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Company Information

Board of Directors

Asadullah Khawaja
Chairman

Nasim Beg
Non-Executive Director

Muhammad Ejaz
Non-Executive Director

Arif Habib
Chief Executive Officer

Samad A. Habib
Non-Executive Director

Sirajuddin Cassim
Independent Director

Kashif A. Habib
Non-Executive Director

Audit Committee

Sirajuddin Cassim
Chairman

Kashif A. Habib
Member

Muhammad Ejaz
Member

Management

Arif Habib
Chief Executive Officer

Mohsin Madni
Chief Financial Officer

Manzoor Raza
Company Secretary

Bankers

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
National Bank of Pakistan
NIB Bank Limited
Summit Bank Limited

Bank of Khyber
KASB Bank Limited
Faysal Bank Limited
Habib Bank Limited
United Bank Limited
Soneri Bank Limited
The Bank of Punjab

Habib Metropolitan Bank Limited
MCB Bank Limited
Sindh Bank Limited

Auditors

KPMG Taseer Hadi & Co.,
Chartered Accountants

Legal Advisors

Bawaney & Partners
Akhund Forbes

Registered & Corporate Office

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

Registrar & Share Transfer Agent

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

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 interim condensed unconsolidated and consolidated financial statements for the nine months period ended 31st March 2015.

Financial Results

During the nine months, AHCL recorded operating revenue of Rs. 4,443.21 million. After accounting for operating and administrative expenses of Rs. 115.16 million and financial expenses of Rs. 197.03 million, the Company earned a profit before tax of Rs. 4,050.64 million. The Company has reported an after-tax profit of Rs. 3,946.70 million for the nine months period under review as compared to net profit of Rs. 2,525.78 million for the corresponding period ended 31 March 2014. This translates into earning of Rs. 8.70 per share as compared with Rs. 5.57 per share in the corresponding period last year.

Performance of Subsidiaries and Associates

During the period under review, investee companies have witnessed satisfactory progress for improvement of their short and medium term operations. Fatima Fertilizer Company Limited has declared a dividend of Rs. 5,775 million (i.e. Rs. 2.75 per share). Pakarab Fertilizers Limited was able to end 2014 at breakeven despite being without gas supply for 10.5 months. Pakarab Fertilizers Limited has been able to procure LNG in April 2015 to keep the plants operational and avoiding losses in case of non-supply of gas, which is its raw material. Financial services companies, Arif Habib Limited and MCB-Arif Habib Savings and Investments Limited have performed well. Power Cement Limited and Javedan Corporation Limited have also performed well. Sachal Energy Development (Private) Limited has been able to sign its financial close with Industrial and Commercial Bank of China obtaining total debt financing of USD 107 million. The project will be able to start construction very soon with a completion target of 18 months. Though Aisha Steel Mills Limited has been able to improve its production and sales, financial performance has been very challenging due to inventory losses suffered on account of declining international steel prices.

Economic Review

The economy has shown signs of improvement. Inflation has come down to 5.14% (Consumer Price Index). Interest rates have declined with SBP policy rate at 8%. Foreign currency reserves have improved to USD 16.2 billion. Pak Rupee has appreciated by 3.1%YoY against US Dollar.

Future Outlook

On the back of improved macroeconomic numbers, lower oil & commodity prices, Government of Pakistan's capacity to buy LNG and privatisation programme, the business outlook for financial services, fertilizer, cement, power generation and steel sectors appear promising. Management efforts are underway to find resolutions to challenges faced by Pakarab Fertilizers Limited and Aisha Steel Mills Limited, which are expected to bear fruits. Financial services companies (Arif Habib Limited, Arif Habib Commodities (Private) Limited, MCB- Arif Habib Savings and Investments Limited), industrial companies (Fatima Fertilizer Limited and Power Cement Limited) and real estate company (Javedan Corporation Limited) are expected to do better.

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
Chief Executive

Karachi
29th April 2015

Condensed Interim Unconsolidated Financial Information

for the nine month period ended 31st March 2015

Condensed Interim Unconsolidated Balance Sheet

As at 31st March 2015

	Note	Unaudited March 2015	Audited June 2014
(Rupees)			
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital 1,000,000,000 ordinary shares of Rs. 10 each		10,000,000,000	10,000,000,000
Issued, subscribed and paid up share capital		4,537,500,000	4,537,500,000
Reserves		23,579,110,121	21,213,079,440
		28,116,610,121	25,750,579,440
Non-current liabilities			
Deferred taxation		2,822,866,152	2,747,677,107
Long term loan - secured	6	346,962,264	194,417,162
Long term payable		1,700,179,646	1,700,179,646
		4,870,008,062	4,642,273,915
Current liabilities			
Trade and other payables		1,282,825,719	1,332,920,961
Dividend payable		846,762,417	-
Interest / mark-up accrued		54,073,143	58,312,389
Short term borrowings - secured	7	1,792,586,900	1,394,632,677
Current maturity of long term loan	6	49,035,318	48,604,290
Provision for taxation		312,107,319	283,354,607
		4,337,390,816	3,117,824,924
		37,324,008,999	33,510,678,279

Contingencies and commitments

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Chief Executive Officer


Director

Condensed Interim Unconsolidated Balance Sheet

As at 31st March 2015

	Note	Unaudited March 2015	Audited June 2014
(Rupees)			
ASSETS			
Non-current assets			
Property and equipment	9	53,057,217	57,424,607
Intangible assets		619,080	778,272
Long term investments	10	30,840,684,999	27,407,132,914
Investment property		2,661,504,400	2,661,504,400
Long term deposits		1,951,390	2,551,390
		33,557,817,086	30,129,391,583
Current assets			
Loans and advances	11	2,326,023,541	1,682,818,863
Prepayments		1,220,287	2,063,062
Advance tax		385,938,145	347,177,583
Markup receivable		96,174,254	50,916,916
Trade and other receivables		854,332,000	854,225,478
Short term investments		76,700,562	393,089,358
Cash and bank balances		25,803,124	23,103,533
Asset held for sale		-	27,891,903
		3,766,191,913	3,381,286,696
		37,324,008,999	33,510,678,279

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


Chief Executive Officer


Director

Condensed Interim Unconsolidated Profit and Loss Account (Unaudited)

For the nine months period and quarter ended 31st March 2015

	Note	Nine months period ended		Quarter ended	
		March 2015	March 2014	March 2015	March 2014
(Rupees)					
Operating revenue	12	4,443,213,390	2,860,177,783	1,146,199,848	1,216,211,661
Operating and administrative expenses		(115,157,234)	(72,588,539)	(23,704,863)	(26,935,752)
Operating profit		4,328,056,156	2,787,589,244	1,122,494,985	1,189,275,909
Impairment loss on investment		-	(66,669,885)	-	(49,669,885)
Finance cost		(197,031,245)	(151,159,575)	(61,193,506)	(57,116,683)
Other charges		(82,649,728)	(56,845,549)	(21,175,551)	(22,686,010)
Other income - net		2,263,504	206,492	1,051,535	-
Profit before tax		4,050,638,687	2,513,120,727	1,041,177,463	1,059,803,331
Taxation	13	(103,941,757)	12,661,760	3,660,769	40,708,729
Profit after tax		3,946,696,930	2,525,782,487	1,044,838,232	1,100,512,060
Earnings per share - basic and diluted		8.70	5.57	2.30	2.43

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


Chief Executive Officer


Director

Condensed Interim Unconsolidated Statement of Comprehensive Income (Unaudited)

