



Arif Habib Corp



PARTNERING FOR PROSPERITY

Half Yearly Report
31st December 2014

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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
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Management

Arif Habib Chief Executive Officer	Mohsin Madni Chief Financial Officer	Manzoor Raza Company Secretary
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Bankers

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

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

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

Auditors

KPMG Taseer Hadi &
Co., Chartered Accountants

Legal Advisors

Bawaney & Partners
Akhund Forbes

Registered & Corporate Office

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

Registrar & Share Transfer Agent

Central Depository Company of Pakistan
Limited

Share Registrar Department

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

Directors' Review Report

Dear Shareholders

The Directors of Arif Habib Corporation Limited (AHCL) are pleased to present the Directors' report of the Company together with interim condensed unconsolidated and consolidated financial statements for the half year ended 31st December 2014.

Financial Results

During the period under review, AHCL recorded an operating revenue of Rs.3,297.01 million, which includes dividend income of Rs.232.26 million and net gain on remeasurement of investments amounting to Rs.2,887.58 million. After accounting for operating, administrative and financial expenses of Rs.227.29 million, the Company earned a profit before tax of Rs.3,009.46 million. The Company has reported an after-tax profit of Rs.2,901.86 million for the half year under review as compared to the net profit of Rs. 1,425.27 million for the corresponding period ended 31st December 2013. This translates into earnings of Rs.6.40 per share as compared with Rs.3.14 per share in the previous period.

Performance of Subsidiaries and Associates

Almost all the investee companies, namely Arif Habib Limited, MCB - Arif Habib Savings & Investments Limited, Fatima Fertilizer Company Limited, Pakarab Fertilizers Limited, Javedan Corporation Limited and Power Cement Limited have performed well. Efforts are underway to turn around Aisha Steel Mills Limited for which various options have been listed and we expect to implement them soon. All formalities for the financial close of Sachal Energy Development (Private) Limited, have been completed and it is expected that the formal signing will take place in a couple of weeks' time.

Economic Review

Pakistan's economy is showing signs of improvement with better macroeconomic numbers. Consumer Price Index (CPI) declined to 6.1% during the first half of the current fiscal year, significantly lower than 8.9% in the same period last year. Falling global crude oil and commodity prices further created downward pressure on inflation, enabling the central bank to reduce policy rate, augmenting investor confidence. Decreasing crude prices, coupled with funding from the IMF, Eurobond and Sukuk issues enhanced foreign exchange reserves, which crossed 3 month import bill equivalents resulting in stability of rupee value.

Future Outlook

Beginning of 2015 brings a number of positives on the economic front. Declining trend in inflation, trade deficit, current account deficit and interest rate are expected to bring economic stability attracting further investment. It will create space for the government for spending more on development and infrastructure. In an improved economic environment your Company's diversified portfolio is expected to do better.

Acknowledgement

We are grateful to the Company's stakeholders for their continuing confidence and patronage. We record our appreciation and thanks to our Bankers, Business Partners, the Securities & Exchange Commission of Pakistan, the State Bank of Pakistan and the managements of Karachi, Lahore, and Islamabad Stock Exchanges for their support and guidance. We acknowledge and appreciate the hard work put in by the employees of the Company during the period.

For and on behalf of the Board



Arif Habib
Chief Executive

Karachi
29th January 2015



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi, 75530 Pakistan

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Independent Auditors' Report to the Members on Review of Condensed Interim Unconsolidated Financial Information

Introduction

We have reviewed the accompanying condensed interim unconsolidated balance sheet of Arif Habib Corporation Limited ("the Company") as at 31 December 2014, the related condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated cash flow statement, condensed interim unconsolidated statement of changes in equity and notes to the condensed interim unconsolidated financial information for the six months period then ended (here-in-after referred to as the "condensed interim unconsolidated financial information"). Management is responsible for the preparation and presentation of this condensed interim unconsolidated financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim unconsolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim unconsolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim unconsolidated financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures for the quarter ended 31 December 2014 and 31 December 2013 in the condensed interim unconsolidated financial information have not been reviewed by us and we do not express a conclusion on them.

Date: 29th January 2015

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Moneeza Usman Butt

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Condensed Interim Unconsolidated Financial Information

for the half year ended 31st December 2014

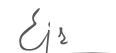
Condensed Interim Unconsolidated Balance Sheet

As at 31st December 2014

	Note	Unaudited December 2014	Audited June 2014
(Rupees)			
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital 1,000,000,000 ordinary shares of Rs. 10 each		10,000,000,000	10,000,000,000
Issued, subscribed and paid up share capital		4,537,500,000	4,537,500,000
Reserves		22,624,727,045	21,213,079,440
		27,162,227,045	25,750,579,440
Non-current liabilities			
Deferred taxation		2,830,515,578	2,747,677,107
Long term loan - secured	6	371,372,168	194,417,162
Long term payable		1,700,179,646	1,700,179,646
		4,902,067,392	4,642,273,915
Current liabilities			
Trade and other payables		1,252,604,236	1,332,920,961
Dividend payable		846,762,417	-
Interest / mark-up accrued		77,807,536	58,312,389
Short term borrowings - secured	7	1,706,614,871	1,394,632,677
Current maturity of long term loan	6	49,035,318	48,604,290
Provision for taxation		308,118,662	283,354,607
		4,240,943,040	3,117,824,924
		36,305,237,477	33,510,678,279

Contingencies and commitments 8


Chief Executive Officer


Director

Condensed Interim Unconsolidated Balance Sheet

As at 31st December 2014

	Note	Unaudited December 2014	Audited June 2014
(Rupees)			
ASSETS			
Non-current assets			
Property and equipment	9	55,361,152	57,424,607
Intangible assets		672,144	778,272
Long term investments	10	29,827,295,533	27,407,132,914
Investment property		2,661,504,400	2,661,504,400
Long term deposits		2,551,390	2,551,390
		32,547,384,619	30,129,391,583
Current assets			
Loans and advances	11	2,306,668,872	1,682,818,863
Prepayments		1,252,824	2,063,062
Advance tax		375,799,161	347,177,583
Markup receivable		106,191,037	50,916,916
Trade and other receivables		853,553,928	854,225,478
Short term investments		81,006,738	393,089,358
Cash and bank balances		33,380,298	23,103,533
Asset held for sale		-	27,891,903
		3,757,852,858	3,381,286,696
		36,305,237,477	33,510,678,279

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


Chief Executive Officer


Director

Condensed Interim Unconsolidated Profit and Loss Account (Unaudited)

