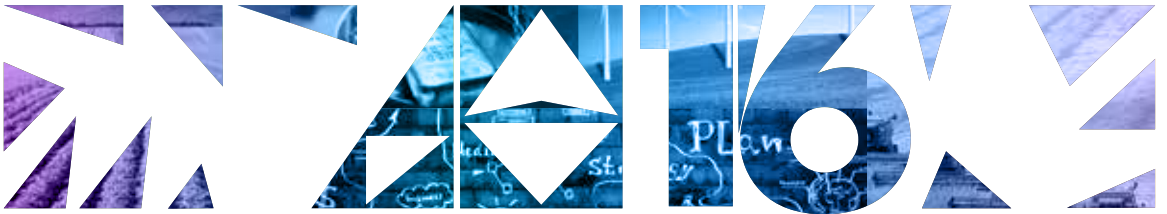




Arif Habib Corp

from vision to reality



**QUARTERLY REPORT
30TH SEPTEMBER 2015**

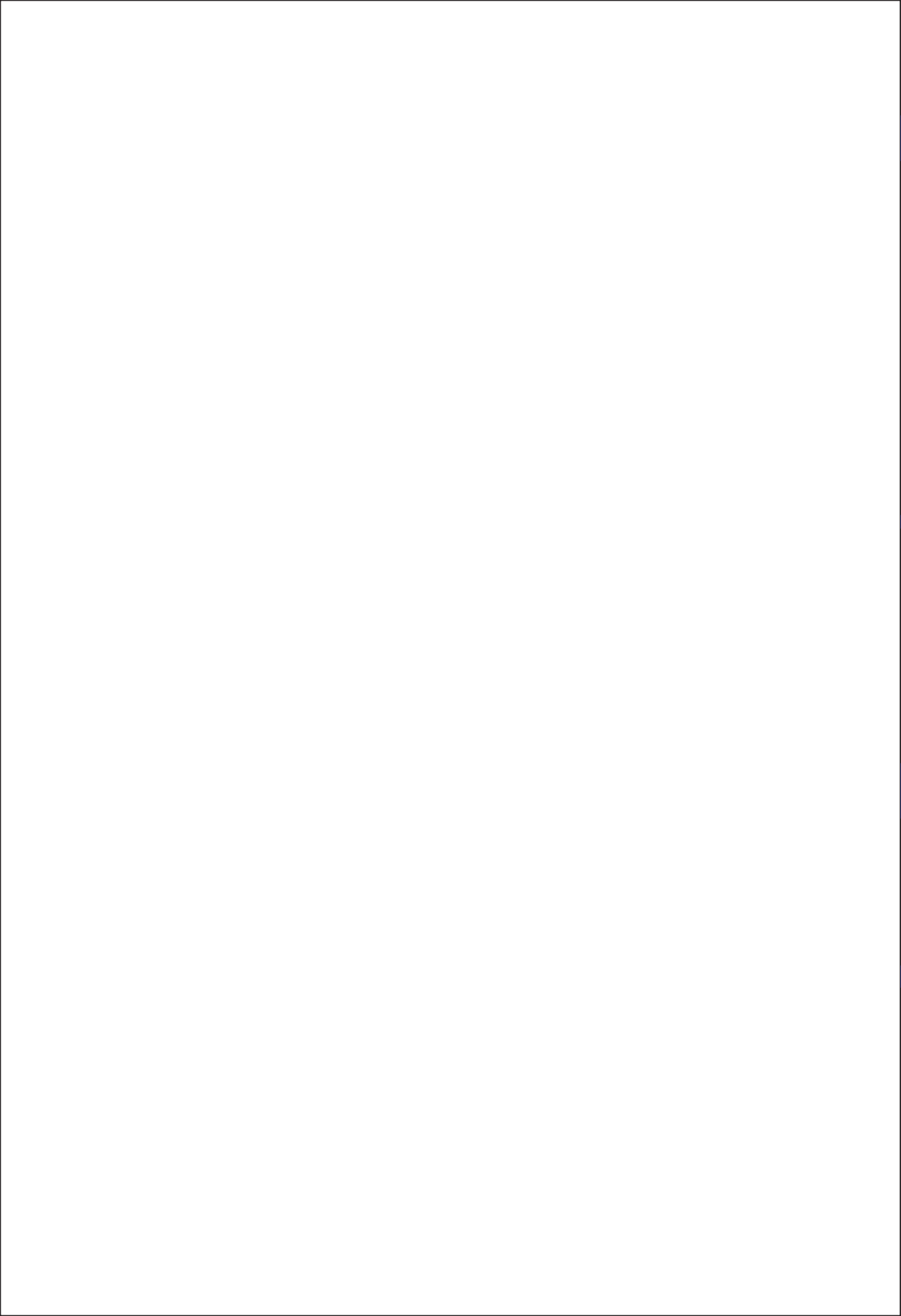




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Company Information

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

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

Habib Metropolitan Bank Limited
MCB Bank Limited
Standard Chartered Bank (Pakistan) Limited
Sindh Bank Limited
BankIslami Pakistan Limited
Summit Bank Limited

Auditors

KPMG Taseer Hadi &
Co., Chartered Accountants

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

Legal Advisors

Bawaney & Partners
Akhund Forbes

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 quarter ended 30th September 2015.

Financial Results

During the quarter, AHCL recorded operating revenue of Rs. 2,720.73 million, which includes dividend income, realized capital gain on sale of securities and unrealized gain on re-measurement of investments. After accounting for operating, administrative, financial and other expenses of Rs. 154.57 million, the Company earned a profit before tax of Rs. 2,567 million. The Company has reported an after-tax profit of Rs. 2,538.93 million for the quarter under review as compared with Rs. 158.16 million for the corresponding quarter ended 30th September 2014. Earnings per share during the quarter ended 30th September 2015 was Rs. 5.60 as compared to Re. 0.35 in the corresponding quarter during 2014-15.