For the nine months period and quarter ended 31st March 2015

	Nine months period ended		Quarter ended	
	March 2015	March 2014	March 2015	March 2014
	(Rupees)			
Profit for the period	3,946,696,930	2,525,782,487	1,044,838,232	1,100,512,060
Other comprehensive income				
<i>Items that are to be reclassified subsequently to profit and loss account</i>				
Unrealised (diminution) / appreciation during the period on remeasurement of investments classified as 'available for sale'	(479,118,004)	49,475,746	(260,600,314)	168,656,580
Reclassification adjustments relating to loss realised on disposal of investment classified as 'available for sale' - net	32,826,755	17,500,536	32,826,755	-
Other comprehensive income for the period	(446,291,249)	66,976,282	(227,773,559)	168,656,580
Total comprehensive income for the period	3,500,405,681	2,592,758,769	817,064,673	1,269,168,640

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


Chief Executive Officer


Director

Condensed Interim Unconsolidated Cash Flow Statement (Unaudited)

For the nine months period ended 31st March 2015

	Note	March 2015	March 2014
(Rupees)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	14	(471,850,451)	85,686,749
Income tax paid		(38,760,562)	(23,144,742)
Finance cost paid		(201,270,491)	(158,812,919)
Dividend received		264,766,337	152,261,159
Interest received		121,300,517	45,791,921
Net cash (used in) / generated from operating activities		(325,814,650)	101,782,168
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(2,999,627)	(26,166,418)
Acquisition of intangible assets		-	(849,024)
Proceeds from sale of property and equipment		64,278	806,241
Long term loan to subsidiary		-	500,000,000
Acquisition of long term investments		(466,825,970)	(1,021,236,426)
Proceeds from sale of long term investments		534,357,790	1,190,697,525
Acquisition of investment property		-	(1,044,048,000)
Long term deposits		600,000	398,100
Net cash generated from / (used in) investing activities		65,196,471	(400,398,002)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceed / (Repayment) of long term loan - net		(152,976,130)	(413,528,548)
Dividend paid		(287,612,583)	(479,942,583)
Net cash out flow from financing activities		(134,636,453)	(893,471,131)
Net decrease in cash and cash equivalents		(395,254,632)	(1,192,086,965)
Cash and cash equivalents at beginning of the period		(1,371,529,144)	(551,862,045)
Cash and cash equivalents at end of the period	15	(1,766,783,776)	(1,743,949,010)

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


Chief Executive Officer


Director

Condensed Interim Unconsolidated Statement of Changes in Equity (Unaudited)

For the nine months period ended 31st March 2015

	Issued, subscribed and paid up share capital	Unrealized (diminution) / appreciation on remeasurement of investments classified as 'available for sale'	Reserves		Sub total	Total
			General reserve	Unappropriated profit		
(Rupees)						
Balance as at 1 July 2013	4,537,500,000	(495,713,334)	4,000,000,000	16,642,744,949	20,147,031,615	24,684,531,615
Total comprehensive income for the nine months period ended 31 March 2014						
Profit for the period	-	-	-	2,525,782,487	2,525,782,487	2,525,782,487
Other Comprehensive Income						
Unrealised appreciation during the period on remeasurement of investments classified as 'available for sale'	-	49,475,746	-	-	49,475,746	49,475,746
Reclassification adjustments relating to loss realised on disposal of investments classified as 'available for sale' -net	-	17,500,536	-	-	17,500,536	17,500,536
Other comprehensive income for the period	-	66,976,282	-	-	66,976,282	66,976,282
Transactions with owners						
Distribution: Final cash dividend for the year ended 30 June 2013 at the rate of Rs. 2.5 per share	-	-	-	(1,134,375,000)	(1,134,375,000)	(1,134,375,000)
Balance as at 31 March 2014	4,537,500,000	(428,737,052)	4,000,000,000	18,034,152,436	21,605,415,384	26,142,915,384
Balance as at 1 July 2014	4,537,500,000	(601,609,981)	4,000,000,000	17,814,689,421	21,213,079,440	25,750,579,440
Total comprehensive income for the nine months period ended 31 March 2015						
Profit for the period	-	-	-	3,946,696,930	3,946,696,930	3,946,696,930
Other Comprehensive Income						
Unrealised diminution during the period on remeasurement of investments classified as 'available for sale'	-	(479,118,004)	-	-	(479,118,004)	(479,118,004)
Reclassification adjustments relating to loss realised on disposal of investments classified as 'available for sale' -net	-	32,826,755	-	-	32,826,755	32,826,755
Other comprehensive income for the period	-	(446,291,249)	-	-	(446,291,249)	(446,291,249)
Transactions with owners						
Distribution: Final cash dividend for the year ended 30 June 2014 at the rate of Rs. 2.5 per share	-	-	-	(1,134,375,000)	(1,134,375,000)	(1,134,375,000)
Balance as at 31 March 2015	4,537,500,000	(1,047,901,230)	4,000,000,000	20,627,011,351	23,579,110,121	28,116,610,121

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


Chief Executive Officer


Director

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31st March 2015

1. LEGAL STATUS AND NATURE OF BUSINESS

Arif Habib Corporation Limited ("the Company") was incorporated in Pakistan on 14 November 1994 as a public limited company under the Companies Ordinance, 1984. The Company is listed on the Karachi, Lahore and Islamabad Stock Exchanges of Pakistan. The principal activity of the Company is to make strategic investments in subsidiary companies and associates engaged in Chemical / Fertilizer, Financial services, Real estate, Construction materials, Industrial metal, Steel and other sectors including investments in securities. The registered office of the Company is situated at Arif Habib Centre, 2nd Floor, 23 M. T. Khan Road, Karachi, Pakistan. The Company is domiciled in the province of Sindh.

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

The Company has following long term investments:

<i>Name of Company</i>	<i>Shareholding</i>
<i>Subsidiaries</i>	
- Arif Habib Limited, a brokerage house	<u>69.00%</u>
- Power Cement Limited, a cement manufacturing company	<u>58.87%</u>
- Arif Habib DMCC, a UAE incorporated member company of Dubai Gold and Commodities Exchange	<u>100.00%</u>
- Pakistan Opportunities Limited (formerly Pakistan Private Equity Management Limited), a venture capital company	<u>85.00%</u>
- Sachal Energy Development (Pvt) Limited, a wind power generation company	<u>99.99%</u>
<i>Associates</i>	
- MCB-Arif Habib Savings and Investments Limited	<u>30.09%</u>
- Pakarab Fertilizers Limited	<u>30.00%</u>
- Fatima Fertilizer Company Limited	<u>16.19%</u>
- Aisha Steel Mills Limited *	<u>13.71%</u>
- Javedan Corporation Limited *	<u>27.19%</u>
<i>Others</i>	
- Takaful Pakistan Limited	<u>10.00%</u>
- Khabeer Financial Services (Private) Limited	<u>5.00%</u>
- Sunbiz (Private) Limited	<u>4.65%</u>

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

1.1 Change in the composition of the Group

Changes in composition of the Group during the nine months period ended 31 March 2015 are summarised as under:

- the Company has sold 20,000,000 shares of Power Cement Limited, a subsidiary of the Company, resulting in a decrease in the Company's holding from 64.34% to 58.87%.
- the Company has sold 10,000,000 shares of Fatima Fertilizer Company Limited, an associate of the Company, resulting in a decrease in the Company's holding from 16.67% to 16.19%.
- the Company has subscribed 24,332,263 right shares of Javedan Corporation Limited, an associate of the Company, resulting in an increase in the Company's total holding from 22.14% to 27.19%.

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31st March 2015

- the Company has subscribed 18,345,546 cumulative preference right shares and sold 7,854,500 cumulative preference shares of Aisha Steel Mills Limited, an associate of the Company, resulting in a net decrease in the Company's holding from 14.24% to 13.71%.