For the six months period and quarter ended 31st December 2014

	Note	Six months period ended		Quarter ended	
		December 2014	December 2013	December 2014	December 2013
(Rupees)					
Operating revenue	12	3,297,013,542	1,643,966,122	2,903,401,212	1,015,829,300
Operating and administrative expenses		(91,452,371)	(45,652,787)	(49,486,833)	(23,459,094)
Operating profit		3,205,561,171	1,598,313,335	2,853,914,379	992,370,206
Impairment loss on investment		-	(17,000,000)	-	(17,000,000)
Finance cost		(135,837,739)	(94,042,892)	(77,016,486)	(56,789,282)
Other charges		(61,474,177)	(34,159,539)	(55,616,128)	(21,555,536)
Other income - net		1,211,969	206,492	1,135,052	(54,129)
Profit before tax		3,009,461,224	1,453,317,396	2,722,416,817	896,971,259
Taxation	13	(107,602,526)	(28,046,969)	21,285,296	7,536,790
Profit after tax		2,901,858,698	1,425,270,427	2,743,702,113	904,508,049
Earnings per share - basic and diluted		6.40	3.14	6.05	1.99

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 six months period and quarter ended 31st December 2014

	Six months period ended		Quarter ended	
	December 2014	December 2013	December 2014	December 2013
	(Rupees)			
Profit for the period	2,901,858,698	1,425,270,427	2,743,702,113	904,508,049
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'	(372,249,471)	(119,180,534)	(153,731,781)	(205,696,170)
Reclassification adjustments relating to loss / (gain) realised on disposal of investment classified as 'available for sale' - net	16,413,378	17,500,536	16,413,378	-
Other comprehensive income for the period	(355,836,093)	(101,679,998)	(137,318,403)	(205,696,170)
Total comprehensive income for the period	2,546,022,605	1,323,590,429	2,606,383,710	698,811,879

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 six months period ended 31st December 2014

	Note	December 2014	December 2013
(Rupees)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	14	(450,894,349)	111,281,332
Income tax paid		(28,621,578)	(20,415,908)
Finance cost paid		(116,342,592)	(106,549,662)
Dividend received		232,259,461	125,177,450
Interest received		57,836,720	42,701,097
Net cash (used in) / generated from operating activities		(305,762,338)	152,194,309
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(2,891,992)	(91,850)
Proceeds from sale of property and equipment		49,224	24,001
Long term loan to subsidiary		-	500,000,000
Acquisition of long term investments		(268,322,629)	(989,797,627)
Proceeds from sale of long term investments		385,448,855	770,049,520
Acquisition of investment property		-	(1,044,048,000)
Long term deposits		-	281,500
Net cash generated from / (used in) investing activities		114,283,458	(763,582,456)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loan		(24,302,147)	(656,550,000)
Proceeds from long term loan		201,688,181	-
Dividend paid		(287,612,583)	(246,412,810)
Net cash out flow from financing activities		(110,226,549)	(902,962,810)
Net decrease in cash and cash equivalents		(301,705,429)	(1,514,350,957)
Cash and cash equivalents at beginning of the period		(1,371,529,144)	(551,862,045)
Cash and cash equivalents at end of the period	15	(1,673,234,573)	(2,066,213,002)

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 six months period ended 31st December 2014

	Issued, subscribed and paid up share capital	Unrealized (diminution) / appreciation on remeasurement of investments classified as 'available for sale'	General reserve	Reserves Unappropriated profit	Sub total	Total
				(Rupees)		
Balance as at 1 July 2013	4,537,500,000	(495,713,334)	4,000,000,000	16,642,744,949	20,147,031,615	24,684,531,615
Total comprehensive income for the six months period ended 31 December 2013						
Profit for the period	-	-	-	1,425,270,427	1,425,270,427	1,425,270,427
Other Comprehensive Income						
Unrealised appreciation diminution during the period on remeasurement of investments classified as 'available for sale'	-	(119,180,534)	-	-	(119,180,534)	(119,180,534)
Reclassification adjustments relating to loss realised on disposal of investments classified as 'available for sale' -net	-	17,500,536	-	-	17,500,536	17,500,536
Other comprehensive income for the period	-	(101,679,998)	-	-	(101,679,998)	(101,679,998)
Transactions with owners						
Distribution: Final cash dividend for the year ended 30 June 2013 at the rate of Rs. 2.5 per share	-	-	-	(1,134,375,000)	(1,134,375,000)	(1,134,375,000)
Balance as at 31 December 2013	4,537,500,000	(597,393,332)	4,000,000,000	16,933,640,376	20,336,247,044	24,873,747,044
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 six months period ended 31 December 2014						
Profit for the period	-	-	-	2,901,858,698	2,901,858,698	2,901,858,698
Other Comprehensive Income						
Unrealised diminution during the period on remeasurement of investments classified as 'available for sale'	-	(372,249,471)	-	-	(372,249,471)	(372,249,471)
Reclassification adjustments relating to loss realised on disposal of investments classified as 'available for sale' -net	-	16,413,378	-	-	16,413,378	16,413,378
Other comprehensive income for the period	-	(355,836,093)	-	-	(355,836,093)	(355,836,093)
Transactions with owners						
Distribution: Final cash dividend for the year ended 30 June 2014 at the rate of Rs. 2.5 per share	-	-	-	(1,134,375,000)	(1,134,375,000)	(1,134,375,000)
Balance as at 31 December 2014	4,537,500,000	(957,446,074)	4,000,000,000	19,582,173,119	22,624,727,045	27,162,227,045

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 six months period and quarter ended 31st December 2014

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

The Company has following long term investments:

<i>Name of Company</i>	<i>Shareholding</i>
<i>Subsidiaries</i>	
- Arif Habib Limited, a brokerage house	69.00%
- Power Cement Limited, a Cement manufacturing Company	61.61%
- Arif Habib DMCC, a UAE incorporated member company of Dubai Gold and Commodities Exchange	100.00%
- Pakistan Opportunites Limited, a venture capital company (formerly Pakistan Private Equity Management Limited)	85.00%
- Sachal Energy Development (Pvt) Limited, a wind power generation company	99.99%
<i>Associates</i>	
- MCB-Arif Habib Savings and Investments Limited	30.09%
- Pakarab Fertilizers Limited	30.00%
- Fatima Fertilizer Company Limited	16.19%
- Aisha Steel Mills Limited *	14.24%
- Javedan Corporation Limited *	22.14%
<i>Others</i>	
- Takaful Pakistan Limited	10.00%
- Khabeer Financial Services (Private) Limited	5.00%
- Sunbiz (Private) Limited	4.65%

* 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 six months period ended 31 December 2014 are summarised as under:

- the Company has sold 10,000,000 shares of Power Cement Limited , a subsidiary of the Company, resulting in a decrease in the Company's holding from 64.34% to 61.61%.
- the Company has sold 10,000,000 shares of Fatima Fertilizer Company Limited, an associate of the Company, resulting in a decrease in the Company's holding from 16.67% to 16.19%.

