

Promoting Investments



Quarterly Accounts
September 30, 2011



Arif Habib Corp

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Company Information

Board of Directors

Arif Habib

Chairman & Chief Executive

Nasim Beg

Director

Asadullah Khawaja

Director

Samad A. Habib

Director

Kashif A. Habib

Director

Muhammad Ejaz

Director

Syed Kashif ul Hassan Shah

Director

Company Secretary

Basit Habib

Audit Committee

Kashif A. Habib

Chairman

Muhammad Ejaz

Member

Syed Kashif ul Hassan Shah

Member

Management

Arif Habib

Chief Executive Officer

Zeshan Afzal

Group Head - Strategic Investments

Basit Habib

Chief Financial Officer

Bankers

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

Auditors

KPMG Taseer Hadi & Co., Chartered
Accountants

Legal Advisors

Bawaney & Partners

Registered & Corporate Office

Arif Habib Centre
23, M.T. Khan Road
Karahi-74000
Phone: (021)32460717-9
Fax: (021)32429653, 32468117
Email: info@arifhabibcorp.com
Website: www.arifhabibcorp.com

Registrar & Share Transfer Agent

Central Depository Company of Pakistan Limited

Share Registrar Department

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

Directors' Report

Dear Shareholders

The Directors of Arif Habib Corporation Limited (Formerly Arif Habib Securities 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 2011.

Financial Results

By the grace of Allah your company has been able to achieve robust profitability during the quarter under review with significant improvement in quality of revenues.

During the quarter, AHCL recorded an operating revenue of Rs. 1,740.96 million, which includes dividend income of Rs. 1,169.85 million and gain on remeasurement of investments amounting to Rs. 538.99 million. After accounting for operating, administrative and financial expenses of Rs. 81.56 million, the company earned a profit before tax of Rs. 1,659.40 million. The company has reported an after-tax profit of Rs.1,629.18 million for the quarter under review as compared with a net profit of Rs. 509.31 million for the corresponding quarter ended 30th September 2010. This translates into earnings of Rs. 4.34 per share as compared with Rs. 1.36 per share in corresponding period last year.

Performance of Subsidiaries and Associates

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

Economy Review

During the first quarter of the fiscal year, higher remittances and ease in inflationary pressures supported the economy amid challenging geo-political environment. SBP has reduced the policy rate of interest by 50 basis points and 150 basis points in July and October respectively. The central bank opted for monetary easing primarily to stimulate

economic growth as inflationary pressure eased off. Inward remittances have exhibited a rising trend and there has been a growth of 25% YoY in the first quarter ended 30th September 2011. FBR revenue collection for the quarter under review surpassed the target. Inflation has also eased as the latest CPI figures plunged to 10.46% in September 2011. From the perspective of trade account, exports managed to increase but were outpaced by imports which rose by a greater volume, primarily due to the low base effect of last year's imports of lower quantum. The said disparity in movement of foreign exchange resulted in local currency depreciation of 1.14% in the month of September where exchange rate of US Dollar peaked at Rs. 87.70.

Market and Business Review

Financial Services

The Stock market remained lukewarm during the last quarter and KSE-100 Index showed a decline of 6% in the total market capitalization. The benchmark Index dipped to a low level of 10,761 points and surged to the peak of 12,625 points. Trading activity also remained passive with an average daily turnover of 59 million shares. The first two months of the quarter witnessed a fall in market valuation; however, the last month provided a respite for the investors on the back of stellar financial results, an upsurge in remittances and anticipation of a cut in interest rates. Oil and gas, food and fertilizers sectors were the key winners; however, the power sector remained a laggard owing to lingering inter-corporate debt. Despite overall weak performance of the market, your subsidiaries and associated companies have done well. During the current quarter, Arif Habib Limited has recorded a profit after tax of Rs.93.34 million whereas Arif Habib Investments Limited has earned a profit after tax of Rs.27.77 million. Arif Habib Investments Limited was managing over Rs.29.9 billion as of 30th September 2011, in 16 Mutual Funds, 2 Pension Funds and 11 Investments Plans in its product portfolio.

Fertilizer

Similar to the last quarter, gas curtailment continued for the fertilizer Industry in the quarter under review, however, the quantum of curtailment was lower for plants on SNGPL as compared to previous quarter. Mari network supply was stable. Fertilizer market was robust due to higher international prices and positive supply demand gap in the country due to gas curtailment situation. Fatima earned an after tax profit of Rs. 1,846.97 million in the first quarter of its commercial operations and Pak Arab Fertilizer recorded a profit of Rs.1,718.42 million for the third quarter and Rs. 3,422.07 million for the nine months.

Construction Materials

Cement sector managed to bag a 6% YoY growth in the total dispatches during the quarter under review, which mainly stemmed from a 10% YoY jump in the domestic sales and a modest 1% YoY decline in exports. Lower base effect of last year, when the country was suffering from unprecedented flood was the major reason for 10% YoY growth in the domestic sales. Besides improving volumes, the sector is also benefiting from better pricing, which has enabled the sector to pass on the effect of 32% YoY increase in the international coal prices and rising electricity costs. With strong pricing environment coupled with healthy demand outlook, as the extended monsoon of this year marks its end, the cement sector is likely to perform well in the next quarter as well.

Al Abbas Cement Industries Limited suffered a loss of Rs. 173.39 million due to its higher cost base whereas Thatta Cement Company Limited has recorded a loss of Rs. 15.36 million as per the management accounts for the quarter ended 30th September 2011.

Future Outlook

The inflation and interest rates have started easing bringing good news for the capital market. Equity valuations are likely to repriced favorably. This should benefit our financial services companies in addition to growth in value of the company's portfolio investments which have already started to bring positive results for second quarter. Industrial investee companies should see substantial savings in financial expenses in medium term.