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim unconsolidated financial information for the nine months period ended 31 March 2015 has been prepared in accordance with the requirements of International Accounting Standards 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, have been followed.

This condensed interim unconsolidated financial information does not include all the information required for full annual financial statements and should be read in conjunction with the annual audited unconsolidated financial statements of the Company as at and for the year ended 30 June 2014.

The comparative Balance Sheet presented in this condensed interim unconsolidated financial information has been extracted from the audited annual unconsolidated financial statements of the Company for the year ended 30 June 2014, whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are extracted from the unaudited condensed interim unconsolidated financial information for the period ended 31 March 2014.

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

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 Basis of measurement

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

3. ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim unconsolidated financial information are the same as those applied in the preparation of audited annual unconsolidated financial statements of the Company as at and for the year ended 30 June 2014.

3.2 Amendments and interpretation to approved accounting standards effective during the period

Certain amendments and interpretation to approved accounting standards became effective during the period which were not relevant to the Company's operation and do not have any significant impact on the accounting policies of the Company.

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31st March 2015

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

- 4.1** The preparation of this condensed interim unconsolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience. Actual results may differ from these estimates.
- 4.2** The significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited unconsolidated financial statements as at and for the year ended 30 June 2014.

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual audited separate financial statements of the Company as at and for the year ended 30 June 2014.

6. LONG TERM LOAN - secured

		Unaudited 31 March 2015	Audited 30 June 2014
(Rupees)			
Term finance loan	6.1 & 6.2	394,417,158	243,021,452
less: current maturity of term finance loan		(48,604,290)	(48,604,290)
Diminishing Musharakah Financing	6.3	1,580,424	-
less: current maturity of Diminishing Musharika Financing		(431,028)	-
		346,962,264	<u>194,417,162</u>

- 6.1** The Company obtained term finance facility of Rs. 243.021 million from a commercial bank under mark up arrangement at the rate of 6 month KIBOR+2.50% to be charged on semi-annual basis. The loan is repayable in ten equal semi-annual installments ending on 19 March 2019. The loan is secured against first pari passu charge of Rs. 333.333 million over present and future assets (excluding shares pledged against short term borrowings) of the Company inclusive of 25% margin and pledge of shares of associated undertaking with 30% margin. During the period, the company has paid an installment due of Rs. 48.6 million.

The market value of pledged shares as collateral amounts to Rs. 315.491 million (2014: Rs. 251.821 million) at balance sheet date.

- 6.2** During the period, the Company obtained term finance facility of Rs. 200 million from a commercial bank under mark up arrangement at the rate of 3 month KIBOR+2.00% to be charged on quarterly basis. The loan is repayable in eight equal quarterly installments after completion of one year grace period ending on 18 November 2017. The loan is secured against ranking charge on an associate's property situated at Naya Nazimabad, Survey # 248, 249, 250 with 30% margin.
- 6.3** During the period, the Company acquired a vehicle under diminishing musharika financing arrangement entered into with First Habib Modaraba, for a period of 4 years. The financing is secured against the respective vehicle and promissory note issued in favor of the lender. The effective rate of interest on the borrowing is 12.15% per annum.

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31st March 2015

7. SHORT TERM BORROWINGS - secured

		Unaudited 31 March 2015	Audited 30 June 2014
			(Rupees)
Term Loan	7.1	360,000,000	-
Running Finance	7.2 & 7.3	1,432,586,900	1,394,632,677
		<u>1,792,586,900</u>	<u>1,394,632,677</u>

7.1 During the period, the Company availed Term Finance Loan of Rs. 360 million from Summit Bank Limited 'related party' for a period of six months. The facility carries mark-up at the rate of 3 month KIBOR +2% and is payable on quarterly basis. The facility is secured against charge over receivables of the Company with 25% margin and personal guarantee of Chief Executive Officer of the Company.

7.2 Short term running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 2,800 million (30 June 2014: Rs. 3,550 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 January 2016. These arrangements are secured against pledge of marketable securities with minimum 30% margin (30 June 2014: 30% margin).

These running finance facilities carry mark-up ranging from 1 month KIBOR + 1% to 3 month KIBOR + 2.25% per annum (30 June 2014: 1 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. 1,376.413 million (30 June 2014: Rs. 2,155.289 million).

7.3 The fair value of shares of associated companies, shares held for trading and other securities pledged as collateral against short term borrowings amount to Rs. 2,812.676 million (30 June 2014: Rs. 3,150.495 million).

8. CONTINGENCIES AND COMMITMENTS

8.1 During the period, the Company has issued Corporate Guarantees on behalf of associates namely Aisha Steel Mills Limited and Javedan Corporation Limited amounting to Rs. 2.5 billion and Rs. 200 million respectively, in the normal course of business. The Company has also obtained letter of indemnity from the respective associates.

There are no other changes in the status of contingencies and commitments as disclosed in the preceding annual audited financial statements as at and in the year ended 30 June 2014.

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31st March 2015

9. PROPERTY AND EQUIPMENT

Following is the cost / written down value of property and equipment that have been added / disposed off during the period:

	Nine months period ended 31 March 2015		Nine months period ended 31 March 2014	
	Additions	Disposals	Additions	Disposals
	(Rupees)			
Vehicle held under musharikhah agreement	2,463,000	-	25,924,860	679,099
Office equipment	60,000	44,752	-	66,871
Computer and allied equipments	476,627	44,566	241,558	60,271
	<u>2,999,627</u>	<u>89,318</u>	<u>26,166,418</u>	<u>806,241</u>

10. LONG TERM INVESTMENTS

		Unaudited	Audited
		31 March 2015	30 June 2014
		(Rupees)	
Subsidiaries - at cost	10.1	3,598,846,651	3,637,122,178
At fair value through profit or loss	10.2	25,307,940,151	21,706,832,045
Available for sale	10.3	1,933,898,197	2,063,178,691
		<u>30,840,684,999</u>	<u>27,407,132,914</u>

10.1 Subsidiaries - at cost

	Cost	Unrealised Impairment	Carrying amount	
			Unaudited 31 March 2015	Audited 30 June 2014
			(Rupees)	
Arif Habib Limited (AHL)	2,375,720,796	-	2,375,720,796	2,375,720,796
Power Cement Limited (PCL)	843,179,897	-	843,179,897	921,455,424
Arif Habib DMCC (AHD) Pakistan Opportunities Limited (POL) (formerly Pakistan Private Equity Management Limited)	29,945,898	-	29,945,898	29,945,898
Sachal Energy Development (Private) Limited (SEDPL)	42,500,000	(42,500,000)	-	-
	<u>350,000,060</u>	<u>-</u>	<u>350,000,060</u>	<u>310,000,060</u>
	<u>3,641,346,651</u>	<u>(42,500,000)</u>	<u>3,598,846,651</u>	<u>3,637,122,178</u>

10.1.1 Before acquisition of control, PCL 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 1,196.50 million. (30 June 2014: Rs. 1,307.65 million)

10.2 At fair value through profit or loss

	Cost	Unrealised appreciation on remeasurement of investments	Carrying amount	
			Unaudited 31 March 2015	Audited 30 June 2014
			(Rupees)	

Associates:

MCB - Arif Habib Savings and Investments Limited	10.2.1	81,947,527	505,584,682	587,532,209	351,826,072
Pakarab Fertilizers Limited (PFL)		1,324,332,073	10,285,667,927	11,610,000,000	11,205,000,000
Fatima Fertilizer Company Limited (FFCL)		3,744,031,064	9,366,376,878	13,110,407,942	10,150,005,973
		<u>5,150,310,664</u>	<u>20,157,629,487</u>	<u>25,307,940,151</u>	<u>21,706,832,045</u>

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31st March 2015

10.2.1 Before loss of control, MCB-AH 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 fair value on the date of loss of control is considered as deemed cost.