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period and quarter ended 31st December 2014

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim unconsolidated financial information for the six months period ended 31 December 2014 has been prepared in accordance with the requirements of International Accounting Standards 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, have been followed.

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

The comparative Balance Sheet presented in this condensed interim unconsolidated financial information has been extracted from the audited annual unconsolidated financial statements of the Company for the year ended 30 June 2014, whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are extracted from the unaudited condensed interim unconsolidated financial information for the period ended 31 December 2013.

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. The figures for the six months period ended 31 December 2014 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance.

This condensed interim unconsolidated financial information is presented in Pakistan Rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest rupee.

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

2.2 Basis of measurement

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

3. ACCOUNTING POLICIES

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

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

Certain amendments and interpretation to approved accounting standards became effective during the period 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 six months period and quarter ended 31st December 2014

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

5. FINANCIAL RISK MANAGEMENT

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

6. LONG TERM LOAN - secured

		Unaudited 31 December 2014	Audited 30 June 2014
		(Rupees)	
Term finance loan	6.1 & 6.2	418,719,305	243,021,452
less: current maturity of term finance loan		(48,604,290)	(48,604,290)
Diminishing Musharakah Financing	6.3	1,688,181	-
less: current maturity of Diminishing Musharika Financing		(431,028)	-
		371,372,168	194,417,162

- 6.1** The Company obtained term finance facility of Rs. 243.021 million from a commercial bank under mark-up arrangement at the rate of 6 month KIBOR+2.50% to be charged on semi-annual basis. The loan is repayable in ten equal semi-annual instalments ending on 19 March 2019. The loan is secured against first pari passu charge of Rs. 333.333 million over present and future assets (excluding shares pledged against short term borrowings) of the Company inclusive of 25% margin and pledge of shares of associated undertaking with 30% margin. During the period, the Company has paid an installment due of Rs. 24.30 million.

The market value of pledged shares as collateral amounts to Rs. 258.975 million (2014: Rs. 251.821 million) at balance sheet date.

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

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period and quarter ended 31st December 2014

7. SHORT TERM BORROWINGS - secured

		Unaudited December 2014	Audited June 2014
		(Rupees)	
Term Loan	7.1	360,000,000	-
Running Finance	7.2 & 7.3	1,346,614,871	1,394,632,677
		<u>1,706,614,871</u>	<u>1,394,632,677</u>

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

7.2 Short term running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 2,800 million (30 June 2014: Rs. 3,550 million) which represents the aggregate of sale prices of all mark-up agreements between the Company and the banks. These facilities have various maturity dates upto 30 September 2015. These arrangements are secured against pledge of marketable securities with minimum 30% margin (30 June 2014: 30% margin).

These running finance facilities carry mark-up ranging from 1 month KIBOR + 1% to 3 month KIBOR + 2.25% per annum (30 June 2014: 1 month KIBOR + 1% to 3 month KIBOR + 2.5% per annum) calculated on a daily product basis, that is payable quarterly. The aggregate amount of these facilities which have not been availed as at the balance sheet date amounts to Rs. 1,453.346 million (30 June 2014: Rs. 2,155.289 million).

7.3 The fair value of shares of associated companies, shares held for trading and other securities pledged as collateral against short term borrowings amount to Rs. 3,059.084 million (30 June 2014: Rs. 3,150.495 million).

8. CONTINGENCIES AND COMMITMENTS

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

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

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period and quarter ended 31st December 2014

9. PROPERTY AND EQUIPMENT

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

	Six months period ended 31 December 2014		Six months period ended 31 December 2013	
	Additions	Disposals	Additions	Disposals
	(Rupees)			
Vehicle held under musharakah agreement	2,463,000	-	-	-
Office equipment	60,000	44,752	-	-
Computer and allied equipments	368,992	29,224	91,850	24,001
	<u>2,891,992</u>	<u>73,976</u>	<u>91,850</u>	<u>24,001</u>

10. LONG TERM INVESTMENTS

		Unaudited 31 December 2014	Audited 30 June 2014
		(Rupees)	
Subsidiaries - at cost	10.1	3,622,960,475	3,637,122,178
At fair value through profit or loss	10.2	24,270,083,209	21,706,832,045
Available for sale	10.3	1,934,251,849	2,063,178,691
		<u>29,827,295,533</u>	<u>27,407,132,914</u>

10.1 Subsidiaries - at cost

		Cost	Provision for impairment	Carrying amount	
				Unaudited 31 December 2014	Audited 30 June 2014
				(Rupees)	
Arif Habib Limited (AHL)		2,375,720,796	-	2,375,720,796	2,375,720,796
Power Cement Limited (PCL)	10.1.1	882,293,721	-	882,293,721	921,455,424
Arif Habib DMCC (AHD)		29,945,898	-	29,945,898	29,945,898
Pakistan Opportunites Limited (formerly Pakistan Private Equity Management Limited) (POL)		42,500,000	(42,500,000)	-	-
Sachal Energy Development (Private) Limited (SEDPL)		335,000,060	-	335,000,060	310,000,060
		<u>3,665,460,475</u>	<u>(42,500,000)</u>	<u>3,622,960,475</u>	<u>3,637,122,178</u>

10.1.1 Before acquisition of control, PCL was classified as 'Available for sale' category in accordance with IAS 39. On control acquisition date, previously held equity interest was remeasured and the resulting fair value was made the deemed cost. Historical cost of investment is Rs 1,252.08 million. (30 June 2014: Rs. 1,307.65 million)

10.2 At fair value through profit or loss

		Cost	Unrealised appreciation on remeasurement of investments	Carrying amount	
				Unaudited 31 December 2014	Audited 30 June 2014
(Rupees)					
Associates:					
MCB - Arif Habib Savings and investments Limited	10.2.1	81,947,527	416,328,314	498,275,841	351,826,072
Pakarab Fertilizers Limited (PFL)		1,324,332,073	10,285,667,927	11,610,000,000	11,205,000,000
Fatima Fertilizer Company Limited (FFCL)		3,744,031,064	8,417,776,304	12,161,807,368	10,150,005,973
		5,150,310,664	19,119,772,545	24,270,083,209	21,706,832,045

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period and quarter ended 31st December 2014

- 10.2.1** Before loss of control, MCB-AH was stated at Rs. 81.948 million which is historical cost of investment as per IAS 27. However, due to loss of control the Company has designated remaining equity interest 'at fair value through profit or loss' and accordingly fair value on the date of loss of control is considered as deemed cost.

