees	27,101,250	1,071,033,077
- Dividend Income	Rupees	1,532,611,128	1,653,075,000
- Markup income received	Rupees	1,740,393	-
Transaction with other related parties			
- Payment to employees' Provident fund	Rupees	1,553,922	817,531
- Loan and advance extended	Rupees	81,550,245	486,000,000
- Mark-up on loan and advance	Rupees	67,295,302	25,367,873
- Repayment of loan and advances	Rupees	140,000,000	94,827,018
- Mark- up received	Rupees	72,567,361	-
- Amount received for shared expenses	Rupees	-	2,903,071
- Payment of rent and maintenance charges	Rupees	27,994,392	22,248,135
- Loan from related party	Rupees	400,000,000	-
- Repayment of related party loan	Rupees	400,000,000	-
- Proceed from sale of vehicle (CEO)	Rupees	-	790,000
- Brokerage expenses	Rupees	-	3,582,860
		Unaudited 31 March 2012	Audited 30 June 2011
Balances as at			
- Markup receivable from Javedan Corporation Limited (Formerly Javedan Cement Limited)	Rupees	18,990,846	24,394,584
- Markup receivable from Aisha Steel Mills Limited	Rupees	6,836,369	-
- Markup receivable from Sweetwater Dairies Pakistan (Private) Limited	Rupees	131,679	-
- Receivable from Sweetwater Dairies Pakistan (Private) Limited	Rupees	-	698,264
- Receivable from Fatima Fertilizers Limited	Rupees	-	7,000
- Loan from other related parties	Rupees	-	450,000,000
- Payable to other related party	Rupees	-	3,662,716
- Receivables from other related parties	Rupees	-	24,249,234

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2012

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 information have been authorized for issue on 16 April 2012 by the Board of Directors of the Company.

10.1 EVENTS AFTER BALANCE SHEET DATE

The Board of Directors of the Parent Company in their meeting held on 16 April 2012 has decided to distribute 41.25 million convertible preference shares of ASML as interim specie dividend for the nine months period ended 31 March 2012 in the ratio of 1:10 (1 preference share of ASML for every 10 shares held of the Company). This condensed interim financial information do not include the effect of the above appropriation.

Arif Habib Corporation Limited

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the nine months period ended 31 March 2012

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>51,551,678</u>
Gain on remeasurement of investments - net	Operating revenue	Rupees	<u>351,428,725</u>
Donations - Operating and administrative expenses	Other charges	Rupees	<u>53,360,000</u>
Workers' Welfare Fund - Operating and administrative expense	Other charges	Rupees	<u>43,694,401</u>
Interest/Mark-up accrued	Deferred liabilities	Rupees	<u>333,097,000</u>



CHAIRMAN & CHIEF EXECUTIVE



DIRECTOR



Arif Habib Corp

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