The fundamentals of key companies in which we are invested are strong and Company's approach of investing across various sectors is working well. The pace of work on our companies at the development stage has picked up. Efforts are being made to revamp our loss making companies. During the current financial year, the Fertilizer companies are anticipated to do even better; the Steel business is likely to start its operations, whereas endeavors to transform the operations of Cement and Dairy companies will continue. Brokerage and Asset Management companies are expected to give improved results. Over all, the Company poised to have an improved performance during the current year.

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

Karachi: 20th October 2011



Arif Habib
Chairman & Chief Executive



Unconsolidated Financial Statements

Unconsolidated Condensed Interim Balance Sheet

As at 30 September 2011.

	Note	Unaudited September 2011	Audited June 2011
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital 1,000,000,000 ordinary shares of Rs. 10 each		<u>10,000,000,000</u>	<u>10,000,000,000</u>
Issued, subscribed and paid up share capital		3,750,000,000	3,750,000,000
Reserves		18,976,666,718	17,361,650,968
		22,726,666,718	21,111,650,968
Non-current liabilities			
Deferred taxation		3,120,441,889	3,092,023,908
Current liabilities			
Trade and other payables		28,827,640	1,918,640
Interest / mark-up accrued on short term borrowings		61,085,030	51,570,250
Short term borrowings	4	1,645,964,758	1,327,457,775
Provision for taxation		100,065,884	99,826,284
		1,835,943,312	1,480,772,949
	Rupees	<u>27,683,051,919</u>	<u>25,684,447,825</u>
Contingencies and commitments			
	5		

Unconsolidated Condensed Interim Balance Sheet

As at 30 September 2011

	Note	Unaudited September 2011	Audited June 2011
ASSETS			
Non-current assets			
Property and equipment	6	51,325,988	53,333,298
Long term investments	7	25,730,497,696	23,840,733,981
Long term deposits		2,796,090	2,514,590
		25,784,619,774	23,896,581,869
Current assets			
Loans and advances	8	615,215,862	550,808,592
Prepayments		460,135	579,749
Advance tax		84,225,711	84,390,105
Other receivables		209,180,297	205,301,187
Short term investments		982,759,632	938,215,581
Cash and bank balances		6,590,508	8,570,742
		1,898,432,145	1,787,865,956
	Rupees	27,683,051,919	25,684,447,825

The annexed notes 1 to 15 form an integral part of this condensed interim unconsolidated financial information.



CHAIRMAN & CHIEF EXECUTIVE



DIRECTOR

Unconsolidated Condensed Interim Profit and Loss Account (Unaudited)

For the first quarter ended 30 September 2011

	Note	Quarter ended	
		September 2011	September 2010
Operating revenue	9	1,740,962,917	587,488,443
Operating and administrative expenses	10	(20,206,187)	(36,179,513)
Operating profit		1,720,756,730	551,308,930
Other income		-	611,967
		1,720,756,730	551,920,897
Finance cost		(61,352,436)	(34,615,308)
Profit before tax		1,659,404,294	517,305,589
Taxation			
For the period			
- Current		(1,805,579)	(7,996,929)
- Deferred		(28,418,045)	-
		(30,223,624)	(7,996,929)
Profit after tax	Rupees	1,629,180,670	509,308,660
Earnings per share - basic and diluted	Rupees	4.34	1.36

The annexed notes 1 to 15 form an integral part of this condensed interim unconsolidated financial information.



CHAIRMAN & CHIEF EXECUTIVE



DIRECTOR

Unconsolidated Condensed Interim Statement of Comprehensive Income (Unaudited)

For the first quarter ended 30 September 2011

	Note	Quarter ended	
		September 2011	September 2010
Profit for the period		1,629,180,670	509,308,660
Other comprehensive loss			
Unrealized diminution during the period on remeasurement of investments classified as 'available for sale'		(14,164,920)	(34,221,641)
Other comprehensive loss for the period		(14,164,920)	(34,221,641)
Total comprehensive income for the period	Rupees	1,615,015,750	475,087,019

The annexed notes 1 to 15 form an integral part of this condensed interim unconsolidated financial information.



CHAIRMAN & CHIEF EXECUTIVE



DIRECTOR

Unconsolidated Condensed Interim Cash Flow Statement (Unaudited)

For the first quarter ended 30 September 2011

	Note	Quarter ended	
		September 2011	September 2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	11	(245,903,847)	456,182,980
Income tax paid		(1,401,649)	(14,196,803)
Finance cost paid		(51,837,656)	(20,798,604)
Net cash (used in) / generated from operating activities		(299,143,152)	421,187,573
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		(239,500)	(49,900)
Proceeds from sale of property and equipment		189,030	790,000
Dividend received		11,547,775	132,774,610
Interest received		-	1,308,549
Acquisition of long term investments		(32,559,870)	(978,492,808)
Long term deposits		(281,500)	-
Net cash used in investing activities		(21,344,065)	(843,669,549)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash flows from financing activities		-	-
Net decrease in cash and cash equivalents		(320,487,217)	(422,481,976)
Cash and cash equivalents at beginning of the period		(1,318,887,033)	(612,805,470)
Cash and cash equivalents at end of the period	12 Rupees	(1,639,374,250)	(1,035,287,446)

The annexed notes 1 to 15 form an integral part of this condensed interim unconsolidated financial information.