10.3 Available for sale

	Cost	Unrealised appreciation/ (diminution) on remeasurement of investments	Provision for Impairment	Carrying amount Unaudited 31 December 2014	Audited 30 June 2014
(Rupees)					
Associates:					
Aisha Steel Mills Limited (ASML)	142,213,500	(24,318,508)	-	117,894,992	122,303,610
Aisha Steel Mills Limited - convertible preference shares (ASML-PS)	340,408,966	(88,813,594)	-	251,595,372	244,645,224
Javedan Corporation Limited (JCL) 10.3.1	1,946,569,942	(576,663,535)	-	1,369,906,407	1,523,929,632
Javedan Corporation Limited- convertible preference shares (JCL-PS)	92,620,761	102,134,317	-	194,755,078	172,200,225
	<u>2,521,813,169</u>	<u>(587,661,320)</u>	-	<u>1,934,151,849</u>	<u>2,063,078,691</u>
Other investments:					
Takaful Pakistan Limited	30,000,000	-	(30,000,000)	-	-
Al-Khabeer Financial Services (Private) Limited	1,000,000	-	(900,000)	100,000	100,000
Sun Biz (Private) Limited	1,000,000	-	(1,000,000)	-	-
	<u>32,000,000</u>	-	<u>(31,900,000)</u>	<u>100,000</u>	<u>100,000</u>
	<u>2,553,813,169</u>	<u>(587,661,320)</u>	<u>(31,900,000)</u>	<u>1,934,251,849</u>	<u>2,063,178,691</u>

- 10.3.1** This includes 24,332,263 ordinary right shares of JCL offered to the Company in the ratio of one share for every single ordinary share held. The Company has accepted the offer by paying subscription amount in full to JCL and the right shares will be allotted in due course.

- 10.4** Fair value of long term investments pledged with banking companies against various financing facilities amounts to Rs. 2,766.45 million (30 June 2014: Rs.2,586.35 million).

10.5 Movement in provision for impairment

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

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period and quarter ended 31st December 2014

11. LOANS AND ADVANCES

		Unaudited 31 December 2014	Audited 30 June 2014
		(Rupees)	
Unsecured			
<i>Considered good</i>			
Advances for new investment	11.1	425,494,937	392,994,937
Advances against salaries		1,580,888	1,241,398
Bid price for secondary public offer		-	250,000,000
To related party:			
Advances against equity to Aisha Steel Mills Limited	11.2	244,860,460	236,924,414
Loan to Power Cement Limited	11.3	140,000,000	10,000,000
Loan to Aisha Steel Mills Limited	11.4	1,169,521,452	426,521,452
		<u>1,981,457,737</u>	<u>1,317,682,201</u>
Secured			
<i>Considered good</i>			
Receivable against reverse repurchase agreement (Reverse repo)	11.5	216,626,135	350,151,662
To related party:			
Loan to Aisha Steel Mills Limited	11.6	14,985,000	14,985,000
Loan to Javedan Corporation Limited	11.7	93,600,000	-
		<u>2,306,668,872</u>	<u>1,682,818,863</u>

- 11.1** This represents amount paid as deposit money for acquisition of shares of a company in dairy farming industry.
- 11.2** This represents advance given to Aisha Steel Mills Limited against prospective right issue. Following the requirement of 'Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012' markup at the effective rate of 13.17% to 13.18% has been charged from the date of transfer of funds.
- 11.3** The Company has entered into a loan agreement with the said subsidiary on 24 November 2011. The loan is repayable within 30 business days of notice of demand. The mark-up rate on the said loan is 3 month KIBOR prevailing on the base rate setting date plus 2.5% per annum. Mark-up is payable on quarterly basis. The effective mark-up charged during the period was 12.67% to 12.68% (30 June 2014: 11.53% to 12.69%) per annum.
- 11.4** The Company has entered into a loan agreement with the said associated concern on 1 July 2013. The loan is repayable within 30 business days notice of demand. The mark-up rate on the said loan is 3 month KIBOR prevailing on the base rate setting date plus 3% per annum. Mark-up is payable on quarterly basis. The effective mark-up charged during the period was 13.17% to 13.42% (30 June 2014: 12.02% to 13.17%) per annum.
- 11.5** The Company has entered into an agreement for Purchase and Sale of Securities (Reverse repo) with financees. During the period, tranche of the agreement was partly settled. The effective rate between purchase and resale price is 3 months KIBOR + 5% respectively (30 June 2014: 3 months KIBOR + 5% and 15.01% per annum). The fair value of the unsettled agreement as at the balance sheet date is Rs. 476.371 million (30 June 2014: Rs. 595.925 million). The Company has pledged underlying shares with financial institutions as security against its borrowing. The fair value of underlying shares pledged at balance sheet date is Rs. 476.371 million (30 June 2014: Rs. 595.925 million).

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period and quarter ended 31st December 2014

11.6 The Company has entered into an agreement with the said associated concern on 19 January 2011. Under the arrangement, the Company shall disburse loan to the associated company in one or more tranches. The loan is secured against first charge on all present and future fixed assets, accounts receivables and interest in any insurance claim and equitable mortgage of land and building. The mark-up rate in the said loan is 6 month KIBOR + 3.25% per annum (30 June 2014: 6 months KIBOR + 3.25% per annum). The effective rate of markup on the loan charged during the period was 13.42% (30 June 2014: 12.37% to 13.42%) per annum. Mark-up is payable on semi-annually basis.

11.7 The Company had entered into an arrangement with the said associated concern on 20 November 2010 extended via latest addendum. Under the arrangement, the Company shall disburse loan to JCL in one or more tranches on a short term basis and is secured against ranking charge on property situated at Naya Nazimabad, Survey# 248, 249, 250 (Total 35 acres & 22 ghuntas) Deh Mangopir, Gadap Town, New Nazimabad, Karachi in favor of Company's banker.