10.3 Available for sale

	Cost	Unrealised appreciation/ (diminution) on remeasurement of investments	Provision for Impairment	Carrying amount	
				Unaudited 31 March 2015	Audited 30 June 2014
(Rupees)					
Associates:					
Aisha Steel Mills Limited (ASML)	142,213,500	(41,668,555)	-	100,544,945	122,303,610
Aisha Steel Mills Limited - convertible cumulative preference shares (ASML-PS)	263,468,386	(26,243,532)	-	237,224,854	244,645,224
Aisha Steel Mills Limited - convertible cumulative preference shares (ASML-PS2)	183,455,460	-	-	183,455,460	-
Javedan Corporation Limited (JCL)	1,946,569,942	(742,122,923)	-	1,204,447,019	1,523,929,632
Javedan Corporation Limited- convertible preference shares (JCL-PS)	92,620,761	115,505,158	-	208,125,919	172,200,225
	<u>2,628,328,049</u>	<u>(694,529,852)</u>	-	<u>1,933,798,197</u>	<u>2,063,078,691</u>
Other investments:					
Takaful Pakistan Limited	30,000,000	-	(30,000,000)	-	-
Al-Khabeer Financial Services (Private) Limited	1,000,000	-	(900,000)	100,000	100,000
Sun Biz (Private) Limited	1,000,000	-	(1,000,000)	-	-
	<u>32,000,000</u>	-	<u>(31,900,000)</u>	<u>100,000</u>	<u>100,000</u>
	<u>2,660,328,049</u>	<u>(694,529,852)</u>	<u>(31,900,000)</u>	<u>1,933,898,197</u>	<u>2,063,178,691</u>

10.4 Fair value of long term investments pledged with banking companies against various financing facilities amounts to Rs. 3,076.38 million (30 June 2014: Rs.2,586.35 million).

10.5 Movement in provision for impairment

	Unaudited 31 March 2015	Audited 30 June 2014
(Rupees)		
Opening balance	(74,400,000)	(883,949,153)
Reversal on sale of investment	-	104,223,256
Provision during the period	-	(83,807,982)
Reversal during the period	-	716,627,289
Transferred to asset classified as held for sale	-	72,506,590
Closing balance	<u>(74,400,000)</u>	<u>(74,400,000)</u>

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31st March 2015

11. LOANS AND ADVANCES

		Unaudited 31 March 2015	Audited 30 June 2014
		(Rupees)	
Unsecured			
<i>Considered good</i>			
Advance for new investment	11.1	425,494,937	392,994,937
Advance against salaries		1,060,688	1,241,398
Bid price for secondary public offer		-	250,000,000
<i>To related Party:</i>			
Advance against equity to Aisha Steel Mills Limited		104,098,620	236,924,414
Loan to Power Cement Limited		-	10,000,000
Loan to Aisha Steel Mills Limited	11.2	1,470,537,274	426,521,452
		<u>2,001,191,519</u>	<u>1,317,682,201</u>
Secured			
<i>Considered good</i>			
Receivable against reverse repurchase agreement (Reverse repo)	11.3	216,626,135	350,151,662
<i>To related Party:</i>			
Loan to Aisha Steel Mills Limited	11.4	14,605,887	14,985,000
Loan to Javedan Corporation Limited	11.5	93,600,000	-
		<u>2,326,023,541</u>	<u>1,682,818,863</u>

- 11.1** This represents amount paid as deposit money for acquisition of shares of a company in dairy farming industry.
- 11.2** The Company has entered into a loan agreement with the said associated concern on 1 July 2013 extended via latest addendum. The loan is repayable within 30 business days notice of demand. The mark-up rate on the said loan is 3 month KIBOR prevailing on the base rate setting date plus 3% per annum. Mark-up is payable on quarterly basis. The effective mark-up charged during the period was 13.17% to 13.42% (30 June 2014: 12.02% to 13.17%) per annum.
- 11.3** The Company has entered into an agreement for Purchase and Sale of Securities (Reverse repo) with financees. During the period, tranche of the agreement was partly settled. The effective rate between purchase and resale price is 3 months KIBOR + 5% respectively (30 June 2014: 3 months KIBOR + 5% and 15.01% per annum). The fair value of the unsettled agreement as at the balance sheet date is Rs. 361.464 million (30 June 2014: Rs. 595.925 million). The Company has pledged underlying shares with financial institutions as security against its borrowing. The fair value of underlying shares pledged at balance sheet date is Rs. 175.280 million (30 June 2014: Rs. 595.925 million).
- 11.4** The Company has entered into an agreement with the said associated concern on 19 January 2011. Under the arrangement, the Company shall disburse loan to the associated company in one or more tranches. The loan is secured against first charge on all present and future fixed assets, accounts receivables and interest in any insurance claim and equitable mortgage of land and building. The mark-up rate in the said loan is 6 month KIBOR + 3.25% per annum (30 June 2014: 6 months KIBOR + 3.25% per annum). The effective rate of markup on the loan charged during the period was 12.88% to 13.42% (30 June 2014: 12.37% to 13.42%) per annum. Mark-up is payable on semi-annually basis.

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31st March 2015

- 11.5** The Company had entered into an arrangement with the said associated concern on 20 November 2010 extended via latest addendum. Under the arrangement, the Company shall disburse loan to JCL in one or more tranches on a short term basis and is secured against ranking charge on property situated at Naya Nazimabad, Survey# 248, 249, 250 (Total 35 acres & 22 ghuntas) Deh Mangopir, Gadap Town, New Nazimabad, Karachi in favor of Company's banker. The mark-up rate on the said loan is three months KIBOR + 3% per annum (30 June 2014: 3 months KIBOR + 3% per annum) Mark-up is payable on a quarterly basis. The effective mark-up charged during the period was 12.57% to 13.21% per annum (30 June 2014: 12.92% to 13.17% per annum).

12. OPERATING REVENUE

	Nine months period ended		Quarter ended	
	March 2015	March 2014	March 2015	March 2014
	(Rupees)			
Dividend income	264,766,337	152,261,159	32,506,876	27,083,709
Markup on loans and advances	125,622,658	126,160,887	41,087,134	34,018,456
Profit on bank accounts	249,648	362,046	81,534	97,607
Income from reverse repurchase transactions	40,935,197	55,800,770	12,359,880	23,107,706
Put option fee	61,050,000	61,492,391	20,350,000	20,350,000
Gain on sale of securities - net	48,307,311	321,848,549	25,108,998	201,010,221
Gain on remeasurement of investments-net	3,902,282,239	2,142,251,981	1,014,705,426	910,543,962
	<u>4,443,213,390</u>	<u>2,860,177,783</u>	<u>1,146,199,848</u>	<u>1,216,211,661</u>

13. TAXATION

	Nine months period ended		Quarter ended	
	March 2015	March 2014	March 2015	March 2014
	(Rupees)			
For the period				
-Current	(28,752,712)	(21,375,355)	(3,988,657)	10,882,673
-Prior year	-	(18,061,359)	-	-
-Deferred	(75,189,045)	52,098,474	7,649,426	29,826,056
	<u>(103,941,757)</u>	<u>12,661,760</u>	<u>3,660,769</u>	<u>40,708,729</u>

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period and quarter ended 31st March 2015