CHAIRMAN & CHIEF EXECUTIVE



DIRECTOR

Unconsolidated Condensed Interim Statement of Changes in Equity (Unaudited)

For the first quarter ended 30 September 2011

	Share capital issued, subscribed and paid up	Reserves			Sub Total	Total
		Unrealized diminution on remeasurement of investments classified as 'available for sale'	General reserve	Unappropriated profit		
Balance as at 1 July 2010	3,750,000,000	(237,069,004)	4,000,000,000	12,271,214,379	16,034,145,375	19,784,145,375
Total comprehensive income for the period						
Profit for the period ended 30 September 2010	-	-	-	509,308,660	509,308,660	509,308,660
Unrealized diminution during the period on remeasurement of investments classified as 'available for sale'	-	(34,221,641)	-	-	(34,221,641)	(34,221,641)
	-	(34,221,641)	-	509,308,660	475,087,019	475,087,019
Transactions with owners						
Distribution of 112.5 million Shares of Fatima Fertilizer Company Limited for the year ended 30 June 2010	-	-	-	(1,314,000,000)	(1,314,000,000)	(1,314,000,000)
Balance as at 30 September 2010	Rupees 3,750,000,000	(271,290,645)	4,000,000,000	11,466,523,039	15,195,232,394	18,945,232,394
Balance as at 1 July 2011	3,750,000,000	(436,042,975)	4,000,000,000	13,797,693,943	17,361,650,968	21,111,650,968
Total comprehensive income for the period						
Profit for the period ended 30 September 2011	-	-	-	1,629,180,670	1,629,180,670	1,629,180,670
Unrealized diminution during the period on remeasurement of investments classified as 'available for sale'	-	(14,164,920)	-	-	(14,164,920)	(14,164,920)
	-	(14,164,920)	-	1,629,180,670	1,615,015,750	1,615,015,750
Balance as at 30 September 2011	Rupees 3,750,000,000	(450,207,895)	4,000,000,000	15,426,874,613	18,976,666,718	22,726,666,718

The annexed notes 1 to 15 form an integral part of this condensed interim unconsolidated financial information.


CHAIRMAN & CHIEF EXECUTIVE


DIRECTOR

Notes to the Unconsolidated Condensed Interim Financial Information (Unaudited)

For the first quarter ended 30 September 2011.

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

The Company has following long term investments:

Name of Company	Shareholding
<i>Subsidiaries</i>	
- Arif Habib Limited, a brokerage house	76.04%
- Arif Habib DMCC, a UAE incorporated member company of Dubai Gold and Commodities Exchange	100.00%
- SKM Lanka Holdings (Private) Limited, a Srilankan incorporated brokerage house at Colombo Stock Exchange	75.00%
- Pakistan Private Equity Management Limited, a venture capital company	85.00%
- Al-Abbas Cement Industries Limited, a cement manufacturing company	61.13%
- Sachal Energy Development (Pvt) Limited, a wind power generation company	99.99%
<i>Associates</i>	
- Pakarab Fertilizers Limited	30.00%
- Fatima Fertilizer Company Limited	19.78%
- Aisha Steel Mills Limited	48.57%
- Arif Habib Investments Limited	30.09%
- Sweetwater Dairies Pakistan (Private) Limited	29.69%
- Thatta Cement Company Limited	9.06%
- Crescent Textile Mills Limited, a textile manufacturing company	24.81%
- Rozgar Microfinance Bank Limited	19.01%
<i>Others</i>	
- Takaful Pakistan Limited	10.00%
- Sunbiz (Private) Limited	4.65%

1.1 Change in the composition of the Group

During the first quarter ended 30 September 2011, the Company purchased 398,152 shares of Arif Habib Limited from the open market at an average cost of Rs. 13.69 per share. This increased the Company's holding in the subsidiary from 75.15% to 76.04%.

Notes to the Unconsolidated Condensed Interim Financial Information (Unaudited)

For the first quarter ended 30 September 2011

During this period, the Company also received 67.5 million shares of Fatima Fertilizers Company Limited as specie dividend from Pakarab Fertilizers Limited. This resulted in an overall increase in Company's holding in the associate from 16.40% to 19.78%.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

This condensed interim unconsolidated financial information does not include all the information required for full financial statements and should be read in conjunction with the published financial statements as at and or the year ended 30 June 2011.

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

2.2 Significant accounting policies

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

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

2.3 Use of estimates and judgments

The preparation of this condensed interim unconsolidated financial information in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience. Actual results may differ from these estimates.

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

Notes to the Unconsolidated Condensed Interim Financial Information (Unaudited)

For the first quarter ended 30 September 2011.

3. FINANCIAL RISK MANAGEMENT

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

4. SHORT TERM BORROWINGS - secured

		Unaudited 30 September 2011	Audited 30 June 2011
From various banking companies			
- Short term running finance	Rupees	<u>1,645,964,758</u>	<u>1,327,457,775</u>

- 4.1** Short term running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 2,980 million (30 June 2011: Rs. 2,980 million) which represents the aggregate of sale prices of all mark-up agreements between the Company and the banks. These facilities have various maturity dates upto 31 May 2012. These arrangements are secured against pledge of marketable securities with minimum 30% margin (30 June 2011: 30% margin). These running finance facilities carry mark-up ranging from 1 month KIBOR+1% to 3 month KIBOR+2.5% per annum (30 June 2011: 3 month KIBOR+1% to 3 month KIBOR+2.5% per annum) calculated on a daily product basis that is payable quarterly. The carrying amount of securities pledged as collateral against outstanding liability amounts to Rs. 2,914.318 million (30 June 2011: Rs. 2,292.471 million). The aggregate amount of these facilities which have not been availed as at the balance sheet date amounts to Rs. 1,334.036 million (30 June 2011: Rs. 1,652.542 million).