The mark-up rate on the said loan is three months KIBOR + 3% per annum (30 June 2014: 3 months KIBOR + 3% per annum) Mark-up is payable on a quarterly basis. The effective mark-up charged during the period was 13.16% to 13.21% per annum (30 June 2014: 12.92% to 13.17% per annum).

11.8 Maximum balance due from related parties is Rs. 1,561.506 million (30 June 2014: 2,138.623 million).

12. OPERATING REVENUE

	Six months period ended		Quarter ended	
	December 2014	December 2013	December 2014	December 2013
	(Rupees)			
Dividend income	232,259,461	125,177,450	32,510,776	21,672,167
Markup on loans and advances	84,535,524	92,142,431	54,010,751	42,833,783
Profit on bank accounts	168,114	264,439	110,238	190,411
Income from reverse repurchase transactions	28,575,317	32,693,064	12,507,698	21,570,579
Put option fee	40,700,000	41,142,391	20,350,000	20,571,196
Gain/Loss on sale of securities - net	23,198,313	120,838,328	32,695,057	(10,406,404)
Gain on remeasurement of investments-net	2,887,576,813	1,231,708,019	2,751,216,692	919,397,568
	<u>3,297,013,542</u>	<u>1,643,966,122</u>	<u>2,903,401,212</u>	<u>1,015,829,300</u>

13. TAXATION

	Six months period ended		Quarter ended	
	December 2014	December 2013	December 2014	December 2013
	(Rupees)			
For the period				
-Current	(24,764,055)	(32,258,028)	(22,739,653)	(13,772,576)
-Prior year	-	(18,061,359)	-	1,847
-Deferred	(82,838,471)	22,272,418	44,024,949	21,307,519
	<u>(107,602,526)</u>	<u>(28,046,969)</u>	<u>21,285,296</u>	<u>7,536,790</u>

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period and quarter ended 31st December 2014

14. CASH (USED IN) / GENERATED FROM OPERATIONS

	Note	31 December 2014	31 December 2013
		(Rupees)	
Profit before tax		3,009,461,224	1,453,317,396
Adjustments for non cash and other items			
Depreciation and amortization		4,987,599	2,995,348
Dividend income		(232,259,461)	(125,177,450)
Mark-up on loans and advances		(84,535,524)	(92,142,431)
Gain on disposal of Long term investment		(219,755,280)	(139,340,359)
Loss on disposal of asset		24,752	-
Unrealised gain on remeasurement of investment		(2,887,576,813)	(1,231,708,019)
Income from reverse repurchase transactions		(28,575,317)	(32,693,064)
Workers' Welfare fund		61,449,425	29,659,539
Finance cost		135,837,739	94,042,892
Impairment loss on investment		-	17,000,000
		(3,250,402,880)	(1,477,363,544)
		(240,941,656)	(24,046,148)
Changes in working capital			
(Increase) / decrease in current assets			
Loans and advances - net of repayment		(623,850,009)	(792,529,905)
Prepayments		810,238	6,362,484
Trade and other receivables		671,550	(123,977,983)
Short term investments		526,289,775	11,138,364
Asset held for sale		27,891,903	111,812,869
(Decrease) / increase in current liabilities			
Trade and other payables		(141,766,150)	922,521,651
		(209,952,693)	135,327,480
Cash (used in) / generated from operations		(450,894,349)	111,281,332

15. CASH AND CASH EQUIVALENTS

Cash and bank balances		33,380,298	22,537,115
Short term borrowings	7	(1,706,614,871)	(2,088,750,117)
		(1,673,234,573)	(2,066,213,002)

16. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise of group companies (including subsidiaries and associates), directors and their close family members, major shareholders of the Company, companies where directors also hold directorship, key management personnel and staff provident fund. Transactions with related parties are entered into at commercial terms and conditions. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment while contribution to the provident fund is in accordance with staff service rules.

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

For the six months period and quarter ended 31st December 2014

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

	Six months period ended	
	December 2014	December 2013
	(Rupees)	
Relationship with the Company and the nature of transaction		
Transactions with Subsidiaries		
-Services availed	4,661,910	2,722,715
-Loan extended	260,000,000	288,000,000
-Loan repayment	130,000,000	550,000,000
-Mark-up income accrued on loan and advance	5,730,874	23,888,643
-Dividend income / received	189,748,665	103,499,283
-Number of bonus shares received	-	3,449,976
-Subscription of right shares/ fresh equity investment	25,000,000	43,505,136
Transactions with Associates		
- Dividend income	32,496,250	21,664,167
- Dividend received	32,496,250	21,664,167
- Markup on loan and advance	78,804,650	68,253,786
- Markup income received	10,645,973	8,035,452
- Loan extended	1,380,000,000	669,000,000
- Loan repayment	543,400,000	300,000,000
- Commission on guarantee from Aisha Steel Mills Limited	250,000	-
- Commission on guarantee from Javedan Corporation Limited	50,000	-
- Purchase of investment property	-	1,044,048,000
Transactions with Other related parties		
- Provident fund contribution	870,520	1,752,418
- Payment of rent and maintenance charges	10,179,961	2,829,354
- Markup on loan from Summit Bank	13,637,622	-
Remuneration to Key management personnel		
- Remuneration	9,507,048	12,602,496

Notes to the Condensed Interim Unconsolidated Financial Information (Unaudited)

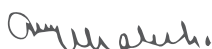
For the six months period and quarter ended 31 December 2014

Balances as at :

	Unaudited 31 December 2014	Audited 30 June 2014
	(Rupees)	
- Commission on guarantee receivable from Javedan Corporation Limited	50,000	-
- Markup receivable from Aisha Steel Mills Limited	70,966,939	10,745,974
- Commission on guarantee receivable from Aisha Steel Mills Limited	250,000	-
- Markup receivable from Power Cement Limited	1,180	250,324
- Markup payable to Summit Bank Limited	13,637,622	-
- Payable to Arif Habib Limited against purchase of listed securities from stock exchange under T+2 settlement method	-	169,893,267
- Payable to Arif Habib Limited	34,004	-

17. DATE OF AUTHORISATION FOR ISSUE

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



Chief Executive Officer



Director

Condensed Interim Consolidated Financial Information

for the half year ended 31st December 2014

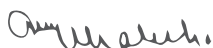
Condensed Interim Consolidated Balance Sheet

