Annual Report 2011

ARIF HABIB LIMITED

Contents

Corporate Information

Board of Directors

Sharmin Shahid	(Chairperson)
Bilal Amanullah Moti	(Chief Executive)
Nida Ahsan	
Abdul Majid M. Siddique	
Haroon Usman	
Abdullah A. Rahman	
Sajid Qurban Ali	

Audit Committee

Abdul Majid M. Siddique	(Chairman)
Nida Ahsan	
Sajid Qurban Ali	

Company Secretary & CFO

Zia-ur-Rahim Khan

Brokerage (Equity, Commodities, Money Market & FX)

Muhammad Imran
Phone (Direct) : 32462589, PABX No.: 32460717-9 Ext: 227
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Corporate Finance

M. Rafique Bhundi
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cf@arifhabibltd.com

Research

Faisal Khan
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research@arifhabibltd.com

Auditors
Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Legal Advisors
Bawaney & Partners

Bankers
Allied Bank Ltd.
Askari Bank Ltd.
Bank Al Falah Ltd.
Bank Al Habib Ltd.
Bank Islami Pakistan Ltd.
Habib Bank Ltd.
Habib Metropolitan Bank Ltd.
JS Bank Ltd.
KASB Bank Ltd.
MCB Bank Ltd.
NIB Bank Ltd.
Soneri Bank Ltd.
Summit Bank Ltd.
The Bank of Khyber
The Bank of Punjab
United Bank Ltd.

Registered Office and Brokerage House
Arif Habib Centre
23, M.T. Khan Road Karachi-74000
Phones: 32460717-19
Fax No: 32416072 - 32429653
E-mail : ahl@arifhabibltd.com
Website: www.arifhabibltd.com

Registrar & Share Transfer Office
Share Registrar Department
Central Depository Co; of Pakistan Ltd.
CDC House, 99-B, Block-B
S.M.C.H.S., Main Shahra-e-Faisal
Karachi-74400
Tel: Customer Support Services (Toll Free) 0800-CDCPL (23275)
Fax: (92-21) 34326053
Email: info@cdcpak.com
website: www.cdcpakistan.com

Vision

To be the most effective choice of our clients, partners, regulators, bankers, employees and other stake holders in provision of all brokerage and investment banking services on account of value addition, ethical standards and reputation.

Mission

To provide trusted and effective brokerage and investment banking services to our clients across the country and help develop capital markets of Pakistan.

Awards

Arif Habib Limited again won the Top 25 Companies Award for 2008 & 2009 during the Presidential Ceremony in Islamabad.

The Company being honored an award by CFA Association of Pakistan as a Runner Up Corporate Finance House 2010, Equity & Advisory.

Corporate Strategy

- Strive continuously for maximizing value to our client's business.
- Control our operations against credit, market and operational risks to maintain trust of our valued shareholders.
- Provide proactive and effective services to clients in order to meet their needs.
- Expand suite of our products and services to our clients.
- Continue exercising optimal level of ethical standards as per regulatory guidelines.

Directors' Report

Dear Shareholders,

On behalf of the Board of Directors of Arif Habib Limited (AHL), I am pleased to present the Annual Report of the company for the financial year 2010-11 together with the audited financial statements for the year.

Economy

In the year 2010-11, though Pakistan's economy remained challenged, GDP managed to grow by 2.4% in line with our expectations, compared to the world's average growth of 4.4% and 3.8% a year earlier. The growth was supported by stronger performance of the services sector (4.1%), while slower growth in the manufacturing (estimated 2% only) and agricultural sector (1.2% only). The agricultural sector was unfortunately hit by devastating floods in July 2010, parting conclusively about 2% of GDP. Damages were estimated at USD 10 bln. Manufacturing sector remained a victim of energy shortages, higher oil price, high interest rates and relatively lower domestic demand of industrial products.

The most significant development was the historic surplus performance of the current account i.e., USD 542 mln. Exports registered 29% growth, crossing USD 25 bln mark for the first time, largely driven by higher textile and food exports. Remittances recorded again a historic high level of USD 11.2 bln (26%+), encouraged by government's incentives to route them through formal banking channels. Imports were modest at USD 36 bln, registering a relatively lower increase of 14%, arising from the modest levels of imports of yet expensive petroleum, consumer durables, telecom, and other commodities.