5. CONTINGENCIES AND COMMITMENT

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

6. PROPERTY AND EQUIPMENT

Following is the cost of property and equipment that have been added / disposed off during the quarter ended 30 September 2011:

	Quarter ended 30 September 2011		Quarter ended 30 September 2010	
	Additions	Disposals	Additions	Disposals
Vehicles	-	189,030	-	1,169,000
Office equipment	239,500	-	-	-
Computer and allied equipments	-	-	49,900	-
Rupees	<u>239,500</u>	<u>189,030</u>	<u>49,900</u>	<u>1,169,000</u>

Notes to the Unconsolidated Condensed Interim Financial Information (Unaudited)

For the first quarter ended 30 September 2011

7. LONG TERM INVESTMENTS

		Unaudited 30 September 2011	Audited 30 June 2011
Subsidiaries -at Cost	7.1	2,752,971,900	2,747,513,215
At fair value through profit or loss	7.2	21,237,326,046	19,365,957,346
Available for sale	7.3	1,740,199,750	1,727,263,420
		Rupees 25,730,497,696	23,840,733,981

7.1 At cost

	Cost	Provision for impairment	Carrying amount	
			September 2011	June 2011
Arif Habib Limited (AHL)	2,680,705,865	(950,449,366)	1,730,256,499	1,724,797,814
Arif Habib DMCC (AHD)	29,945,898	-	29,945,898	29,945,898
Pakistan Private Equity Management Limited (PPEML)	42,500,000	(25,500,000)	17,000,000	17,000,000
SKM Lanka Holdings (Private) Limited (SKML)	43,197,216	(21,598,608)	21,598,608	21,598,608
Al-Abbas Cement Industries Limited (AACIL)	824,170,835	-	824,170,835	824,170,835
Sachal Energy Development (Private) Limited (SEDPL)	130,000,060	-	130,000,060	130,000,060
	3,750,519,874	(997,547,974)	2,752,971,900	2,747,513,215

7.2 At fair value through profit or loss

	Cost	Unrealized appreciation / (diminution) on remeasurement of investments	Carrying amount	
			September 2011	June 2011
Associates:				
Arif Habib Investments Limited (AHIL)	477,694,882	(86,440,026)	391,254,856	467,729,366
Pakarab Fertilizers Limited (PFL)	1,324,332,073	11,838,167,927	13,162,500,000	13,162,500,000
Fatima Fertilizer Company Limited (FFCL)	4,006,384,130	3,449,021,236	7,455,405,366	5,458,123,357
Sweetwater Dairies Pakistan (Private) Limited (SDPL)	287,539,905	(200,000,000)	87,539,905	87,539,905
Crescent Textile Mills Limited (CTML)	292,509,826	(151,883,907)	140,625,919	190,064,718
	6,388,460,816	14,848,865,230	21,237,326,046	19,365,957,346

7.3 Available for sale

	Cost	Unrealized diminution on remeasurement of investments	Provision for mpairment	Carrying amount	
				September 2011	June 2011
Associates:					
Thatta Cement Company Limited (THCCL)	188,370,257	(31,183,007)	-	157,187,250	144,250,920
Aisha Steel Mills Limited (ASML)	1,554,712,500	-	-	1,554,712,500	1,554,712,500
Rozgar Microfinance Bank Limited (RMFBL)	32,310,000	-	(19,010,000)	13,300,000	13,300,000
	1,775,392,757	(31,183,007)	(19,010,000)	1,725,199,750	1,712,263,420
Other investments:					
Takaful Pakistan Limited (TPL)	30,000,000	-	(15,000,000)	15,000,000	15,000,000
Sun Biz (Private) Limited (SBL)	1,000,000	-	(1,000,000)	-	-
	31,000,000	-	(16,000,000)	15,000,000	15,000,000
	1,806,392,757	(31,183,007)	(35,010,000)	1,740,199,750	1,727,263,420

7.4 Investments having an aggregate market value of Rs. 2,914.318 million (30 June 2011: Rs. 2,292.471 million) have been pledged with financial institutions as security against financing facilities (see note 4.1) out of which Rs. 1,793.418 million (30 June 2011: Rs. 1,462.29 million) relates to long term investments.

Notes to the Unconsolidated Condensed Interim Financial Information (Unaudited)

For the first quarter ended 30 September 2011.

	Note	Unaudited 30 September 2011	Audited 30 June 2011
8. LOANS AND ADVANCES			
Unsecured			
<i>Considered good</i>			
Advance against expenses		635,000	635,000
Advance against salaries		1,010,285	1,052,011
<i>To related parties:</i>			
Aisha Steel Mills Limited - Advance against equity	8.1	3,570,577	3,570,577
Sachel Energy Development (Pvt) Limited - Advance against equity		10,000,000	-
Thatta Cement Company Limited - Advance against equity		-	27,101,250
		15,215,862	32,358,838
Secured			
<i>To related parties:</i>			
Javedan Corporation Limited (Formerly Javedan Cement Limited)	8.2	600,000,000	518,449,754
	Rupees	615,215,862	550,808,592
8.1	The Company has given advances to subscribe for prospective right issue of shares of the said company.		
8.2	This represents amount paid as loan carrying markup upto 3 months KIBOR plus 3% , repayable within 12 months. Being group companies, no collateral was obtained.		
9. OPERATING REVENUE			
		Quarter ended	
		September	September
		2011	2010
Dividend Income		1,169,847,775	807,774,610
Markup on loans		23,959,985	10,013,206
Underwriting commission		4,112,014	8,000,000
Gain / (loss) on sale of securities - net		4,055,584	(112,203,046)
Gain / (loss) on remeasurement of investments - net		538,987,559	(126,097,429)
Profit on PLS accounts		-	1,102
		1,740,962,917	587,488,443
10. OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries and benefits		7,961,806	5,193,202
Printing and stationery		604,566	35,980
Communication		122,647	47,019
Rent, Rates & taxes		1,971,671	1,778,379
Electricity		179,159	180,206
Legal and professional charges		860,648	460,112
Custody & settlement charges		192,856	366,093
Entertainment		189,465	144,141
Travelling & conveyance		220,498	257,585
Advertisement & business promotion		155,000	364,400
Depreciation		2,057,780	2,323,994
Repair and maintenance		195,324	109,331
Insurance		239,704	418,106
Donation		4,300,000	22,000,000
Fees & subscription		345,600	218,750
Directors' Meeting fees		60,000	60,000
Ujrah payments		497,859	151,872
Others		51,604	2,070,343
		20,206,187	36,179,513

Notes to the Unconsolidated Condensed Interim Financial Information (Unaudited)