Performance of Subsidiaries and Associates

During the period under review, the fertilizer industry faced an inventory buildup following the Government announcing its intent to provide subsidies to phosphate fertilizers and bringing urea prices to previous levels by withdrawing increase in feedstock. This intent however could not materialize until end of the quarter under review resulting in reduced sales. Nonetheless, production of Fatima, Pakarab and DH Fertilizer was better than the corresponding period last year. It is expected that the next quarter will witness higher sales.

Our financial services companies, Arif Habib Limited and MCB-Arif Habib Savings and Investments Limited have performed satisfactorily. Power Cement Limited and Javedan Corporation Limited have performed better. Aisha Steel continues to face challenges due to falling international steel prices and dumping in Pakistan by Chinese manufacturers. However, capacity utilization is gradually increasing.

Future Outlook

Going forward, we expect the economy to strengthen further, owing to the execution of mega infrastructure projects under China-Pak Economic Corridor (CPEC) across various sectors of the economy.

Your Company's management is optimistic that it will continue to create additional value for shareholders and augment the country's vast growth potential. Our fertilizer companies are expected to do well, particularly due to the Kissan package and subsidies implemented on fertilizer sale. Moreover, our financial services arm continues to post robust growth. A surge in real estate prices due to lower interest rate regime and improved security situation should help fuel growth for the real estate business of the group. The cement companies are expected to do better in the wake of surging domestic demand. Finally, with growth of an economy strongly linked to the demand for steel, we believe that the steel company which had been in losses previously will see a turnaround.

Acknowledgement

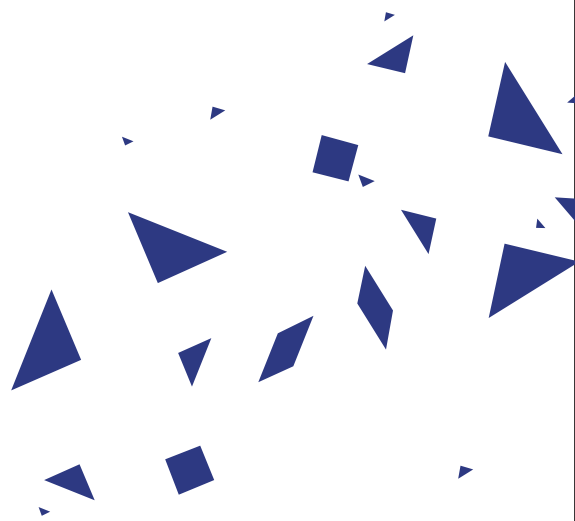
We are grateful to the Company's stakeholders for their continuing confidence and patronage. We record our appreciation and thanks to our Bankers, Business Partners, the Securities & Exchange Commission of Pakistan, the State Bank of Pakistan and the managements of Karachi, Lahore, and Islamabad Stock 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
27th October 2015



Condensed Interim Unconsolidated Financial Information

For the Quarter ended, 30th September 2015

Condensed Interim Unconsolidated Balance Sheet

As at 30th September 2015

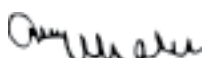
	Note	Unaudited September 2015	Audited June 2015
(Rupees)			
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital 1,000,000,000 ordinary shares of Rs. 10 each		<u>10,000,000,000</u>	<u>10,000,000,000</u>
Issued, subscribed and paid up share capital		4,537,500,000	4,537,500,000
Reserves		27,333,463,843	24,907,431,695
		31,870,963,843	29,444,931,695
Non-current liabilities			
Deferred taxation		2,337,122,349	2,331,789,966
Long term loan - secured	6	322,370,267	346,854,503
Long term payable		1,700,179,646	1,700,179,646
		4,359,672,262	4,378,824,115
Current liabilities			
Trade and other payables		1,671,509,695	1,815,576,478
Interest / mark-up accrued		80,593,294	42,945,861
Short term borrowings	7	3,360,000,000	3,360,000,000
Current maturity of long term loan	6	49,035,318	49,035,322
Provision for taxation		528,297,257	505,567,741
		5,689,435,564	5,773,125,402
		41,920,071,669	39,596,881,212
Contingencies and commitments			
	8		

Condensed Interim Unconsolidated Balance Sheet

As at 30th September 2015

	Note	Unaudited September 2015	Audited June 2015
(Rupees)			
ASSETS			
Non-current assets			
Property and equipment	9	48,697,232	50,787,754
Intangible assets		512,952	566,016
Long term investments	10	32,907,547,780	31,123,833,356
Investment property		2,661,504,400	2,661,504,400
Long term deposits		1,966,390	1,951,390
		35,620,228,754	33,838,642,916
Current assets			
Loans and advances	11	2,515,952,625	1,087,898,563
Prepayments		11,904,755	15,190,280
Advance tax		488,115,230	487,184,477
Markup receivable		69,949,463	18,855,901
Trade and other receivables		1,678,035,643	1,216,811,964
Short term investments		605,448,417	907,015,462
Cash and bank balances		930,436,782	2,025,281,649
		6,299,842,915	5,758,238,296
		41,920,071,669	39,596,881,212

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 three months period ended 30th September 2015

	Note	Three months period ended	
		September 2015	September 2014
(Rupees)			
Operating revenue	12	2,720,733,925	393,612,330
Operating and administrative expenses		(19,576,974)	(41,965,538)
Finance cost		(82,589,183)	(58,821,253)
Other charges		(52,408,761)	(5,858,049)
Other income - net		837,189	76,917
Profit before tax		2,566,996,196	287,044,407
Taxation	13	(28,061,899)	(128,887,822)
Profit after tax		2,538,934,297	158,156,585
Earnings per share - basic and diluted		5.60	0.35

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 three months period ended 30th September 2015

	Three months period ended	
	September 2015	September 2014
	(Rupees)	
Profit for the period	2,538,934,297	158,156,585
Other comprehensive income		
<i>Items that are to be reclassified subsequently to profit and loss account</i>		
Unrealised diminution during the period on remeasurement of investments classified as 'available for sale'	(112,902,149)	(218,517,690)
Total comprehensive income for the period	2,426,032,148	(60,361,105)

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 three months period ended 30th September 2015