As at 31st December 2014

	Note	Unaudited December 2014	Audited June 2014
(Rupees)			
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital 1,000,000,000 ordinary shares of Rs. 10 each		10,000,000,000	10,000,000,000
Issued, subscribed and paid-up share capital		4,537,500,000	4,537,500,000
Reserves		11,667,077,422	11,352,656,202
Equity attributable to owners of the Parent		16,204,577,422	15,890,156,202
Non-Controlling interest		1,231,135,590	1,055,597,355
		17,435,713,012	16,945,753,557
Non-current liabilities			
Long term loans		2,535,052,118	2,343,193,668
Long term payable		1,700,179,646	1,700,179,646
Liabilities against assets subject to finance lease		3,180,806	2,235,913
Deferred liability - Staff gratuity		45,725,999	41,748,723
Deferred taxation - net		589,899,151	328,165,511
		4,874,037,720	4,415,523,461
Current liabilities			
Trade and other payables		2,575,979,329	2,596,403,973
Dividend Payable		846,762,417	-
Interest / mark-up accrued on borrowings		148,610,226	123,013,911
Short term borrowings - secured		5,287,151,262	4,309,905,907
Current portion of long term loans		519,942,290	755,291,290
Current portion of liabilities against assets subject to finance lease		909,398	468,892
Provision for taxation		437,071,804	320,793,666
Liabilities held for sale		-	23,815,692
		9,816,426,726	8,129,693,331
		32,126,177,458	29,490,970,349

Contingencies and commitments

4



Chief Executive Officer



Director

Condensed Interim Consolidated Balance Sheet

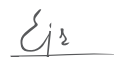
As at 31st December 2014

	Note	Unaudited December 2014	Audited June 2014
(Rupees)			
ASSETS			
Non-current assets			
Property, plant and equipment	5	4,722,827,077	4,732,957,516
Intangible assets - others		13,946,430	14,226,625
Goodwill		1,163,961,863	1,163,961,863
Trading right entitlement certificate, membership cards and offices		68,552,500	59,052,500
Equity accounted investees		13,651,286,650	12,374,772,753
Other long term investments		121,442,551	121,442,551
Investment property		2,998,191,000	2,989,651,000
Long term loans and advances - considered good		975,000	975,000
Long term deposits and prepayments		48,657,170	40,530,986
		22,789,840,241	21,497,570,794
Current assets			
Stock-in-trade		389,897,000	177,302,000
Stores, spares and loose tools		691,089,000	642,543,000
Trade debts		1,089,814,455	452,594,045
Loans and advances - considered good		2,267,214,568	2,038,064,020
Deposits and prepayments		121,969,551	56,800,357
Advance tax		453,058,651	421,611,367
Tax refund due from government		292,158,000	245,730,000
Markup receivable		127,841,288	50,667,183
Other receivables - considered good		1,240,963,057	919,152,977
Short term investments		1,944,511,886	1,898,848,996
Receivable against sale of investment		409,018,998	797,382,506
Cash and bank balances		308,800,763	226,986,603
Assets held for sale		-	65,716,501
		9,336,337,217	7,993,399,555
		32,126,177,458	29,490,970,349

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



Chief Executive Officer



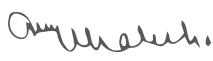
Director

Condensed Interim Consolidated Profit and Loss Account (Unaudited)

For the six months period and quarter ended 31st December 2014

	Six months period ended		Quarter ended	
	December 2014	December 2013	December 2014	December 2013
	(Rupees)			
Operating revenue	1,407,504,037	614,023,945	1,031,039,829	349,569,356
Operating, administrative and other expenses	(359,713,092)	(378,154,250)	(181,497,202)	(164,056,295)
Operating profit	1,047,790,945	235,869,695	849,542,627	185,513,061
Other income	295,923,246	86,844,849	82,513,457	50,015,918
Finance cost	(388,592,169)	(382,584,842)	(165,306,162)	(219,276,539)
Other charges	(162,171,712)	(40,638,270)	(139,803,670)	(28,020,902)
	792,950,310	(100,508,568)	626,946,252	(11,768,462)
Share of profit of equity-accounted associates - net of tax	1,239,591,695	603,613,460	777,973,593	503,719,039
Profit before tax	2,032,542,005	503,104,892	1,404,919,845	491,950,577
Taxation				
For the period				
- Current	(133,619,138)	(59,633,365)	(71,209,049)	(30,938,432)
- Prior	-	(23,914,359)	-	(5,851,153)
- Deferred	(261,733,640)	10,226,583	(169,556,065)	(39,549,505)
	(395,352,778)	(73,321,141)	(240,765,114)	(76,339,090)
Profit after tax	1,637,189,227	429,783,751	1,164,154,731	415,611,487
Profit / (loss) attributable to:				
Equity holders of the Parent Company	1,418,274,070	446,178,561	1,018,926,797	413,419,810
Non-controlling interests	218,915,157	(16,394,810)	145,227,934	2,191,677
	1,637,189,227	429,783,751	1,164,154,731	415,611,487
Earnings per share - Basic & Diluted	3.13	0.98	2.25	0.91

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


Chief Executive Officer

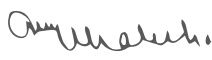

Director

Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited)

For the six months period and quarter ended 31st December 2014

	<u>Six months period ended</u>		<u>Quarter ended</u>	
	<u>December 2014</u>	<u>December 2013</u>	<u>December 2014</u>	<u>December 2013</u>
	(Rupees)			
Profit after tax	1,637,189,227	429,783,751	1,164,154,731	415,611,487
Other comprehensive income				
Items that are to be reclassified subsequently to profit and loss account				
Effect of translation of net assets of foreign subsidiary to presentation currency - net	673,988	4,500,824	(801,723)	314,347
Share of other comprehensive income of equity-accounted associates -net of tax	-	48,496,215	-	(6,912,029)
Reclassification adjustments relating to loss/(gain) realised on disposal of investments classified as 'available for sale' - net	-	(62,697,089)	-	-
Other comprehensive income for the period	673,988	(9,700,050)	(801,723)	(6,597,682)
Total comprehensive income for the period	1,637,863,215	420,083,701	1,163,353,008	409,013,805
Total comprehensive income attributable to:				
Equity holders of Arif Habib Corporation Limited	1,418,948,058	436,072,221	1,018,125,074	406,796,582
Non-controlling interests	218,915,157	(15,988,520)	145,227,934	2,217,223
	1,637,863,215	420,083,701	1,163,353,008	409,013,805

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 six months period ended 31st December 2014