14. CASH (USED IN) / GENERATED FROM OPERATIONS

	March 2015	March 2014
	(Rupees)	
Profit before tax	4,050,638,687	2,513,120,727
Adjustments for non cash and other items		
Depreciation and amortization	7,436,892	4,855,657
Dividend income	(264,766,337)	(152,261,159)
Mark-up on loans and advances	(125,622,658)	(126,160,887)
Gain on disposal of Long term investment	(236,148,554)	(342,060,438)
Loss on disposal of asset	25,040	-
Unrealised gain on remeasurement of investment	(3,902,282,239)	(2,142,251,981)
Income from reverse repurchase transactions	(40,935,197)	(55,800,770)
Workers' Welfare fund	82,624,976	51,288,178
Finance cost	197,031,245	151,159,575
Impairment loss on investment	-	66,669,885
	(4,282,636,832)	(2,544,561,940)
	(231,998,145)	(31,441,213)
Changes in working capital		
(Increase) / decrease in current assets		
Loans and advances - net of repayment	(643,204,678)	(749,362,068)
Prepayments	842,775	9,544,891
Trade and other receivables	(106,522)	(103,260,909)
Short term investments	507,444,434	(78,968,560)
Asset held for sale	27,891,903	111,812,869
(Decrease) / increase in current liabilities		
Trade and other payables	(132,720,218)	927,361,739
	(239,852,306)	117,127,962
Cash (used in) / generated from operations	(471,850,451)	85,686,749

15. CASH AND CASH EQUIVALENTS

Cash and bank balances	25,803,124	18,480,593
Short term borrowings	(1,792,586,900)	(1,762,429,603)
	(1,766,783,776)	(1,743,949,010)

16. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise of group companies (including subsidiaries and associates), directors and their close family members, major shareholders of the Company, companies where directors also hold directorship, key management personnel and staff provident fund. Transactions with related parties are entered into at commercial terms and conditions. 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.

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31st March 2015

Transactions and balances with related parties during the period other than those disclosed elsewhere in the condensed interim unconsolidated financial information are given below:

	<u>Nine months period ended</u>	
	<u>March</u> <u>2015</u>	March 2014
	(Rupees)	
Relationship with the Company and the nature of transaction		
<i>Transactions with Subsidiaries</i>		
- Services availed	5,339,089	5,216,474
- Loan extended	<u>260,000,000</u>	<u>323,000,000</u>
- Loan repayment	<u>270,000,000</u>	<u>910,500,000</u>
- Mark-up income accrued on loan and advance	6,956,651	27,675,799
- Dividend income / received	<u>189,748,665</u>	<u>103,499,283</u>
- Number of bonus shares received	-	3,449,976
- Subscription of right shares/ fresh equity investment	<u>40,000,000</u>	<u>74,943,934</u>
<i>Transactions with Associates</i>		
- Dividend income	<u>64,992,500</u>	48,744,376
- Dividend received	<u>64,992,500</u>	<u>48,744,376</u>
- Markup on loan and advance	<u>118,666,007</u>	<u>98,485,087</u>
- Markup income received	<u>80,818,856</u>	9,068,074
- Loan extended	<u>1,980,394,225</u>	<u>967,021,452</u>
- Loan repayment	<u>1,120,538,586</u>	<u>810,000,000</u>
- Guarantee Commission	<u>1,350,000</u>	-
- Purchase of investment property	-	<u>1,044,048,000</u>
<i>Transactions with Other related parties</i>		
- Provident fund contribution	<u>1,274,422</u>	2,628,365
- Payment of rent and maintenance charges	<u>14,954,651</u>	<u>4,050,322</u>
- Markup on loan from Summit Bank Limited	<u>30,944,809</u>	-
<i>Remuneration to Key management personnel</i>		
- Remuneration	<u>14,942,944</u>	<u>18,903,744</u>

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the nine months period ended 31st March 2015

Balances as at :

	Unaudited 31 March 2015	Audited 30 June 2014
	(Rupees)	
- Commission on guarantee receivable from Javedan Corporation Limited	<u>50,000</u>	-
- Markup receivable from Aisha Steel Mills Limited	<u>45,692,038</u>	<u>10,745,974</u>
- Markup receivable from Javedan Corporation Limited	<u>2,901,087</u>	-
- Commission on guarantee receivable from Aisha Steel Mills Limited	<u>1,250,000</u>	-
- Markup payable to Summit Bank Limited	<u>25,071,932</u>	-
- Payable to Arif Habib Limited against purchase of listed securities from stock exchange under T+2 settlement method	<u>2,455,734</u>	<u>169,893,267</u>
- Payable to Javedan Corporation Limited	<u>1,700,179,646</u>	<u>1,700,179,646</u>

17. DATE OF AUTHORISATION FOR ISSUE

This condensed interim unconsolidated financial information has been authorized for issue on 13 April, 2015 by the Board of Directors of the Company.


 Chief Executive Officer


 Director



Condensed Interim Consolidated Financial Information

for the nine month period ended 31st March 2015

Condensed Interim Consolidated Balance Sheet

As at 31st March 2015

Note	Unaudited March 2015	Audited June 2014
(Rupees)		
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	4,537,500,000	4,537,500,000
Reserves	11,973,306,272	11,352,656,202
Equity attributable to owners of the Parent	16,510,806,272	15,890,156,202
Non-Controlling interest	<u>1,374,186,984</u>	<u>1,055,597,355</u>
	17,884,993,256	16,945,753,557
Non-current liabilities		
Long term loans	2,594,088,540	2,343,193,668
Long term payable	1,700,179,646	1,700,179,646
Liabilities against assets subject to finance lease	2,942,121	2,235,913
Deferred liability - Staff gratuity	47,653,999	41,748,723
Deferred taxation - net	<u>501,894,512</u>	<u>328,165,511</u>
	4,846,758,818	4,415,523,461
Current liabilities		
Trade and other payables	2,832,990,688	2,596,403,973
Dividend Payable	846,762,417	-
Interest / mark-up accrued on borrowings	124,650,158	123,013,911
Short term borrowings - secured	5,458,499,722	4,309,905,907
Current portion of long term loans	446,641,290	755,291,290
Current portion of liabilities against assets subject to finance lease	920,002	468,892
Provision for taxation	491,154,126	320,793,666
Liabilities held for sale	-	23,815,692
	<u>10,201,618,403</u>	<u>8,129,693,331</u>
	32,933,370,477	29,490,970,349
Contingencies and commitments		
	4	


Chief Executive Officer


Director

Condensed Interim Consolidated Balance Sheet

As at 31st March 2015

	Note	Unaudited March 2015	Audited June 2014
(Rupees)			
ASSETS			
Non-current assets			
Property, plant and equipment	5	4,780,943,136	4,732,957,516
Intangible assets - others		13,663,364	14,226,625
Goodwill		1,163,961,863	1,163,961,863
Trading right entitlement certificate, membership cards and offices		68,552,500	59,052,500
Equity accounted investees		13,685,318,352	12,374,772,753
Other long term investments		121,442,551	121,442,551
Investment property		3,114,394,374	2,989,651,000
Long term loans and advances - considered good		-	975,000
Long term deposits and prepayments		45,988,757	40,530,986
		22,994,264,897	21,497,570,794
Current assets			
Stock-in-trade		224,091,000	177,302,000
Stores, spares and loose tools		519,075,000	642,543,000
Trade debts		2,575,091,699	452,594,045
Loans and advances - considered good		2,412,035,355	2,038,064,020
Deposits and prepayments		273,413,893	56,800,357
Advance tax		503,971,973	421,611,367
Tax refund due from government		287,265,000	245,730,000
Markup receivable		124,662,869	50,667,183
Other receivables - considered good		1,062,688,583	919,152,977
Short term investments		1,627,144,671	1,898,848,996
Receivable against sale of investment		-	797,382,506
Cash and bank balances		329,665,537	226,986,603
Assets held for sale		-	65,716,501
		9,939,105,580	7,993,399,555
		32,933,370,477	29,490,970,349

The annexed notes 1 to 9 form an integral part of this condensed interim consolidated financial information.