	Note	September 2015	September 2014
(Rupees)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	14	(1,563,029,927)	(696,179,631)
Income tax paid		(930,753)	(2,526,588)
Finance cost paid		(44,941,750)	(68,084,895)
Dividend received		-	10,000,000
Interest received		7,981,118	18,983,554
Net cash used in operating activities		(1,600,921,312)	(737,807,560)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(119,500)	(222,700)
Proceeds from sale of property and equipment		15,000	-
Acquisition of long term investments		(139,500,000)	(15,000,000)
Proceeds from sale of long term investments		670,180,185	-
Long term deposits		(15,000)	-
Net cash generated from / (used in) investing activities		530,560,685	(15,222,700)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loan		(24,484,240)	(24,302,147)
Net cash out flow from financing activities		(24,484,240)	(24,302,147)
Net decrease in cash and cash equivalents		(1,094,844,867)	(777,332,407)
Cash and cash equivalents at beginning of the period		(1,334,718,351)	(1,371,529,144)
Cash and cash equivalents at end of the period	15	(2,429,563,218)	(2,148,861,551)

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 three months period ended 30th September 2015

	Issued, subscribed and paid up share capital	Unrealized (diminution) / appreciation on remeasurement of investments classified as 'available for sale'	Reserves			Total
			General reserve	Unappropriated profit	Sub total	
(Rupees)						
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 three months period ended 30 September 2014						
Profit for the period	-	-	-	158,156,585	158,156,585	158,156,585
Other Comprehensive Income						
Unrealised appreciation / (diminution) during the period on remeasurement of investments classified as 'available for sale'	-	(218,517,690)	-	-	(218,517,690)	(218,517,690)
Balance as at 30 September 2014	4,537,500,000	(820,127,671)	4,000,000,000	17,972,846,006	21,152,718,335	25,690,218,335
Balance as at 1 July 2015	4,537,500,000	(211,635,998)	4,000,000,000	21,119,067,693	24,907,431,695	29,444,931,695
Total comprehensive income for the three months period ended 30 September 2015						
Profit for the period	-	-	-	2,538,934,297	2,538,934,297	2,538,934,297
Other Comprehensive Income						
Unrealised diminution during the period on remeasurement of investments classified as 'available for sale'	-	(112,902,149)	-	-	(112,902,149)	(112,902,149)
Balance as at 30 September 2015	4,537,500,000	(324,538,147)	4,000,000,000	23,658,001,990	27,333,463,843	31,870,963,843

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 three months period ended 30th September 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>	Shareholding
Subsidiaries	
- Arif Habib Limited, a brokerage house	<u>69.00%</u>
- Power Cement Limited, a cement manufacturing company	<u>56.96%</u>
- Arif Habib DMCC, a UAE incorporated company	<u>100.00%</u>
- Pakistan Opportunities Limited, (formerly Pakistan Private Equity Management Limited)	<u>85.00%</u>
- Sachal Energy Development Private Limited, a wind power generation company	<u>99.99%</u>
Associates	
- MCB-Arif Habib Savings and Investments Limited	<u>30.09%</u>
- Pakarab Fertilizers Limited	<u>30.00%</u>
- Fatima Fertilizer Company Limited	<u>15.19%</u>
- Aisha Steel Mills Limited *	<u>18.93%</u>
- Javedan Corporation Limited *	<u>25.36%</u>
Others	
- 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 three months period ended 30 September 2015 are summarised as under:

- 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 15.67% to 15.19%.
- the Company has sold 4,337,000 shares of Javedan Corporation Limited, an associate of the Company, resulting in a decrease in the Company's holding from 27.25% to 25.36%.

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the three months period ended 30th September 2015

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim unconsolidated financial information for the three months period ended 30 September 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 2015.

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 2015, 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 30 September 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 2015.

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 three months period ended 30th September 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 were applied to the annual audited unconsolidated financial statements as at and for the year ended 30 June 2015.

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 2015.

6. LONG TERM LOAN - secured

		Unaudited September 2015	Audited June 2015
(Rupees)			
<i>From related party:</i>			
Term finance loan	6.1	200,000,000	200,000,000
<i>Others:</i>			
Term finance loan	6.2	170,040,675	194,417,158
less: current maturity of term finance loan		(48,604,290)	(48,604,294)
Diminishing Musharakah Financing	6.3	1,364,910	1,472,667
less: current maturity of Diminishing Musharakah Financing		(431,028)	(431,028)
		322,370,267	346,854,503

- 6.1** The Company obtained term finance facility of Rs. 200 million from Summit Bank Limited, related party, 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.
- 6.2** 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. The market value of pledged shares as collateral amounts to Rs. 262.195 million (30 June 2015: Rs. 289.737 million) at balance sheet date. During the period, the Company has paid an installment of Rs. 24.37 million.
- 6.3** The Company has acquired a vehicle under diminishing musharakah financing arrangement entered into with First Habib Modaraba for a period of 4 years with monthly principal repayment. The financing is secured against the respective vehicle and promissory note issued in favor of the lender.

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the three months period ended 30th September 2015

7. SHORT TERM BORROWINGS - secured

		Unaudited September 2015	Audited June 2015
(Rupees)			
<i>Secured- from banking companies</i>			
Term Loan	7.1	360,000,000	360,000,000
Running Finance	7.2	-	-
<i>Unsecured</i>			
Other than banking companies - related party	7.3	3,000,000,000	3,000,000,000
		3,360,000,000	3,360,000,000

7.1 The Company availed Term Finance Loan of Rs. 360 million from Summit Bank Limited, an associated undertaking, 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 the personal guarantee of Chief Executive 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 2015: Rs. 2,800 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 30 June 2016. These arrangements are secured against pledge of marketable securities with minimum 30% margin (30 June 2015: 30% margin).

These running finance facilities carry mark-up ranging from 1 month KIBOR + 1% to 3 month KIBOR + 2.25% per annum (2015: 1 month KIBOR + 1% to 3 month KIBOR + 2.5% per annum) calculated on a daily product basis, and is payable quarterly. The aggregate amount of these facilities which has not been availed as at the balance sheet date amounts to Rs. 2,800 million (30 June 2015: Rs. 2,800 million).