For the first quarter ended 30 September 2011

		Quarter ended	
		30 September 2011	30 September 2010
11.	CASH GENERATED FROM OPERATIONS		
	Profit before tax	1,659,404,294	517,305,589
	Adjustments for:		
	Depreciation	2,057,780	2,323,994
	Dividend income	(1,169,847,775)	(807,774,610)
	Mark-up on bank balances, loans and advances	(23,959,985)	(10,014,308)
	Exchange gain on foreign currency bank balances	-	(6,930)
	Gain on sale of property and equipment	-	(605,037)
	Loss / (gain) on remeasurement of short term investments	174,081,060	(105,763,171)
	(Gain) / loss on remeasurement of investment in associates	(713,068,620)	231,860,600
	Finance cost	61,352,436	34,615,308
	Others	-	12,251,479
		(1,669,385,104)	(643,112,675)
		(9,980,810)	(125,807,086)
	Changes in working capital		
	(Increase) / decrease in current assets		
	Loans and advances	(64,407,270)	(205,307,279)
	Prepayments	119,614	18,900
	Other receivables	20,080,875	3,546,420
	Short term investments	(218,625,111)	775,217,670
	Increase / (decrease) in current liabilities		
	Trade and other payables	26,908,855	8,514,355
		(235,923,037)	581,990,066
	Cash (used in) / generated from operations	(245,903,847)	456,182,980
		Rupees	
12.	CASH AND CASH EQUIVALENTS		
	Cash and bank balances	6,590,508	10,444,827
	Short term borrowings	(1,645,964,758)	(1,045,732,273)
		Rupees (1,639,374,250)	(1,035,287,446)
13.	TRANSACTIONS AND BALANCES WITH RELATED PARTIES		
	<p>Related parties comprise of group companies (subsidiaries and associates), directors and their close family members, major shareholders of the Company, key management personnel and staff provident fund. Transactions with related parties are carried out on arm's length. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment while contribution to the provident fund is in accordance with staff service rules. Transactions and balances with related parties during the period other than those disclosed elsewhere in the condensed interim unconsolidated financial information are given below:</p>		

Notes to the Unconsolidated Condensed Interim Financial Information (Unaudited)

For the first quarter ended 30 September 2011.

	Quarter-ended	
	30 September 2011	30 September 2010
Transactions with subsidiaries		
- Services availed	Rupees 2,752,200	4,496,800
- Mark-up on loans and advances	Rupees -	900,698
- Equity investments made in subsidiaries	Rupees 15,458,685	-
Transactions with associates		
- Initial / fresh equity investments	Rupees -	670,660,308
- Subscription of right shares	Rupees 27,101,250	307,832,500
- Mark-up on loans and advances	Rupees -	9,112,508
- Dividend Income	Rupees 1,158,300,000	675,000,000
Transaction with other related parties		
- Payment to employees' Provident fund	Rupees 248,880	255,024
- Mark-up on loan and advance	Rupees 23,959,985	-
- Loans / advances extended to other related parties	Rupees 81,550,246	-
- Payment of rent and maintenance charges	Rupees 2,410,205	-
	Unaudited 30 September 2011	Audited 30 June 2011
Balances as at:		
- Receivable from Sweetwater Dairies Pakistan (Private) Limited	Rupees 698,264	-
- Receivable from SKM Lanka (Pvt.) Limited	Rupees 158,500	-

14. EVENTS AFTER BALANCE SHEET DATE

In its meeting for approval of financial statements of the company for the year ended 30 June 2011, the Board of directors had proposed a cash dividend of Rs.2 per share amounting to Rs.750 million and bonus shares in the proportion of 1 ordinary share per 10 ordinary shares held amounting to Rs.375 million on 14 September 2011 for the approval of the members at the annual general meeting to be held on 22 October 2011. These financial statements do not reflect this appropriation in accordance with the Company's policy for dividend and appropriation to reserve.

15. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim unconsolidated financial information has been authorized for issue on 20 October 2011 by the Board of Directors of the Company.



CHAIRMAN & CHIEF EXECUTIVE



DIRECTOR



Consolidated Financial Statements

Consolidated Condensed Interim Balance Sheet

As at 30 September 2011.

	Note	Unaudited September 2011	Audited June 2011
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital		<u>10,000,000,000</u>	<u>10,000,000,000</u>
Issued, subscribed and paid up share capital		<u>3,750,000,000</u>	<u>3,750,000,000</u>
Reserves		<u>10,045,048,046</u>	<u>9,424,152,468</u>
		13,795,048,046	13,174,152,468
Minority interest		<u>504,466,596</u>	<u>549,198,456</u>
		14,299,514,642	13,723,350,924
Non-current liabilities			
Long term loans		2,927,553,408	2,836,644,192
Liabilities against assets subject to finance lease		3,234,095	3,467,065
Deferred liabilities		232,325,000	234,076,000
Deferred taxation		168,003,513	130,273,212
Current liabilities			
Trade and other payables		1,268,396,566	952,115,114
Interest/Mark-up accrued		517,150,823	436,599,682
Short term borrowings	4	2,798,344,200	2,020,683,059
Current portion of lease liabilities		900,472	-
Provision for taxation		100,065,884	99,826,284
Current portion of long term loans		4,285,234	-
		4,689,143,179	3,509,224,139
	Rupees	<u>22,319,773,837</u>	<u>20,437,035,532</u>
Contingencies and commitments	5		

