



Rahman Sarfaraz Rahim Iqbal Rafiq

CHARTERED ACCOUNTANTS

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August 21, 2010

The Board of Directors
Arif Habib Limited
Karachi.

CERTIFICATE OF FREE RESERVES

We refer to email from your Company Secretary dated August 20, 2010 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, 2010 for the purpose of issuance of 20% 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, 2010 and as defined in Rule 5 of Companies (Issue of Capital) Rules, 1996 amounted to Rs. 688,158,912 as per the following details:

	<u>RUPEES</u>
Un appropriated profit	832,224,303
Less: Proposed bonus issue @ 20% of 37,500,000 ordinary shares	(75,000,000)
Free reserve as reduced by bonus issue	<u>757,224,303</u>
Less: Contingent liabilities : Intangible assets	-
	<u>(69,065,391)</u>
TOTAL FREE RESERVES AND SURPLUS AFTER PROPOSED BONUS ISSUE	<u>688,158,912</u>
Existing Paid-up capital	375,000,000
Proposed Bonus issue	75,000,000
Paid up Capital after proposed issue	<u>450,000,000</u>
Requirement of Reserves @ 25% of Enhanced Capital	<u>112,500,000</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, 2010 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
 RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
 CHARTERED ACCOUNTANTS