7.3 This represents unsecured working capital loan from an associated undertaking repayable on demand. This loan carries markup at the rate of 3 month KIBOR + 1.55% and is payable on semi-annual basis.

7.4 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. 2,727.693 million (30 June 2015: Rs. 2,540.556 million).

8. CONTINGENCIES AND COMMITMENTS

8.1 There is no change 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 2015.

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the three months period ended 30th September 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:

	Three months period ended September 2015		Three months period ended September 2014	
	Additions	Disposals	Additions	Disposals
	(Rupees)			
Computer and allied equipments	119,500	18,396	222,700	-
	119,500	18,396	222,700	-

10. LONG TERM INVESTMENTS

		Unaudited September 2015	Audited June 2015
		(Rupees)	
Subsidiaries - at cost	10.1	3,972,885,578	3,833,385,578
At fair value through profit or loss	10.2	26,472,422,460	24,573,963,057
Available for sale	10.3	2,462,239,742	2,716,484,721
		32,907,547,780	31,123,833,356

10.1 Subsidiaries - at cost

	Cost	Provision for Impairment	Carrying amount	
			Unaudited September 2015	Audited June 2015
			(Rupees)	
Arif Habib Limited (AHL)	2,375,720,796	-	2,375,720,796	2,375,720,796
Power Cement Limited (PCL)	815,718,824	-	815,718,824	815,718,824
Arif Habib DMCC (AHD)	29,945,898	-	29,945,898	29,945,898
Pakistan Opportunities Limited, (formerly Pakistan Private Equity Management Limited)	42,500,000	(42,500,000)	-	-
Sachal Energy Development (Private) Limited (SEDPL)	751,500,060	-	751,500,060	612,000,060
	4,015,385,578	(42,500,000)	3,972,885,578	3,833,385,578

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 1,157.60 million. (30 June 2015: Rs. 1,157.60 million)

10.2 At fair value through profit or loss

	Cost	Unrealised appreciation on remeasurement of investments	Carrying amount	
			Unaudited September 2015	Audited June 2015
			(Rupees)	
Associates:				
MCB - Arif Habib Savings and Investments Limited	477,694,882	161,398,045	639,092,927	649,925,010
Pakarab Fertilizers Limited (PFL)	1,324,332,073	9,745,667,927	11,070,000,000	11,070,000,000
Fatima Fertilizer Company Limited (FFCL)	3,512,782,225	11,250,547,308	14,763,329,533	12,854,038,047
	5,314,809,180	21,157,613,280	26,472,422,460	24,573,963,057

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the three months period ended 30th September 2015

10.2.1 Before loss of control, MCB-AH was stated at Rs. 81.948 million which is the 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 September 2015	Audited June 2015
(Rupees)					
Associates:					
Aisha Steel Mills Limited (ASML)	142,213,500	(8,675,023)	(22,469,733)	111,068,744	119,743,767
Aisha Steel Mills Limited - convertible cumulative preference shares (ASML-PS)	263,468,386	(20,710,106)	(45,608,826)	197,149,454	217,859,560
Aisha Steel Mills Limited - convertible cumulative preference shares (ASML-PS2)	564,935,150	169,480,545	-	734,415,695	593,181,908
Javedan Corporation Limited (JCL)	1,777,591,031	(251,762,607)	(327,954,394)	1,197,874,030	1,590,979,467
Javedan Corporation Limited- convertible preference shares (JCL-PS)	92,620,761	129,011,058	-	221,631,819	194,620,019
	2,840,828,828	17,343,867	(396,032,953)	2,462,139,742	2,716,384,721
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)	-	-
	32,000,000	-	(31,900,000)	100,000	100,000
	2,872,828,828	17,343,867	(427,932,953)	2,462,239,742	2,716,484,721

10.4 Fair value of long term investments pledged with banking companies against various financing facilities amounts to Rs. 2,563.467 million (30 June 2015: Rs. 2,232.493 million).

10.5 Movement in provision for impairment

	Unaudited September 2015	Audited June 2015
	(Rupees)	
Opening balance	(502,409,244)	(74,400,000)
Provision during the period	-	(428,009,244)
Closing balance	(502,409,244)	(502,409,244)

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the three months period ended 30th September 2015

11. LOANS AND ADVANCES

		Unaudited September 2015	Audited June 2015
(Rupees)			
Unsecured			
Advances			
- for new investment	11.1	425,494,937	425,494,937
- against salaries		649,758	764,705
		426,144,695	426,259,642
Loans to related parties			
- Arif Habib Limited	11.2	500,000,000	-
- Power Cement Limited	11.3	400,000,000	-
- Aisha Steel Mills Limited	11.4	721,325,213	493,156,204
- Javedan Corporation Limited	11.5	300,000,000	-
		1,921,325,213	493,156,204
Secured			
Receivable against reverse repurchase agreement (Reverse repo)	11.6	153,876,830	153,876,830
Loan to Aisha Steel Mills Limited	11.7	14,605,887	14,605,887
		2,515,952,625	1,087,898,563

- 11.1** This represents the amount paid as deposit for acquisition of shares of a company in dairy farming industry.
- 11.2** The mark-up rate on the said loan is 3 month KIBOR prevailing on the base rate setting date plus 2.00% per annum. Mark-up is payable on quarterly basis. The effective mark-up charged during the period was 9.01% per annum. The loan is repayable within 30 business days of notice of demand.
- 11.3** The mark-up rate on the said loan is 3 month KIBOR prevailing on the base rate setting date plus 2.25% per annum. Mark-up is payable on quarterly basis. The effective mark-up charged during the period was 9.25% per annum. The loan is repayable within 30 business days of notice of demand.
- 11.4** 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 10.01% (30 June 2015: 10.99% to 13.43%) per annum. The loan is repayable within 30 business days notice of demand.
- 11.5** The mark-up rate on the said loan is 3 month KIBOR prevailing on the base rate setting date plus 2.65% per annum. Mark-up is payable on quarterly basis. The effective mark-up charged during the period was 9.64% per annum. The loan is repayable within 30 business days of notice of demand.