Consolidated Condensed Interim Balance Sheet

As at 30 September 2011

	Note	Unaudited September 2011	Audited June 2011
ASSETS			
Non-current assets			
Property and equipment	6	4,464,488,407	4,475,330,502
Intangible assets		34,684,344	28,186,194
Goodwill		1,515,042,410	1,515,042,410
Membership cards and licenses		68,655,000	68,655,000
Long term investments		11,377,318,019	10,505,544,974
Investment property		126,000,000	126,000,000
Long term deposits and prepayments		34,427,505	38,613,563
Current assets			
Stock in trade		211,400,000	120,422,000
Stores and spares		445,750,000	444,791,000
Trade debts		669,352,185	481,606,595
Loans and advances - considered good		705,638,250	647,202,095
Deposits and prepayments		43,004,252	42,174,165
Advance tax		149,204,917	157,124,792
Other receivables - considered good		281,967,120	226,229,603
Short term investments		2,105,703,278	1,470,284,734
Cash and bank balances		87,138,150	89,827,905
		4,699,158,152	3,679,662,889
	Rupees	22,319,773,837	20,437,035,532

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



CHAIRMAN & CHIEF EXECUTIVE



DIRECTOR

Consolidated Condensed Interim Profit and Loss Account (Unaudited)

For the first quarter ended 30 September 2011

	Quarter ended	
	September 2011	September 2010
Operating revenue	577,224,082	288,049,634
Gain / (loss) on sale of securities-net	52,544,610	(112,536,556)
(Loss) / gain on remeasurement of investments - net	(110,105,876)	105,321,895
	519,662,816	280,834,973
Distribution cost	(35,436,757)	-
Operating cost and administrative expenses	(567,856,637)	(133,131,929)
Operating (loss) / Profit	(83,630,578)	147,703,044
Other income	20,185,257	44,807,232
	(63,445,321)	192,510,276
Finance cost	(196,622,082)	(54,794,258)
Other charges	(22,284)	-
	(260,089,687)	137,716,018
Share of profit from associates - net of tax	871,773,045	134,436,888
Profit before tax	611,683,358	272,152,906
Taxation		
For the period		
- Current	(36,094,531)	(14,904,290)
- Deferred	-	3,094,342
Prior year	-	-
	(36,094,531)	(11,809,948)
Profit after tax	575,588,827	260,342,958
	Rupees	
Profit / (loss) attributable to:		
Equity holders of Arif Habib Corporation Limited	620,320,687	240,043,064
Minority interest	(44,731,860)	20,299,894
Total	575,588,827	260,342,958
Earnings per share - basic and diluted	1.65	0.64

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



CHAIRMAN & CHIEF EXECUTIVE



DIRECTOR

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

For the first quarter ended 30 September 2011

	Quarter ended	
	September 2011	September 2010
Profit for the period	620,320,687	240,043,064
Other comprehensive income		
Surplus on remeasurement of investments classified as 'available for sale'	-	66,419,030
Net effect of translation of net assets of foreign subsidiary to presentation currency	574,891	439,221
Other comprehensive income for the period	574,891	66,858,251
Total comprehensive income for the period	<u><u>620,895,578</u></u>	<u><u>306,901,315</u></u>

Rupees

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



CHAIRMAN & CHIEF EXECUTIVE



DIRECTOR

Consolidated Condensed Interim Cash Flow Statement (Unaudited)

For the first quarter ended 30 September 2011

	Quarter ended	
	September 2011	September 2010
Note		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	611,683,358	272,152,906
Adjustments for:		
Depreciation	26,160,453	9,853,738
Gain / (loss) on sale of property and equipment	13,254	(605,037)
Unrealised loss on short term investments	110,105,876	-
Amortization	166,344	132,260
Mark-up on bank balances, loans and advances	(24,159,641)	(18,289,241)
Dividend Income	(14,173,551)	(182,374,662)
Finance cost	196,622,082	54,794,258
	<u>294,734,817</u>	<u>(136,488,684)</u>
Operating profit before working capital changes	906,418,175	135,664,222
Changes in working capital:		
(Increase) / decrease in current assets		
Stock in trade	(90,978,000)	317,673,672
Store and spares	(959,000)	-
Trade debts	(187,745,590)	-
Loans and advances	(58,436,155)	(184,501,446)
Deposits and prepayments	(830,087)	(6,756,038)
Other receivables	(31,788,427)	77,561,976
Short term investments	(745,524,420)	409,592,485
Increase / (decrease) in current liabilities		
Trade and other payables	316,281,452	73,668,514
	<u>(799,980,227)</u>	<u>687,239,163</u>
Cash generated from operations	106,437,948	822,903,385
Income tax paid	(27,832,997)	(15,497,482)
Gratuity - net	(1,751,000)	-
Finance cost paid	(116,070,941)	(51,681,814)
Net cash (used in) / generated from operating activities	<u>(39,216,990)</u>	<u>755,724,089</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(15,650,507)	(1,233,850)
Proceeds from sale of assets	318,895	991,068
Membership cards and licenses	-	(723,063)
Investment property	-	(14,984,000)
Dividend received	14,173,551	182,374,662
Acquisition of intangible assets	(6,664,494)	-
Interest received	210,551	1,488,258
Long term investments	(833,569,912)	(1,181,546,255)
Long term loans and advances	-	31,877,198
Long term deposits	4,186,058	(977,586)
Net cash used in investing activities	<u>(836,995,858)</u>	<u>(982,733,568)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	95,194,450	(50,197,707)
Lease liability	667,502	-
Net cash generated from / (used in) financing activities	<u>95,861,952</u>	<u>(50,197,707)</u>
Net decrease in cash and cash equivalents	<u>(780,350,896)</u>	<u>(277,207,186)</u>
Cash and cash equivalents at beginning of the period	<u>(1,930,855,154)</u>	<u>(1,091,229,075)</u>
Cash and cash equivalents at end of the period	<u>(2,711,206,050)</u>	<u>(1,368,436,261)</u>

7 Rupees

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



CHAIRMAN & CHIEF EXECUTIVE



DIRECTOR

Consolidated Condensed Interim Statement of Changes in Equity (Unaudited)