Chief Executive Officer


Director

Condensed Interim Consolidated Profit and Loss Account (Unaudited)

For the nine months period and quarter ended 31st March 2015

	Nine months period ended		Quarter ended	
	March 2015	March 2014	March 2015	March 2014
	(Rupees)			
Operating revenue	1,920,249,856	1,334,193,130	512,745,819	720,169,185
Unrealised gain on re-measurement of investment property	106,383,374	-	106,383,374	-
Operating, administrative and other expenses	(514,848,659)	(553,622,981)	(155,135,567)	(175,468,731)
Operating profit	1,511,784,571	780,570,149	463,993,626	544,700,454
Other income	454,277,303	295,461,836	158,354,057	208,616,987
Finance cost	(658,034,363)	(557,107,439)	(269,442,194)	(174,522,597)
Other charges	(146,835,730)	(63,324,280)	15,335,982	(22,686,010)
	1,161,191,781	455,600,266	368,241,471	556,108,834
Impairment loss on investment	-	(900,000)	-	(900,000)
Share of profit of equity-accounted associates - net of tax	1,197,552,879	874,967,412	(42,038,816)	271,353,952
Profit before tax	2,358,744,660	1,329,667,678	326,202,655	826,562,786
Taxation For the period				
- Current	(170,360,460)	(79,700,647)	(36,741,322)	(20,067,282)
- Prior	-	(18,061,359)	-	5,853,000
- Deferred	(173,729,001)	17,458,744	88,004,639	7,232,161
	(344,089,461)	(80,303,262)	51,263,317	(6,982,121)
Profit after tax	2,014,655,199	1,249,364,416	377,465,972	819,580,665
Profit / (loss) attributable to:				
Equity holders of the Parent Company	1,696,777,153	1,121,577,767	278,503,083	675,399,206
Non-controlling interests	317,878,046	127,786,649	98,962,889	144,181,459
	2,014,655,199	1,249,364,416	377,465,972	819,580,665
Earnings per share - Basic & Diluted	3.74	2.47	0.61	1.49

The annexed notes 1 to 9 form an integral part of this condensed interim consolidated financial information.


Chief Executive Officer


Director

Condensed Interim Consolidated Statement of Comprehensive Income (Un-audited)

For the nine months period and quarter ended 31st March 2015

	Nine months period ended		Quarter ended	
	March 2015	March 2014	March 2015	March 2014
	(Rupees)			
Profit after tax	2,014,655,199	1,249,364,416	377,465,972	819,580,665
Other comprehensive income				
<i>Items that are to be reclassified subsequently to profit and loss account</i>				
Effect of translation of net assets of foreign subsidiary to presentation currency - net	789,060	4,985,914	115,072	485,090
Share of other comprehensive income of equity-accounted associates -net of tax	-	37,685,564	-	(10,810,651)
Reclassification adjustments relating to gain realised on disposal of investments classified as available for sale' - net	-	(62,697,089)	-	-
Other comprehensive income for the period	789,060	(20,025,611)	115,072	(10,325,561)
Total comprehensive income for the period	2,015,444,259	1,229,338,805	377,581,044	809,255,104
Total comprehensive income attributable to:				
Equity holders of Arif Habib Corporation Limited	1,697,566,213	1,101,153,269	133,390,221	665,081,048
Non-controlling interests	317,878,046	128,185,536	244,190,823	144,174,056
	2,015,444,259	1,229,338,805	377,581,044	809,255,104

The annexed notes 1 to 9 form an integral part of this condensed interim consolidated financial information.


Chief Executive Officer


Director

Condensed Interim Consolidated Cash Flow Statement (Unaudited)

For the nine months period ended 31st March 2015

	Note	March 2015	March 2014
(Rupees)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		2,358,744,660	1,329,667,678
Adjustments for:			
Depreciation		109,878,697	49,114,777
Gain on sale of property and equipment		(332,146)	(397,007)
Gain on disposal of stock exchange room		-	(1,797,500)
Unrealised gain on re-measurement of investment property		(106,383,374)	-
Unrealised loss / (gain) on short term investments		150,550,369	(121,246,020)
Share of profit of equity-accounted associates - net of tax		(1,197,552,879)	(874,967,412)
Impairment loss on investment		-	900,000
Amortization		980,722	367,212
Mark-up on loans and advances		(91,232,493)	(124,835,495)
Dividend income		(50,265,149)	(117,827,426)
Finance cost		658,034,363	557,107,439
		(526,321,890)	(633,581,432)
Operating profit before working capital changes		1,832,422,770	696,086,246
Changes in working capital:			
<i>(Increase) / decrease in current assets</i>			
Stock in trade		(46,789,000)	160,719,000
Store and spares		123,468,000	(43,204,000)
Trade debts		(2,122,497,654)	(769,276,328)
Loans and advances		(373,971,335)	(1,086,138,984)
Deposits and prepayments		(216,613,536)	7,019,990
Tax refund due from government		(41,535,000)	(31,981,000)
Receivable against sale of securities - net		797,382,506	-
Other receivables		(143,535,606)	(123,250,683)
Short term investments		121,153,956	(186,815,012)
Assets held for sale		41,900,809	129,554,839
<i>(Decrease) / Increase in current liabilities</i>			
Trade and other payables		236,586,715	521,633,578
		(1,624,450,145)	(1,421,738,600)
Cash generated from / (used in) operations		207,972,625	(725,652,354)
Taxes paid		(82,360,606)	(59,665,988)
Finance cost paid		(656,398,116)	(546,796,083)
Interest received		17,236,807	64,470,826
Net cash used in operating activities		(513,549,290)	(1,267,643,599)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		(158,118,514)	(176,994,609)
Proceeds from sale of assets		1,375,403	3,187,772
Acquisition of intangible assets		(417,461)	(2,408,050)
Acquisition of Trading right entitlement certificate		(9,500,000)	-
Proceeds from sale of stock exchange room		-	14,200,000
Acquisition of Investment Property		(18,360,000)	(1,052,588,000)
Dividend received		115,257,649	166,571,801
Long term loans and advances		975,000	-
Long term investments - net		(34,563,465)	28,288,688
Long term deposits		(5,457,771)	(5,517,864)
Net cash used in investing activities		(108,809,159)	(1,025,260,262)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing		(57,755,128)	568,083,790
Dividend paid		(372,863,898)	(526,443,300)
Deferred liability		5,905,276	3,107,800
Lease liability		1,157,318	(1,194,751)
Net cash (used in)/generated from financing activities		(423,556,432)	43,553,539
Net decrease in cash and cash equivalents		(1,045,914,881)	(2,249,350,322)
Cash and cash equivalents at beginning of the period		(4,082,919,304)	(2,081,385,901)
Cash and cash equivalents at end of the period	6	(5,128,834,185)	(4,330,736,223)

The annexed notes 1 to 9 form an integral part of this condensed interim consolidated financial information.