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the three months period ended 30th September 2015

- 11.6** The Company has entered into agreements for Purchase and Sale of Securities (Reverse repo) with financees on 3 September 2013. The effective rate between purchase and resale price is 20% per annum respectively (30 June 2015: 20% per annum respectively). The fair value of underlying securities of unsettled agreement as at the balance sheet date is Rs. 290.114 million (30 June 2015: Rs. 310.213 million). As per the agreement, all transaction costs relating to purchase and sale of securities shall be borne by the financee.
- 11.7** 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 markup rate in the said loan is 6 month KIBOR + 3.25% per annum (30 June 2015: 6 months KIBOR + 3.25% per annum). The effective rate of markup charged during the period was 10.29% (30 June 2015: 11.23% to 13.42%) per annum. Mark-up is payable on semi-annually basis.
- 11.8** Maximum balance due from related parties is Rs. 2,398.631 million (30 June 2015: 1,361.5 million).

12. OPERATING REVENUE

	Three months period ended	
	September 2015	September 2014
	(Rupees)	
Dividend income	266,503,651	199,748,685
Markup on loans and advances	51,185,629	46,592,392
Profit on bank accounts	894,960	57,876
Income from reverse repurchase transactions	7,889,051	-
Put option fee	20,350,000	20,350,000
Gain / (loss) on sale of securities - net	455,898,329	(9,496,744)
Gain on remeasurement of investments-net	1,918,012,305	136,360,121
	2,720,733,925	393,612,330

13. TAXATION

	Three months period ended	
	September 2015	September 2014
	(Rupees)	
For the period		
-Current	(22,729,516)	(2,024,402)
-Deferred	(5,332,383)	(126,863,420)
	(28,061,899)	(128,887,822)

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the three months period ended 30th September 2015

14. CASH USED IN OPERATIONS

	September 2015 (Rupees)	September 2014
Profit before tax	2,566,996,196	287,044,407
Adjustments for non cash and other items		
Depreciation and amortization	2,227,002	2,532,602
Dividend income	(266,503,651)	(199,748,685)
Mark-up on loans and advances	(51,185,629)	(46,592,392)
Gain on disposal of Long term investment	(418,718,861)	-
Loss on disposal of asset	21,084	-
Unrealised gain on remeasurement of investment	(1,918,012,305)	(136,360,121)
Income from reverse repurchase transactions	(7,889,051)	-
Workers' Welfare fund	52,387,677	5,858,049
Finance cost	82,589,183	58,821,253
	(2,525,084,551)	(315,489,294)
Changes in working capital		
<i>(Increase) / decrease in current assets</i>		
Loans and advances - net of repayment	(1,428,054,062)	(345,743,897)
Prepayments	3,285,525	(3,523,223)
Trade and other receivables	(194,720,028)	(172,245)
Short term investments	211,001,453	(193,613,039)
Asset held for sale	-	27,891,903
<i>(Decrease) / increase in current liabilities</i>		
Trade and other payables	(196,454,460)	(152,574,243)
	(1,604,941,572)	(667,734,744)
Cash used in operations	(1,563,029,927)	(696,179,631)
15. CASH AND CASH EQUIVALENTS		
Cash and bank balances	930,436,782	45,535,691
Short term borrowings	7 (3,360,000,000)	(2,194,397,242)
	(2,429,563,218)	(2,148,861,551)

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.

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

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the three months period ended 30th September 2015

	Three months period ended	
	September 2015	September 2014
	(Rupees)	
Relationship with the Company and the nature of transaction		
Transactions with Subsidiaries		
Services availed	2,036,746	2,901,209
Loan extended	1,150,000,000	230,000,000
Loan repayment	250,000,000	130,000,000
Mark-up income accrued on loan and advance	25,318,425	1,494,921
Dividend income / received	265,648,159	189,748,685
Guarantee Commission	66,966	-
Transactions with Associates		
Markup on loan and advance	25,867,205	37,871,209
Markup income received	7,981,118	-
Loan extended	1,438,370,543	897,000,000
Loan repayment	909,800,000	300,000,000
Guarantee Commission	675,000	-
Transactions with Other related parties		
Provident fund contribution	410,874	494,200
Payment of rent and maintenance charges	1,635,229	6,966,300
Markup on loan	78,010,674	-
Loan obtained	3,000,000,000	-
Remuneration to Key management personnel		
Remuneration	4,950,600	6,588,789
	Unaudited September 2015	Audited June 2015
	(Rupees)	
Balances as at :		
Commission on guarantee receivable from Javedan Corporation Limited	50,000	-
Commission on guarantee receivable from Aisha Steel Mills Limited	625,000	625,000
Commission on guarantee receivable from Power Cement Limited	66,966	66,966
Markup receivable from Aisha Steel Mills Limited	26,715,993	15,723,167
Markup receivable from Javedan Corporation Limited	6,893,260	-
Markup receivable from Power Cement Limited	8,717,808	-
Markup receivable from Arif Habib Limited	16,600,616	-
Dividend receivable from Arif Habib Limited	265,648,159	-
Markup payable to Summit Bank Limited	17,015,909	30,325,018
Markup payable to International Complex Projects Limited	65,431,233	-
Loan payable to International Complex Projects Limited	3,000,000,000	-
Receivable / (Payable) from / to Arif Habib Limited against sale / purchase of listed securities from stock exchange under T+2 settlement method	193,564,049	(5,959,200)
Payable to Javedan Corporation Limited	1,700,179,646	1,700,179,646

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the three months period ended 30th September 2015

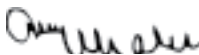
17 General

17.1 Appropriation for dividend

For the year ended June 30, 2015, the Shareholders of the Company have approved a cash dividend of Rs. 4.00 per share amounting to Rs. 1,815,000,000 at the Annual General Meeting held on October 21, 2015. This financial information does not reflect this appropriation.