For the first quarter ended 30 September 2011

		Share capital	Reserves			Sub Total	Total	
		Issued, subscribed and paid up	Surplus/ (deficit) on remeasurement of investments/ fixed assets	Exchange difference on translation to presentation currency	General reserve			Unappropriated profit
Balance as at 01 July 2010	Rupees	3,750,000,000	(424,820,983)	29,325,287	4,019,567,665	7,563,434,173	11,187,506,142	14,937,506,142
Total comprehensive income/(loss) for period								
Profit for the period ended 30 September 2010		-	-	-	-	240,043,064	240,043,064	240,043,064
Other comprehensive income		-	-	-	-	-	-	-
Surplus on remeasurement of investments classified as available for sale		-	66,419,030	-	-	-	66,419,030	66,419,030
Net effect of translation of net assets of foreign subsidiary to presentation currency		-	-	439,221	-	-	439,221	439,221
		-	66,419,030	439,221	-	240,043,064	306,901,315	306,901,315
Appropriation of retained earning for specie dividend		-	-	-	-	(817,874,982)	(817,874,982)	(817,874,982)
Balance as at 30 September 2010	Rupees	<u>3,750,000,000</u>	<u>(358,401,953)</u>	<u>29,764,508</u>	<u>4,019,567,665</u>	<u>6,985,602,255</u>	<u>10,676,532,475</u>	<u>14,426,532,475</u>
Balance as at 01 July 2011	Rupees	<u>3,750,000,000</u>	<u>(1,948,642)</u>	<u>30,029,222</u>	<u>4,019,567,665</u>	<u>5,376,504,223</u>	<u>9,424,152,468</u>	<u>13,174,152,468</u>
Total comprehensive income/(loss) for period								
Profit for the period ended 30 September 2011		-	-	-	-	620,320,687	620,320,687	620,320,687
Other comprehensive income		-	-	-	-	-	-	-
Surplus on remeasurement of investments classified as available for sale		-	-	-	-	-	-	-
Net effect of translation of net assets of foreign subsidiary to presentation currency		-	-	574,891	-	-	574,891	574,891
		-	-	574,891	-	620,320,687	620,895,578	620,895,578
Balance as at 30 September 2011	Rupees	<u>3,750,000,000</u>	<u>(1,948,642)</u>	<u>30,604,113</u>	<u>4,019,567,665</u>	<u>5,996,824,910</u>	<u>10,045,048,046</u>	<u>13,795,048,046</u>

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


CHAIRMAN & CHIEF EXECUTIVE


DIRECTOR

Notes to the Consolidated Interim Condensed Financial Information (Unaudited)

For the first quarter period ended 30 September 2011.

1. STATUS AND NATURE OF BUSINESS

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

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

<i>Subsidiaries</i>		<i>Shareholding (including indirect holding)</i>
<i>Name of Company</i>	<i>Note</i>	
- Arif Habib Limited (AHL)	1.1	76.04%
- Al-Abbas Cement Industries Limited (AACIL)	1.2	61.13%
- Arif Habib DMCC (AHD)	1.3	100.00%
- SKM Lanka Holdings (Private) Limited (SKML)	1.4	75.00%
- Pakistan Private Equity Management Limited (PPEML)	1.5	85.00%
- Sachal Energy Development (Pvt) Limited, a wind power generation company (SEDL)	1.6	99.99%

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

<i>Associates</i>		<i>Shareholding (including indirect holding)</i>
<i>Name of Company</i>		
- Pakarab Fertilizers Limited (PFL)		30.00%
- Aisha Steel Mills Limited (ASML)		48.57%
- Arif Habib Investments Limited (AHIL)		30.09%
- Thatta Cement Company Limited (THCCL)		9.06%
- Rozgar Microfinance Bank Limited (RMFBL)		19.01%
- Sweetwater Dairies Pakistan (Private) Limited (SDPL)		29.69%
- Crescent Textile Mills Limited (CTML)		24.81%
- Fatima Fertilizer Company Limited (FFCL)		19.78%

Notes to the Consolidated Interim Condensed Financial Information (Unaudited)

For the first quarter period ended 30 September 2011

- 1.1** Arif Habib Limited (AHL) was incorporated in Pakistan on 07 September 2004 under the Companies Ordinance, 1984, as a public limited company. The registered office of AHL is situated at 64, KSE Building, Karachi, Pakistan. It is domiciled in the province of Sindh. AHL is member of Karachi, Lahore, Islamabad Stock Exchanges and National Commodities Exchange. It is registered with SECP as securities brokerage house. AHL is a subsidiary of AHCL with shareholding of 76.04% (June 2011: 75.15%) and principally engaged in the business of securities brokerage, commodities brokerage, IPO underwriting, corporate finance advisory and securities research. The shares of AHL are listed at the Karachi Stock Exchange since 31 January 2007.
- 1.2** Al-Abbas Cement Industries Limited (AACIL) was established as private limited company on 1 December 1981 and was converted into public limited company on 9 July 1987 and is listed on Karachi and Lahore Stock Exchanges. The Company's principal activity is manufacturing, selling and marketing of cement. The registered office of the Company is situated at Pardesi House, Survey No. 2/1, R.Y. 16, Old Queens Road, Karachi and its undertaking is situated at Deh Kalo Kohar, Nooriabad Industrial Estate, District Dadu (Sindh). AACIL is a subsidiary of AHCL with shareholding of 61.13% (June 2011: 61.13%)
- 1.3** Arif Habib DMCC (AHD) was incorporated in Dubai, UAE on 24 October 2005 as a limited liability company. Its registered office is situated at Dubai Metals and Commodities Center, Dubai, UAE. AHD is a wholly owned subsidiary of AHCL and was granted registration and trading license by the Registrar of Companies of the Dubai Multi Commodities Center (DMCC) Authority on 26 October 2005. AHD is expected to start its commercial operations at the Dubai Gold and Commodities Exchange within next twelve months besides consultancy business which has already been started.
- 1.4** S.K.M Lanka Holdings (Pvt.) Limited (SKML) was incorporated in Colombo, Sri Lanka on 15 February 2007 as a limited liability company. Its registered office situated at 86/1, Dawson Street, Colombo 02, Sri Lanka. It is domiciled in the province of Colombo and it registered with Securities and Exchange Commission of Sri Lanka as securities brokerage house. SKML is a subsidiary of AHCL with shareholding of 75% (June 2011: 75%)
- 1.5** Pakistan Private Equity Management Limited (PPEML) was incorporated in Pakistan on 6 September 2006 as a public limited company under the Companies Ordinance, 1984. The registered office of PPEML is situated at 2/1, R.Y 16, Old Queens Road, Karachi, Pakistan. It is domiciled in the province of Sindh. PPEML is a subsidiary of AHCL with shareholding of 85% (June 2011:85%). PPEML is a venture capital company registered, under the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 as amended through SRO 113(1)2007, with the Securities and Exchange Commission of Pakistan.
- 1.6** Sachal Energy Development (Private) Limited (SEDL) was incorporated in Pakistan on 20 November 2006 as a private limited company under the Companies Ordinance, 1984. The registered office of SEDL is situated in Islamabad, Pakistan. SEDL plans to carry out the business of purchasing, importing, transforming, converting, distributing, supplying and dealing in electricity and all other form of energy and the related services. SEDL is a subsidiary of AHCL with shareholding of 99.99% (June 2011: 99.99%)

