

THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED

KSE/N-4080

N O T I C E

July 31, 2009

Reproduced hereunder letter received from **RAHMAN SARFARAZ RAHIM IQBAL RAFIQ** (Chartered Accountants), for information of members of the Exchange.
(Copy of the same is also available on our Website www.kse.com.pk).

ARIF HABIB LIMITED

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

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July 29, 2009

The Board of Directors
Arif Habib Limited
Karachi.

CERTIFICATE OF FREE RESERVES

We refer to your letter dated July, 29, 2009 requesting us to issue a certificate as required under the Companies (Issue of Capital) Rules, 1996, regarding the adequacy of free reserve of the Company as on June 30, 2009 for the purpose of issuance of 25% Bonus Shares to the shareholders.

We observed that the free reserves of the Company as per its audited financial statements for the year ended June 30, 2009 and as defined in Rule 5 of Companies (Issue of Capital) Rules, 1996 amounted to Rs. 606,941,678 as per the following details:

	<u>RUPEES</u>
Un appropriated profit	726,941,678
Less: Proposed cash dividend @ 15% of 30,000,000 ordinary shares	(45,000,000)
Free reserve as reduced by cash dividend	<u>681,941,678</u>
Less: Proposed bonus issue @ 25% of 30,000,000 ordinary shares	(75,000,000)
Free reserve as reduced by bonus issue	<u>606,941,678</u>
Less: Contingent liabilities	-
TOTAL FREE RESERVES AND SURPLUS AFTER PROPOSED BONUS ISSUE	<u>606,941,678</u>
Existing Paid-up capital	300,000,000
Proposed Bonus issue	75,000,000
Paid up Capital after proposed issue	<u>375,000,000</u>
Requirement of Reserves @ 25% of Enhanced Capital	<u>93,750,000</u>

Based on the above, we certify that according to the best of our information and explanations given to us and as shown by the audited financial statements of the Company for the year ended June 30, 2009 the aforesaid "free reserves" after the issue of proposed bonus shares are not less than 25% of the enhanced capital and that the said free reserves do not include any reserve created as result of revaluation of fixed assets or any intangible or fictitious assets.


RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
CHARTERED ACCOUNTANTS