17.2 Date of Authorization for issue

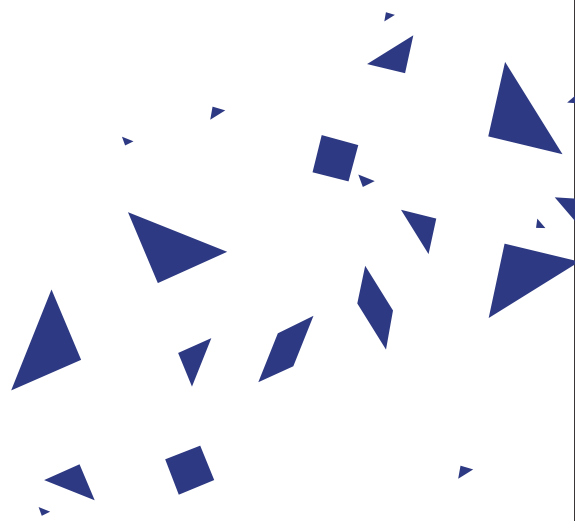
This condensed interim unconsolidated financial information has been authorized for issue on October 27, 2015 by the Board of Directors of the Company.



Chief Executive Officer



Director



Condensed Interim Consolidated Financial Information

For the Quarter ended, 30th September 2015

Condensed Interim Consolidated Balance Sheet

As at 30th September 2015

Note	Unaudited September 2015	Audited June 2015
(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	15,890,270,125	13,705,671,841
Equity attributable to owners of the Parent	20,427,770,125	18,243,171,841
Non-controlling interest	1,526,853,111	1,550,040,084
	21,954,623,236	19,793,211,925
Surplus on revaluation of fixed assets	15,432,500	15,432,500
Non-current liabilities		
Long term loans - secured	1,260,913,041	1,252,251,503
Loans from related parties - unsecured	1,122,278,304	1,180,989,352
Long term payable	1,700,179,646	1,700,179,646
Liabilities against assets subject to finance lease	3,469,729	1,660,874
Deferred liability - staff gratuity	53,337,769	50,073,519
Deferred taxation - net	881,154,880	621,315,664
	5,021,333,369	4,806,470,558
Current liabilities		
Loan from previous sponsors	735,000	735,000
Trade and other payables	3,191,324,790	3,124,271,790
Dividend payable to non-controlling interest	119,351,841	-
Interest / mark-up accrued on borrowings	77,851,542	102,354,574
Short term borrowings	4,777,347,244	4,621,066,027
Current portion of long term loans	543,712,290	544,143,322
Current portion of liabilities against assets subject to finance lease	942,954	500,013
Provision for taxation	721,842,919	670,102,867
Payable against sale of securities	111,326,165	44,558,395
	9,544,434,745	9,107,731,988
	36,535,823,850	33,722,846,971

Contingencies and commitments

Condensed Interim Consolidated Balance Sheet

As at 30th September 2015

	Note	Unaudited September 2015	Audited June 2015
(Rupees)			
ASSETS			
Non-current assets			
Property, plant and equipment	5	4,863,131,234	4,790,605,043
Intangible assets - others		15,656,817	15,037,353
Goodwill		1,163,961,863	1,163,961,863
Trading right entitlement certificate, membership cards and offices		24,600,000	24,600,000
Equity accounted investees		16,054,157,951	14,293,581,206
Other long term investments		121,442,551	121,442,551
Investment property		3,173,144,374	3,173,144,374
Long term deposits and prepayments		78,732,336	47,599,877
		25,494,827,126	23,629,972,267
Current assets			
Stock-in-trade		213,366,000	284,975,000
Stores, spares and loose tools		704,994,034	562,409,000
Trade debts		1,695,015,340	791,170,241
Loans and advances - considered good		1,817,125,118	1,349,239,951
Deposits and prepayments		229,384,880	433,919,303
Advance tax		606,800,421	533,133,862
Tax refund due from government		287,265,000	287,265,000
Markup receivable		54,113,328	18,856,147
Other receivables - considered good		1,626,325,932	1,320,649,417
Short term investments		2,218,919,380	1,682,189,185
Cash and bank balances		1,587,687,291	2,829,067,598
		11,040,966,724	10,092,874,704
		36,535,823,850	33,722,846,971

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 three months period ended 30th September 2015

	Three months period ended	
	September 2015	September 2014
(Rupees)		
Operating revenue	680,537,732	376,464,208
Operating and administrative expenses	(106,559,728)	(178,215,890)
Other income	46,465,014	213,409,789
Finance cost	(131,356,585)	(223,286,007)
Other charges	(71,191,868)	(22,368,042)
	417,894,565	166,004,058
Share of profit of equity-accounted associates - net of tax	2,178,818,106	461,618,102
Profit before tax	2,596,712,671	627,622,160
Taxation		
For the period		
- Current	(51,740,052)	(62,410,089)
- Deferred	(259,839,216)	(92,177,575)
	(311,579,268)	(154,587,664)
Profit after tax	2,285,133,403	473,034,496
Profit attributable to:		
Equity holders of the Parent Company	2,188,968,535	399,347,273
Non-controlling interests	96,164,868	73,687,223
	2,285,133,403	473,034,496
Earnings per share - Basic & Diluted	4.82	0.88

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 (Unaudited)

For the three months period ended 30th September 2015

	Three months period ended	
	September 2015	September 2014
(Rupees)		
Profit after tax	2,285,133,403	473,034,496
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	640,179	1,475,711
Share of other comprehensive income of equity-accounted associates -net of tax	(5,010,430)	-
Other comprehensive income for the period	(4,370,251)	1,475,711
Total comprehensive income for the period	2,280,763,152	474,510,207
Total comprehensive income attributable to:		
Equity holders of Arif Habib Corporation Limited	2,184,598,284	400,822,984
Non-controlling interests	96,164,868	73,687,223
	2,280,763,152	474,510,207

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



Chief Executive Officer



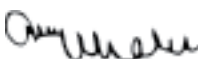
Director

Condensed Interim Consolidated Cash Flow Statement (Unaudited)