Notes to the Consolidated Interim Condensed Financial Information (Unaudited)

For the first quarter period ended 30 September 2011.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

This condensed interim consolidated financial information does not include all the information required for full financial statements and should be read in conjunction with the published financial statements as at and for the year ended 30 June 2011.

2.2 Significant accounting policies

The accounting policies adopted by the Company in the preparation of these condensed interim consolidated financial statements are the same as those applied in preparation of the preceding annual financial statements of the Company as at and for the year ended 30 June 2011.

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

2.3 Functional and presentation currency

These consolidated financial statements are presented in Pakistan Rupees, which is the Group's functional and presentation currency. The financial statements of two foreign incorporated subsidiaries have been translated into Pakistan Rupees for the purpose of these consolidated financial statements. All financial information has been rounded to the nearest rupee.

2.4 Use of estimates and judgments

The preparation of this condensed interim consolidated financial information 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 were the same as those that applied to the annual financial statements of the Company as at and for the year ended 30 June 2011.

3 FINANCIAL RISK MANAGEMENT

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

Notes to the Consolidated Interim Condensed Financial Information (Unaudited)

For the first quarter period ended 30 September 2011

4 SHORT TERM BORROWINGS - secured

		Unaudited 30 September 2011	Audited 30 June 2010
From various banking companies			
- Short term running finance	Rupees	<u>2,798,344,200</u>	<u>2,020,683,059</u>

Short term running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 4,380 million (30 June 2011: Rs. 4,380 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 april 2012. These arrangements are secured against pledge of marketable securities with minimum 30% margin (30 June 2011: 30% margin). These running finance facilities carry mark-up ranging from 3 month KIBOR+1% to 3 month KIBOR+2.5% per annum (30 June 2011: 3 month KIBOR+1% to 3 month KIBOR+2.5% per annum) calculated on a daily product basis that is payable quarterly.

5 CONTINGENCIES AND COMMITMENTS

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

6 PROPERTY AND EQUIPMENT

Capital expenditure incurred during the period amounted to Rs. 15.651 million. Costs of disposal of fixed assets during the period amounted to Rs. 0.305 million.

	30 September 2011	30 September 2010
7 CASH AND CASH EQUIVALENTS		
Cash and bank balances	87,138,150	84,961,823
Short term borrowings	<u>(2,798,344,200)</u>	<u>(1,453,398,084)</u>
	<u>(2,711,206,050)</u>	<u>(1,368,436,261)</u>

Notes to the Consolidated Interim Condensed Financial Information (Unaudited)

For the first quarter period ended 30 September 2011.

8 TRANSACTIONS WITH RELATED PARTIES

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

		30 September 2011	30 September 2010
Transactions with associates			
- Initial / fresh equity investments	Rupees	-	873,713,755
- Subscription of right shares	Rupees	<u>27,101,250</u>	<u>307,832,500</u>
- Mark-up on loans and advances	Rupees	-	8,211,810
- Dividend Income	Rupees	<u>675,000,000</u>	<u>675,000,000</u>
- Management fee / investment advisory	Rupees	-	62,540,633
Transaction with other related parties			
- Payment to employees' Provident fund	Rupees	<u>682,392</u>	1,283,000
- Loan and advance extended	Rupees	<u>81,550,246</u>	-
- Mark-up on loan and advance	Rupees	<u>23,959,985</u>	<u>5,049,800</u>
		Unaudited 30 September 2011	Audited 30 June 2011
Balances as at			
- Receivable from Sweetwater Dairies Pakistan (Pvt) Limited	Rupees	<u>698,264</u>	-
- Receivables from other related parties	Rupees	<u>5,646,263</u>	-

Notes to the Consolidated Interim Condensed Financial Information (Unaudited)

For the first quarter period ended 30 September 2011

9 REPORTABLE SEGMENTS

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

9.2 The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies in the last published annual audited consolidated financial statements for the year ended 30 June 2011. The group evaluates performance on the basis of profit or loss from operations before tax expense not including non-recurring gains and losses and foreign exchange gains and losses. The group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market price unless disclosed otherwise.

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

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

10 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim consolidated financial statements have been authorized for issue on 20 October 2011 by the Board of Directors of the Company.

11 GENERAL

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



CHAIRMAN & CHIEF EXECUTIVE



DIRECTOR

Quarterly Accounts
September 30, 2011



Arif Habib Corp

Arif Habib Centre,
23, M.T. Khan Road
Karachi-74000
Tel: (021) 32415213-45
Fax: (021) 32429653
Website: www.arifhabibcorp.com