Chief Executive Officer



Director

Condensed Interim Consolidated Statement of Changes in Equity (Unaudited)

For the nine months period ended 31st March 2015

	Reserves					Total	Non-controlling interests	Total equity
	Issued, subscribed and paid up share capital	Unrealized (diminution) / appreciation on remeasurement of investments classified as 'available for sale'	Exchange difference on translation to presentation currency	General reserve	Unappropriated profit			
	(Rupees)							
Balance as at 1 July 2013 (restated)	4,537,500,000	130,701,387	46,564,052	4,019,567,665	5,945,567,603	14,679,900,707	534,734,474	15,214,635,181
Total comprehensive income for the nine months period								
Profit for the nine months period ended 31 March 2014	-	-	-	-	1,121,577,767	1,121,577,767	127,786,649	1,249,364,416
<i>Other Comprehensive income</i>								
Effect of translation of net assets of foreign subsidiary to presentation currency -net	-	-	4,587,027	-	-	4,587,027	398,887	4,985,914
Share of other comprehensive income of equity-accounted associates -net of tax	-	37,685,564	-	-	-	37,685,564	-	37,685,564
Reclassification adjustments relating to gain realized on disposal of investments classified as 'available for sale' -net of tax	-	(62,697,089)	-	-	-	(62,697,089)	-	(62,697,089)
	-	(25,011,525)	4,587,027	-	1,121,577,767	1,101,153,269	128,185,536	1,229,338,805
Transactions with owners								
Cash dividend for the year ended 30 June 2013	-	-	-	-	(1,134,375,000)	(1,134,375,000)	(46,500,717)	(1,180,875,717)
Increase in non-controlling interest on further disposal	-	-	-	-	159,201,529	159,201,529	186,801,410	346,002,939
	-	-	-	-	(975,173,471)	(975,173,471)	140,300,693	(834,872,778)
Balance as at 31 March 2014	4,537,500,000	105,689,862	51,151,079	4,019,567,665	6,091,971,899	14,805,880,505	803,220,703	15,609,101,208
Balance as at 1 July 2014	4,537,500,000	68,004,298	48,111,521	4,019,567,665	7,216,972,718	15,890,156,202	1,055,597,355	16,945,753,557
Total comprehensive income for the nine months period								
Profit for the nine months period ended 31 March 2015	-	-	-	-	1,696,777,153	1,696,777,153	317,878,046	2,014,655,199
<i>Other comprehensive income</i>								
Effect of translation of net assets of foreign subsidiary to presentation currency - net	-	-	789,060	-	-	789,060	-	789,060
Reclassification adjustments relating to gain realized on disposal of investments classified as 'available for sale' -net of tax	-	-	-	-	-	-	-	-
	-	-	789,060	-	1,696,777,153	1,697,566,213	317,878,046	2,015,444,259
Transactions with owners								
Distribution: Final cash dividend for the year ended 30 June 2014	-	-	-	-	(1,134,375,000)	(1,134,375,000)	(85,251,315)	(1,219,626,315)
Increase in non-controlling interest on further disposal	-	-	-	-	57,458,857	57,458,857	85,962,898	143,421,755
	-	-	-	-	(1,076,916,143)	(1,076,916,143)	711,583	(1,076,204,560)
Balance as at 31 March 2015	4,537,500,000	68,004,298	48,900,581	4,019,567,665	7,836,833,728	16,510,806,272	1,374,186,984	17,884,993,256

The annexed notes 1 to 9 form an integral part of this condensed interim consolidated financial information


Chief Executive Officer


Director

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the nine months period ended 31st March 2015

1. LEGAL STATUS AND NATURE OF BUSINESS

Arif Habib Corporation Limited, ("the Parent Company") was incorporated in Pakistan on 14 November 1994 as a public limited company under the Companies Ordinance, 1984. The Parent Company is listed on the Karachi, Lahore and Islamabad Stock Exchanges of Pakistan. The principal activity of the Parent Company is to manage strategic investments in subsidiary companies and associates engaged in Chemical / Fertilizer, Financial Services, Construction Materials, Industrial Metal, Steel and other sectors including investments in securities. The registered office of the Parent Company is situated at Arif Habib Centre, 2nd Floor, 23 M. T. Khan Road, Karachi, Pakistan. The Parent Company is domiciled in the province of Sindh.

This condensed interim consolidated financial information of Arif Habib Corporation Limited for the nine months period ended 31 March 2015 comprise of the Parent and following subsidiary companies (here-in-after referred to as "the Group").

<i>Name of Company</i>		<i>Shareholding (including indirect holding)</i>
<i>Subsidiaries</i>	<i>Note</i>	
- Arif Habib Limited (AHL)	1.1	<u>69.00%</u>
- Arif Habib Commodities (Private) Limited, investment management of commodities, wholly owned subsidiary of Arif Habib Limited	1.1	<u>69.00%</u>
- Arif Habib 1857 (Pvt.) Ltd, wholly owned subsidiary of Arif Habib Limited	1.1	<u>69.00%</u>
- Power Cement Limited (PCL)	1.2	<u>63.95%</u>
- Arif Habib DMCC, a UAE incorporated member company of Dubai Gold and Commodities Exchange	1.3	<u>100.00%</u>
- Pakistan Opportunities Limited (formerly Pakistan Private Equity Management Limited) (POL)	1.4	<u>85.00%</u>
- Sachal Energy Development (Pvt) Limited (SEDL)	1.5	<u>99.99%</u>

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

Associates

- Pakarab Fertilizers Limited	<u>30.00%</u>
- Aisha Steel Mills Limited *	<u>13.72%</u>
- MCB-Arif Habib Savings and Investments Limited	<u>30.09%</u>
- Fatima Fertilizer Company Limited	<u>16.19%</u>
- Javedan Corporation Limited *	<u>41.17%</u>

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

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

Arif Habib Commodities (Private) Limited (AHCPL) was incorporated on 2 April 2012 as a private limited company under the Companies Ordinance, 1984. The registered office of the Company is located at Arif Habib Centre, 23 M.T. Khan Road, Karachi. The principal activity of this company is to effectively manage investment portfolios in commodities. The Company is a wholly owned Company of Arif Habib Limited. AHCPL holds license of PMEX.

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the nine months period ended 31st March 2015

Arif Habib 1857 (Private) Limited (AH 1857) was incorporated in Pakistan on 18 July 2014 under the Companies Ordinance, 1984, as a Private Limited Company. The registered office of AH 1857 is situated at Arif Habib Centre, 23 M.T. Khan Road, Karachi, Pakistan. It is domiciled in the province of Sindh. AH 1857 has been admitted as a Trading Right Entitlement Certificate holder of Karachi Stock Exchange. The principal activities of the Company are investments, share brokerage, interbank brokerage, initial public offering (IPO) underwriting, advisory and consultancy services.

- 1.2** Power Cement Limited (PCL) was established as private limited company on 01 December 1981 and was converted into public limited company on 09 July 1987 and is listed on Karachi and Lahore Stock Exchanges. The company's principal activity is manufacturing, selling and marketing of cement. Registered office of the company is situated at the Arif Habib Centre, 23 M.T Khan Road, Karachi, Pakistan and its undertaking is situated at Deh Kalo Kohar, Nooriabad Industrial Estate, District Dadu (Sindh).
- 1.3** Arif Habib DMCC (AHD) was incorporated in Dubai, U.A.E. on 24 October 2005 as a limited liability company. Its registered office is situated at Dubai Metals and Commodities Center, Dubai, U.A.E. AHD is a wholly owned subsidiary of AHCL and was granted registration 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.
- 1.4** Pakistan Opportunities Limited (formerly Pakistan Private Equity Management Limited) (POL) was incorporated in Pakistan on 6 September 2006 under the Companies Ordinance, 1984 as a public limited company (Un-Quoted). The registered office of POL is situated at 23 M.T. Khan Road, Karachi, Pakistan. POL was registered under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 with the Securities and Exchange Commission of Pakistan and was licensed to carry out Private Equity and Venture Capital Fund Management Services.