For the three months period ended 30th September 2015

Note	September 2015	September 2014
(Rupees)		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	2,596,712,671	627,622,160
Adjustments for:		
Depreciation	28,514,545	13,951,935
Loss on sale of property and equipment	24,821	-
Unrealised loss / (gain) on short term investments	130,214,593	312,250,118
Share of profit of equity-accounted associates - net of tax	(2,178,818,106)	(461,618,103)
Amortization	980,722	327,249
Mark-up on loans and advances	(27,276,063)	(45,097,471)
Finance cost	131,356,585	223,286,007
	(1,915,002,903)	43,099,735
Operating profit before working capital changes	681,709,768	670,721,895
Changes in working capital:		
<i>(Increase) / decrease in current assets</i>		
Stock in trade	71,609,000	10,531,000
Store and spares	(142,585,034)	(126,349,000)
Trade debts	(903,845,099)	(701,083,687)
Loans and advances	(467,885,167)	(191,397,052)
Deposits and prepayments	204,534,423	(21,685,816)
Receivable against sale of securities - net	-	731,745,113
Other receivables	(305,676,515)	8,958,880
Short term investments	(666,944,788)	(575,984,527)
Assets held for sale	-	41,900,809
<i>Increase in current liabilities</i>		
Trade and other payables	67,053,000	68,243,221
Payable against sale of securities	66,767,770	-
	(2,076,972,410)	(755,121,059)
Cash used in operations	(1,395,262,642)	(84,399,164)
Taxes paid	(73,666,560)	(28,021,000)
Finance cost paid	(155,859,617)	(223,139,799)
Interest received	(7,981,118)	(3,115,200)
Net cash used in operating activities	(1,632,769,936)	(338,675,163)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(101,107,999)	(18,833,331)
Proceeds from sale of assets	42,442	-
Acquisition of intangible assets	(1,600,186)	(304,069)
Acquisition of Trading right entitlement certificate	-	(9,500,000)
Acquisition of Investment Property	-	(4,270,000)
Long term investments - net	413,871,110	-
Long term deposits	(31,132,459)	(3,114,385)
Net cash (used in) / generated from investing activities	280,072,908	(36,021,785)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	(50,480,542)	(213,695,616)
Deferred liability	3,264,250	2,133,212
Lease liability	2,251,796	(187,975)
Net cash used in financing activities	(44,964,496)	(211,750,379)
Net decrease in cash and cash equivalents	(1,397,661,524)	(586,447,327)
Cash and cash equivalents at beginning of the period	(1,791,998,429)	(4,082,919,304)
Cash and cash equivalents at end of the period	6	(4,669,366,631)

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 three months period ended 30th September 2015

	Equity attributable to owners of the Parent						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	Total		
	(Rupees)							
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 three months period								
Profit for the three months period ended 30 September 2014	-	-	-	-	399,347,273	399,347,273	73,687,223	473,034,496
Other comprehensive income								
Effect of translation of net assets of foreign subsidiary to presentation currency - net	-	-	1,475,711	-	-	1,475,711	-	1,475,711
Share of other comprehensive income of equity-accounted associates - net of tax	-	-	1,475,711	-	399,347,273	400,822,984	73,687,223	474,510,207
Balance as at 30 September 2014	4,537,500,000	68,004,298	49,587,232	4,019,567,665	7,616,319,991	16,290,979,186	1,129,284,578	17,420,263,764
Balance as at 1 July 2015	4,537,500,000	115,262,601	46,886,652	4,019,567,665	9,523,954,923	18,243,171,841	1,550,040,084	19,793,211,925
Total comprehensive income for the three months period								
Profit for the three months period ended 30 September 2015	-	-	-	-	2,188,968,535	2,188,968,535	96,164,868	2,285,133,403
Other comprehensive income								
Effect of translation of net assets of foreign subsidiary to presentation currency - net	-	-	640,179	-	-	640,179	-	640,179
Share of other comprehensive income / (loss) of equity-accounted associates - net of tax	-	(5,010,430)	640,179	-	-	(5,010,430)	-	(5,010,430)
	-	(5,010,430)	640,179	-	2,188,968,535	2,184,598,284	96,164,868	2,280,763,152
Transactions with owners								
Distribution by subsidiary	-	-	-	-	-	-	(119,351,841)	(119,351,841)
Balance as at 30 September 2015	4,537,500,000	110,252,171	47,526,831	4,019,567,665	11,712,923,458	20,427,770,125	1,526,853,111	21,954,623,236

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 three months period ended 30th September 2015

1. 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, Real estate, 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 three months period ended 30 September 2015 comprise of the Parent and following subsidiary companies (here-in-after referred to as "the Group").

<i>Name of Company</i>		Shareholding (including indirect holding)
Subsidiaries	Note	
- Arif Habib Limited, a brokerage house	1.1	<u>69.00%</u>
- Arif Habib Commodities (Private) Limited, investment management of commodities, wholly owned subsidiary of Arif Habib Limited	1.2	<u>69.00%</u>
- Arif Habib 1857 (Private) Limited, investments and share brokerage company, wholly owned subsidiary of Arif Habib Limited	1.3	<u>69.00%</u>
- Power Cement Limited, a cement manufacturing company	1.4	<u>56.96%</u>
- Arif Habib DMCC, a UAE incorporated member company of Dubai Gold and Commodities Exchange	1.5	<u>100.00%</u>
- Pakistan Opportunities Limited (formerly Pakistan Private Equity Management Limited) (POL)	1.6	<u>85.00%</u>
- Sachal Energy Development (Private) Limited, a wind power generation company	1.7	<u>99.99%</u>

Additionally, the AHCL 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>18.97%</u>
- MCB-Arif Habib Savings and Investments Limited	<u>30.09%</u>
- Fatima Fertilizer Company Limited	<u>15.19%</u>
- Javedan Corporation Limited *	<u>39.36%</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 AHL are investments, share brokerage, interbank brokerage, initial public offering (IPO) underwriting, advisory and consultancy services.