	Note	December 2014	December 2013
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		2,032,542,005	503,104,892
Adjustments for:			
Depreciation		35,729,575	43,789,621
(Gain) / Loss on sale of property and equipment		(332,434)	56,034
Gain on disposal of stock exchange room		-	(3,455,525)
Unrealised gain on short term investments		(847,124,227)	(13,202,607)
Share of profit of equity-accounted associates - net of tax		(1,239,591,695)	(603,613,460)
Amortization		535,270	169,945
Mark-up on loans and advances		(91,232,493)	(124,835,495)
Dividend income		(41,004,051)	(112,965,640)
Finance cost		388,592,169	382,584,842
		(1,794,427,886)	(431,472,285)
Operating profit before working capital changes		238,114,119	71,632,607
Changes in working capital:			
(Increase) / decrease in current assets			
Stock in trade		(212,595,000)	92,919,000
Store and spares		(48,546,000)	84,494,000
Trade debts		(637,220,410)	239,043,370
Loans and advances		(229,150,548)	(795,337,678)
Deposits and prepayments		(65,169,194)	(10,434,603)
Tax refund due from government		(46,428,000)	(31,981,000)
Receivable against sale of securities - net		388,363,508	(682,567,945)
Other receivables		(321,810,080)	(126,903,206)
Short term investments		801,461,337	(420,237,180)
Assets held for sale		41,900,809	129,554,839
(Decrease) / Increase in current liabilities			
Trade and other payables		(20,424,644)	514,935,683
		(349,618,222)	(1,006,514,720)
Cash used in operations		(111,504,103)	(934,882,113)
Taxes paid		(48,788,284)	(47,035,279)
Finance cost paid		(362,995,854)	(413,897,192)
Interest received		14,058,388	120,778,678
Net cash used in operating activities		(509,229,853)	(1,275,035,906)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		(25,348,992)	(130,762,955)
Proceeds from sale of assets		756,278	665,982
Acquisition of intangible assets		(255,075)	(193,240)
Acquisition of Trading right entitlement certificate		(9,500,000)	-
Proceeds from sale of stock exchange room		-	14,200,000
Acquisition of Investment Property		(8,540,000)	(1,048,318,000)
Dividend received		73,500,301	134,629,807
Long term investments - net		2,304,103	(263,382,786)
Long term deposits		(8,126,184)	(6,182,498)
Net cash generated from / (used in) investing activities		24,790,431	(1,299,343,690)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing		(43,490,550)	246,327,790
Dividend paid		(372,863,898)	(292,913,527)
Deferred liability		3,977,276	2,975,172
Lease liability		1,385,399	(2,027,323)
Net cash used in financing activities		(410,991,773)	(45,637,888)
Net decrease in cash and cash equivalents		(895,431,195)	(2,620,017,484)
Cash and cash equivalents at beginning of the period		(4,082,919,304)	(2,081,385,901)
Cash and cash equivalents at end of the period	6	(4,978,350,499)	(4,701,403,385)

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 six months period ended 31st December 2014

	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	Non-controlling interests	Total equity
	(Rupees)							
Balance as at 1 July 2013 (restated)	4,537,500,000	130,701,387	46,564,052	4,019,567,665	5,945,567,603	14,679,900,707	534,734,474	15,214,635,181
Total comprehensive income for the six months period								
Profit for the six months period ended 31 December 2013	-	-	-	-	446,178,561	446,178,561	(16,394,810)	429,783,751
Other Comprehensive income								
Effect of translation of net assets of foreign subsidiary to presentation currency -net	-	-	4,094,534	-	-	4,094,534	406,290	4,500,824
Share of other comprehensive income of equity-accounted associates -net of tax	-	48,496,215	-	-	-	48,496,215	-	48,496,215
Reclassification adjustments relating to gain realized on disposal of investments classified as 'available for sale' -net of tax	-	(62,697,089)	-	-	-	(62,697,089)	-	(62,697,089)
	-	(14,200,874)	4,094,534	-	446,178,561	436,072,221	(15,988,520)	420,083,701
Transactions with owners								
Cash dividend for the year ended 30 June 2013	-	-	-	-	(1,134,375,000)	(1,134,375,000)	(46,500,717)	(1,180,875,717)
Increase in non-controlling interest on further disposal	-	-	-	-	128,893,342	128,893,342	223,548,395	352,441,737
	-	-	-	-	(1,005,481,658)	(1,005,481,658)	177,047,678	(828,433,980)
Balance as at 31 December 2013	4,537,500,000	116,500,513	50,658,586	4,019,567,665	5,386,264,506	14,110,491,270	695,793,632	14,806,284,902
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 six months period								
Profit for the six months period ended 31 December 2014	-	-	-	-	1,418,274,070	1,418,274,070	218,915,157	1,637,189,227
Other comprehensive income								
Effect of translation of net assets of foreign subsidiary to presentation currency - net	-	-	673,988	-	-	673,988	-	673,988
Reclassification adjustments relating to gain realized on disposal of investments classified as 'available for sale' -net of tax	-	-	-	-	-	-	-	-
	-	-	673,988	-	1,418,274,070	1,418,948,058	218,915,157	1,637,863,215
Transactions with owners								
Distribution: Final cash dividend for the year ended 30 June 2014	-	-	-	-	(1,134,375,000)	(1,134,375,000)	(85,251,315)	(1,219,626,315)
Increase in non-controlling interest on further disposal	-	-	-	-	29,848,162	29,848,162	41,874,393	71,722,555
	-	-	-	-	(1,104,526,838)	(1,104,526,838)	(43,376,922)	(1,147,903,760)
Balance as at 31 December 2014	4,537,500,000	68,004,298	48,785,509	4,019,567,665	7,530,719,950	16,204,577,422	1,231,135,590	17,435,713,012

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 six months period ended 31st December 2014

1. LEGAL STATUS AND NATURE OF BUSINESS

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

This condensed interim consolidated financial information of Arif Habib Corporation Limited for the six months period ended 31 December 2014 comprise of the Parent and following subsidiary companies (here-in-after referred to as "the Group").