POL's license to carry out Private Equity and Venture Capital Fund Management Services expired on 03 June 2013. POL had decided not to apply for renewal of license and had applied with Securities and Exchange Commission of Pakistan to exit from the business which was granted. POL intends to continue its operations as an un-quoted public company under the Companies Ordinance, 1984 subsequent to its exit from NBFC regime.

- 1.5** Sachal Energy Development (Private) Limited (SEDPL) is a company incorporated in Pakistan under the Companies Ordinance, 1984 on 20 November 2006. The Company's registered office is located in Islamabad, Pakistan. The Company 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.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

This condensed interim consolidated financial information does not include all the information required for full financial statements and should be read in conjunction with the annual financial statements as at and for the year ended 30 June 2014.

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the nine months period ended 31st March 2015

The comparative balance sheet presented in this condensed interim consolidated financial information has been extracted from the annual audited consolidated financial statements of the Group for the year ended 30 June 2014, whereas the comparative condensed interim consolidated Profit and Loss Account, condensed interim consolidated Statement of Comprehensive Income, condensed interim consolidated Cash Flow statement and condensed interim consolidated Statement of Changes in Equity are extracted from the unaudited condensed interim consolidated financial information for the period ended 31 March 2014.

This condensed interim consolidated financial information is presented in Pakistan Rupees which is the Group's functional currency and presentation currency. The financial information of one foreign incorporated subsidiary have been translated into Pakistan Rupees for the purpose of these consolidated financial information.

2.2 Significant accounting policies

The accounting policies and methods of computation adopted by the Group in the preparation of this condensed interim consolidated financial information are the same as those applied in preparation of the preceding annual financial statements of the Group as at and for the year ended 30 June 2014.

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

2.3 Use of estimates and judgments

The preparation of this condensed interim consolidated 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 consolidated financial information, significant judgments made by management and the key sources of estimating uncertainty were the same as those that were applied to the annual financial statements of the Company as at and for the year ended 30 June 2014.

3. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements of the Group as at and for the year ended 30 June 2014.

4. CONTINGENCIES AND COMMITMENT

Parent Company

During the period, Arif Habib Corporation Limited has issued Corporate Guarantees on behalf of associates namely Aisha Steel Mills Limited and Javedan Corporation Limited amounting to Rs. 2.5 billion and Rs. 200 million respectively, in the normal course of business. The Company has also obtained letter of indemnity from the respective associates.

AHL, Subsidiary Company

Arif Habib Limited is contesting a demand of Rs. 45.42 million raised against its non taxable services vide order issued on 12 September 2014 by AC SRB. The company has filled appeal against the impugned order in the appropriate forum and stay has been granted against the impugned demand. The company's legal counsel is of the view that the company has a favorable case based on merit. The company has accordingly not made any provision of the said amount in this financial information.

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the nine months period ended 31st March 2015

<i>Further following commitments are outstanding as at the period end</i>	31 March 2015	30 June 2014
- Outstanding settlement against sale/purchases of securities in future market.	-	40,609,905
- Outstanding Settlements against Marginal Trading contracts	1,913,817,341	563,200,039
- Outstanding Settlements against (purchase)/sale of securities in regular market.	5,248,530	181,065,922
- Guarantee given by a commercial bank on behalf of the company	100,000,000	100,000,000
	<u>2,019,065,871</u>	<u>884,875,866</u>

PCL, Subsidiary Company

Power Cement Limited has received demand notice for the Sales tax and Excise Duty as disclosed in note 25.1 of the consolidated financial statements for the year ended 30 June 2014, against which Honorable High Court of Sindh has granted a stay order until the next date of hearing.

<i>Further following commitments are outstanding as at the period end</i>	31 March 2015	June 2014
Commitment against open letter of credit for:		
- Coal	111,884,000	-
- Stores and spares	17,035,000	98,651,000
- Other commitments - Ijarah rentals	1,584,000	2,557,000
	<u>130,503,000</u>	<u>101,208,000</u>

There are no other changes in the status of contingencies as disclosed in the preceding annual financial statements of the Group as at 30 June 2014 other than those disclosed above.

5. PROPERTY AND EQUIPMENT

Capital expenditure incurred during the period amounted to Rs 158.12 million. Further, assets having WDV of Rs. 1.04 million were sold for Rs. 1.375 million.

6. CASH AND CASH EQUIVALENTS

	Nine months period ended	
	March 2015	March 2014
	(Rupees)	
Cash and bank balances	329,665,537	133,763,551
Short term borrowings	(5,458,499,722)	(4,464,499,774)
	<u>(5,128,834,185)</u>	<u>(4,330,736,223)</u>

7. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the Group companies, directors and their close family members, major shareholders of the Group, key management personnel and staff provident fund. Transactions with related parties are on arm's length. Remuneration and benefits to executives of the Group are in accordance with the terms of the employment while contribution to the provident fund is in accordance with staff service rules.

Transactions with related parties during the period other than those disclosed elsewhere in these consolidated financial information are given below:

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the nine months period ended 31st March 2015

	Nine months period ended	
	March 2015	March 2014
	(Rupees)	
Transaction with associates		
- Dividend received	64,992,500	48,744,376
- Mark-up on loan and advance	118,666,007	98,485,087
- Mark-up income received	80,818,856	9,068,074
- Loan extended	1,980,394,225	967,021,452
- Loan repayment	1,120,538,586	810,000,000
- Sale of goods	13,810,000	1,464,700
- Commission on guarantees	1,350,000	-
- Purchase of investment property	-	1,044,048,000
Transaction with Other related party		
- Provident fund contribution	3,432,923	4,300,282
- Payment of rent and maintenance charges	30,628,511	22,949,002
- Payment to key management personnel	69,344,753	71,662,190
- Sale of goods & services	22,470,000	27,947,000
- Loan received-net	190,000,000	1,076,000,000
	Unaudited 31 March 2015	Audited 30 June 2014
	(Rupees)	
Balances as at		
- Commission on guarantee receivable from Javedan Corporation Limited	50,000	-
- Markup receivable from Aisha Steel Mills Limited	45,692,038	10,745,974
- Payable to Javedan Corporation Limited	1,700,179,646	1,700,179,646
- Trade receivable from Safe Mix Concrete Products Limited	12,234,404	8,036,000
- Trade Receivable from Javedan Corporation Limited	2,597,840	6,523,000
- Trade Receivable from Aisha Steel Mills Limited	165,000	165,000
- Commission on guarantee receivable from Aisha Steel Mills Limited	1,250,000	-
- Loan to Aisha Steel Mills Limited	1,407,537,274	441,506,452
- Loan to Javedan Corporation Limited	93,600,000	-
- Loan payable to Mr. Arif Habib	1,515,500,000	1,325,500,000
- Advance to Aisha Steel Mills Limited	104,098,620	236,924,414

8 REPORTABLE SEGMENTS

8.1 The group has four reportable segments: Capital Market Operations, Brokerage, Material & Construction and others. The capital market operations' segment is principally engaged in trading of equity securities and maintaining strategic and trading portfolios. The brokerage segment is principally engaged in brokerage, underwriting, corporate consultancy, research and corporate finance services. The material & construction segment is principally engaged in manufacturing and sale of construction related materials. Others include assets of energy development entity.

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the nine months period ended 31st March 2015

- 8.2** 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 2014. 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.
- 8.3** 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.
- 8.4** 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.

9. Date of Authorization for issue

This condensed interim consolidated financial information has been authorized for issue on 29 April, 2015 by the Board of Directors of the Company.



Chief Executive Officer



Director



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