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the three months period ended 30th September 2015

- 1.2** 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 AHCPL is located at Arif Habib Centre, Karachi. The principal activity of AHCPL is to effectively manage investment portfolios in commodities. The AHCPL is a wholly owned Company of Arif Habib Limited. AHCPL holds license of Pakistan Mercantile Exchange (PMEX).
- 1.3** Arif Habib 1857 (Private) Limited (AH1857) was incorporated on 17 July 2014 as a private limited company in Pakistan under Companies Ordinance, 1984. The registered office of the Company is located at Arif Habib Centre, 23 M.T. Khan road, Karachi. The principal activities of the Company are investment and shares brokerage. AH1857 is a wholly owned Subsidiary of Arif Habib Limited. AH1857 holds Trading Right Entitlement Certificate (TREC) and is in the process of registering itself with the Securities and Exchange Commission of Pakistan (SECP) and other regulatory bodies.
- 1.4** Power Cement Limited (PCL) was established as a 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. PCL principal activity is manufacturing, selling and marketing of cement. Registered office of PCL 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).
- 1.5** 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 Unit No. AG-15-E, AG Tower (Silver), Plot No. 11, Jumeirah Lake Towers, Dubai, U.A.E. AHD is a wholly owned subsidiary of Parent Company 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's trading license was valid until 25 October 2014.
- 1.6** Pakistan Opportunities Limited (POL) [formerly Pakistan Private Equity Management Limited] was incorporated in Pakistan on 6 September 2006 under the Companies Ordinance, 1984 as a public limited company (Un-Quoted). The registered office of the POL is situated at 23 M.T. Khan Road, Karachi, Pakistan. POL was a Venture Capital Company (VCC) registered, under the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 as amended through S.R.O.1131(1) 2007 and SRO 271(I)/2010, with the Securities and Exchange Commission of Pakistan (SECP) and had 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. On 7 November 2013, POL decided to exit from the business and not to apply for renewal of license and apply to SECP to exit from the business which was granted on 18 November 2014. During the year, Memorandum of Association was amended by shareholders through special resolution dated 5 January 2015 and was approved by the SECP on 19 January 2015. The name of the Subsidiary Company was changed with effect from 19 January 2015.
- 1.7** Sachal Energy Development (Private) Limited (SEDPL) is a company incorporated in Pakistan under the Companies Ordinance, 1984 on 20 November 2006. SEDPL's registered office is located in Islamabad, Pakistan. It plans to carry out the business of purchasing, generating, importing, distributing, supplying and dealing in electricity and all other form of energy and the related services. It is in process of establishing 50MW wind power project in Jhimpir, Sindh, Pakistan.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the three months period ended 30th September 2015

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 audited consolidated financial statements as at and for the year ended 30 June 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 2015, 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 30 September 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 2015.

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 audited consolidated financial statements of the Company as at and for the year ended 30 June 2015.

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 2015.

4. CONTINGENCIES AND COMMITMENT

4.1 Contingencies

There is no other change in the status of contingencies as disclosed in the preceding annual audited consolidated financial statements as at and in the year ended 30 June 2015.

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the three months period ended 30th September 2015

4.2 Commitments

AHL, Subsidiary Company

The following commitments are outstanding as at the period end

	Unaudited September 2015	Audited June 2015
	(Rupees)	
- Outstanding Settlements against Marginal Trading contracts	1,467,562,102	1,286,119,630
- Outstanding Settlements against (purchase)/sale of securities in regular market.	24,764,822	87,182,861
- Guarantee given by a commercial bank on behalf of the company	100,000,000	100,000,000
	<u>1,592,326,924</u>	<u>1,473,302,491</u>

PCL, Subsidiary Company

The following commitments are outstanding as at the period end

	Unaudited September 2015	Audited June 2015
	(Rupees)	
Commitment against open letter of credit for:		
- Coal	-	105,777,595
- Stores and spares	120,402,624	33,717,799
- Other commitments - Ijarah rentals	935,056	1,259,458
	<u>121,337,680</u>	<u>140,754,852</u>

There are no other changes in the status of commitments as disclosed in the preceding annual financial statements of the Group as at 30 June 2015 other than those disclosed above.

5. PROPERTY AND EQUIPMENT

Capital expenditure incurred during the period amounted to Rs 101.11 million. Further, assets having WDV of Rs. 67,263 were sold for Rs. 42,442.

6. CASH AND CASH EQUIVALENTS

	September 2015	September 2014
	(Rupees)	
Cash and bank balances	1,587,687,291	119,872,558
Short term borrowings	(4,777,347,244)	(4,789,239,189)
	<u>(3,189,659,953)</u>	<u>(4,669,366,631)</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.

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the three months period ended 30th September 2015

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

	Three months period ended	
	September 2015	September 2014
	(Rupees)	
Transaction with associates		
Mark-up on loan and advance	25,867,205	37,871,209
Mark-up income received	7,981,118	-
Loan extended	1,438,370,543	897,000,000
Loan repayment	909,800,000	300,000,000
Sale of goods	5,742,600	2,151,400
Commission on guarantees	675,000	-
Transaction with Other related party		
Provident fund contribution	2,266,598	1,058,775
Payment of rent and maintenance charges	1,635,229	6,966,300
Payment to key management personnel	9,246,834	10,909,609
Sale of goods & services	38,271,909	2,551,096
Mark-up on loan	78,762,674	-
Loan received-net	-	130,000,000
	Unaudited September 2015	Audited June 2015
	(Rupees)	
Balances as at		
Commission on guarantee receivable from Javedan Corporation Limited	50,000	-
Markup receivable from Aisha Steel Mills Limited	26,715,993	15,723,167
Payable to Javedan Corporation Limited	1,700,179,646	1,700,179,646
Trade receivable from Safe Mix Concrete Products Limited	17,177,000	8,036,000
Trade Receivable from Javedan Corporation Limited	6,519,000	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	735,931,100	507,762,091
Loan to Javedan Corporation Limited	300,000,000	-
Short term borrowing from International Complex Projects Limited	3,000,000,000	-
Loan payable to Mr. Arif Habib	1,515,500,000	1,325,500,000

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 includes energy development entity.

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the three months period ended 30th September 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 2015. 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. General

9.1 Appropriation for dividend

For the year ended June 30, 2015, the Shareholders of the Company have approved a cash dividend of Rs. 4.00 per share amounting to Rs. 1,815,000,000 at the Annual General Meeting held on October 21, 2015. This financial information does not reflect this appropriation.

9.2 Date of Authorization for issue

This condensed interim consolidated financial information has been authorized for issue on October 27, 2015 by the Board of Directors of the Company.



Chief Executive Officer



Director



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