<i>Name of Company</i>		<i>Shareholding (including indirect holding)</i>
<i>Subsidiaries</i>	<i>Note</i>	
- Arif Habib Limited (AHL)	1.1	<u>69.00%</u>
- Arif Habib Commodities (Private) Limited, investment management of commodities, wholly owned subsidiary of Arif Habib Limited	1.1	<u>69.00%</u>
- Arif Habib 1857 (Pvt.) Ltd, wholly owned subsidiary of Arif Habib Limited	1.1	<u>69.00%</u>
- Power Cement Limited (PCL)	1.2	<u>63.02%</u>
- Arif Habib DMCC, a UAE incorporated member company of Dubai Gold and Commodities Exchange	1.3	<u>100.00%</u>
- Pakistan Opportunities Limited (formerly Pakistan Private Equity Management Limited) (POL)	1.4	<u>85.00%</u>
- Sachal Energy Development (Pvt) Limited (SEDL)	1.5	<u>99.99%</u>

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

Associates

- Pakarab Fertilizers Limited	<u>30.00%</u>
- Aisha Steel Mills Limited *	<u>14.24%</u>
- MCB-Arif Habib Savings and Investments Limited	<u>30.13%</u>
- Fatima Fertilizer Company Limited	<u>16.89%</u>
- Javedan Corporation Limited *	<u>40.85%</u>

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

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

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31st December 2014

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

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

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

POL's license to carry out Private Equity and Venture Capital Fund Management Services expired on 03 June 2013. POL had decided not to apply for renewal of license and had applied with Securities and Exchange Commission of Pakistan to exit from the business which was granted. POL intends to continue its operations as an un-quoted public company under the Companies Ordinance, 1984 subsequent to its exit from NBFC regime.
- 1.5** Sachal Energy Development (Private) Limited (SEDPL) is a company incorporated in Pakistan under the Companies Ordinance, 1984 on 20 November 2006. The Company's registered office is located in Islamabad, Pakistan. The Company plans to carry out the business of purchasing, importing, transforming, converting, distributing, supplying and dealing in electricity and all other form of energy and the related services.

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31st December 2014

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

The comparative balance sheet presented in this condensed interim consolidated financial information has been extracted from the annual audited consolidated financial statements of the Group for the year ended 30 June 2014, whereas the comparative condensed interim consolidated Profit and Loss Account, condensed interim consolidated Statement of Comprehensive Income, condensed interim consolidated Cash Flow statement and condensed interim consolidated Statement of Changes in Equity are extracted from the unaudited condensed interim consolidated financial information for the period ended 31 December 2013.

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

2.2 Significant accounting policies

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

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

2.3 Use of estimates and judgments

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

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

3. FINANCIAL RISK MANAGEMENT

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

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31st December 2014

4. CONTINGENCIES AND COMMITMENT

Parent Company

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

AHL, Subsidiary Company

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

Further following commitments are outstanding as at the period end

	December 2014	30 June 2014
- Outstanding settlement against sale/purchases of securities in future market	-	40,609,905
- Outstanding Settlements against Marginal Trading contracts	881,746,493	563,200,039
- Outstanding Settlements against (purchase)/sale of securities in regular market	(96,784,764)	181,065,922
- Guarantee given by a commercial bank on behalf of the company	100,000,000	100,000,000
	<u>884,961,729</u>	<u>884,875,866</u>

PCL, Subsidiary Company

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

Further following commitments are outstanding as at the period end

	December 2014	30 June 2014
Commitment against open letter of credit for:		
- Coal	107,216,000	-
- Stores and spares	30,604,000	98,651,000
- Other commitments - Ijarah rentals	1,908,000	2,557,000
	<u>139,728,000</u>	<u>101,208,000</u>

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

5. PROPERTY AND EQUIPMENT

Capital expenditure incurred during the period amounted to Rs 25.35 million. Further, assets having WDV of Rs. 0.424 million were sold for Rs. 0.756 million.

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31st December 2014

6. CASH AND CASH EQUIVALENTS

	Six months period ended December 2014	December 2013
	(Rupees)	
Cash and bank balances	308,800,763	193,234,696
Short term borrowings	(5,287,151,262)	(4,894,638,081)
	<u>(4,978,350,499)</u>	<u>(4,701,403,385)</u>

7. TRANSACTIONS WITH RELATED PARTIES

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

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

	Six months period ended December 2014	December 2013
	(Rupees)	
Transaction with associates		
- Dividend income	32,496,250	21,664,167
- Dividend received	32,496,250	21,664,167
- Mark-up on loan and advance	78,804,650	68,253,786
- Mark-up income received	10,645,973	8,035,452
- Loan extended	1,380,000,000	669,000,000
- Loan repayment	543,400,000	550,000,000
- Sale of goods	6,143,000	5,925,000
- Commission on guarantee	300,000	-
- Purchase of goods	-	675,938
- Purchase of investment property	-	1,044,048,000
Transaction with Other related party		
- Provident fund contribution	2,128,068	2,862,988
- Payment of rent and maintenance charges	20,647,081	13,278,474
- Payment to key management personnel	43,252,338	19,351,327
- Sale of goods & services	8,322,000	23,368,000
- Loan received-net	-	696,000,000

Notes to the Condensed Interim Consolidated Financial Information (Unaudited)

For the six months period ended 31st December 2014

	Unaudited December 2014	Audited 30 June 2014
	(Rupees)	
Balances as at		
- Commission on guarantee receivable from Javedan Corporation Limited	50,000	-
- Markup receivable from Aisha Steel Mills Limited	70,966,939	10,745,974
- Payable to Javedan Corporation Limited	1,700,179,646	1,700,179,646
- Trade receivable from Safe Mix Concrete Products Limited	9,754,000	8,036,000
- Trade Receivable from Javedan Corporation Limited	2,883,000	6,523,000
- Trade Receivable from Aisha Steel Mills Limited	165,000	165,000
- Commission on guarantee receivable from Aisha Steel Mills Limited	250,000	-
- Loan to Aisha Steel Mills Limited	1,184,506,452	441,506,452
- Loan to Javedan Corporation Limited	93,600,000	-
- Loan to Power Cement Limited	140,000,000	10,000,000
- Loan payable to Mr. Arif Habib	1,605,500,000	1,325,500,000
- Advance against equity to Aisha Steel Mills Limited	244,860,460	236,924,414
- Payable to Arif Habib Limited	34,004	-

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 assets of energy development entity.
- 8.2** The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies in the last published annual audited consolidated financial statements for the year ended 30 June 2014. The group evaluates performance on the basis of profit or loss from operations before tax expense not including non-recurring gains and losses and foreign exchange gains and losses. The group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market price unless disclosed otherwise.
- 8.3** The group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology, professional skills and marketing strategies. Most of the businesses were acquired as individual units, and the management at the time of the acquisition was retained.
- 8.4** The group does not allocate tax expense / tax income or non-recurring gains and losses to reportable segments. In addition, not all reportable segments have material non-cash items other than depreciation, amortization and remeasurement of equity and debt instruments in profit or loss.

9. Date of Authorization for issue

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


Chief Executive Officer


Director



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