Fiscal deficit deteriorated to 5.7% of GDP (ca PKR 1 trl). High government expenditures related to July floods and continued low tax to GDP ratio (around 11% only) have been the major factors for the widened fiscal gap. To finance the deficit and the relentless circular debt (standing at PKR 250 bln), government borrowed heavily. Resultantly, and also due to higher international food and oil prices (coupled with local energy shortages), inflation rose from 11.6% to 14%. SBP adopted a monetary tightening approach in Jul-Oct 2010, kept the rate unchanged in Nov 2010, and decreased the rate by 50 bps in July to align with and control inflation.

The rising trend of foreign exchange reserves continued unabated, reaching USD 17.1 bln. This build up of reserves, current account surplus and inflow of remittances have stabilized PKR/USD exchange rate at 86.

Brokerage

The benchmark KSE-100 Index closed at 12,496 level at the end of FY2010-11, recording an impressive gain of 28.5% over a year. This was almost the highest index level seen during the year. This encouraging performance was driven mainly by better corporate results as well as continued net inflow of foreign equity investments to the tune of USD 280 mln.

Due to the political/civil instability, high interest rates, energy crisis, and to some extent the introduction of Capital Gain Tax (CGT), unfortunately, it turned out to be the driest year in terms of market liquidity and turnover over a decade, and has impacted brokerage business of all brokerage houses. The market recorded an average daily turnover of 95 mln shares only, a 41.2% YoY drop, compared with the average turnover of 162 mln shares during FY2009-10. The average volumes dropped to just 74mn shares in 4QFY11. The average daily value turnover remained PKR. 3.7 bln, around 46% down compared to PKR. 6.9 bln in the previous year. Even the re-introduction of margin trading/financing in 3QFY11 could not lead to a substantial rise in the market volumes as investors were skeptical about its higher financing and overall costs, and its procedures/rules.

The local bourse continues to offer attractive stock prices, at a prospective PE of 6.4x and a dividend yield of 7.5%, making it one of the most attractive stock markets in Asia. We believe that the potential governance actions, higher penetration of leverage products, consistent corporate earnings, and an expected 4% GDP growth in FY12 will improve the stock market turnovers and the index, which will lead to improvement in the profitability of our company going forward.

Commodity Brokerage

Pakistan Mercantile Exchange Limited (PMEX) has posted a spectacular 671 % increase in trades value i.e., PKR. 491 bln in 2010 - 2011 compared to PKR. 64 bln in FY2009-10, and around 365% increase in number of trades being 1.5 mln. During the last quarter, total commodity trades value was PKR. 211 bln, higher that the country's three leading stock exchanges value turnovers combined.

PMEX currently lists various contracts for trading in Gold, Silver, Crude Oil, Rice, Palm Oil and Kibor. The exchange has plans to launch other main Agri futures products in 2011. In June 2011, the sugar contract trading was made available. Wheat and Maize contracts trading are expected to be launched within a couple of months.

We congratulate PMEX on this brilliant performance and the underlying efforts made to develop Commodity Markets of Pakistan.

Investment Banking

The investment banking industry remained low performer mirroring the low appetite of the capital market investors. On the Equity Capital Market front, 3 new companies for the total amount of PKR. 2.6 bln offered their shares in FY2011 i.e., International Steel, Pak Gen Power and TPL Direct Insurance, compared to the 6 listings in FY2010 for the total amount of PKR. 7 bln. The subscription was short to the tune of PKR. 2.21 bln unfortunately.

The primary successfully debt capital market remained significantly limited with total 8 issues totaling PKR. 13 bln. Engro Corporation launched the Rupiya Certificate for PKR. 2 bln, which got over-subscribed, and accommodated by another PKR. 2 bln green shoe option. Close to 80% of the amount came from the domestic retail investors.

Domestic M&A activity is picking up. Few mergers like Emirate Global Bank with Bank Al Baraka and Summit Bank with Atlas Bank and Mybank took place in order to be competitive in the market as well as meet the Central Bank's requirements. We wish the new merged banks lots of success ahead.

Financial Performance

Exceptionally concluded by PKR. 824 mln provision taken for doubtful receivables originated in 2007-08, AHL posted a net loss of PKR. 555 mln in FY2010-11 and negative EPS unfortunately. We are however a profitable company consistently, should we ignore the continued 2008 financial crisis impact and the resultant provisioning. Despite poor stock market trade levels, we generated PKR. 268 mln net profits from our core brokerage, investments and corporate finance operations in 2010-11. Despite that fact that our receivables recovery related from the crisis days has been reasonably well, we decided to take the provision for cleaning up our balance sheet. We will keep our efforts going to recover these provisions.

AHL registered PKR. 107 mln as total revenues, around 50% less than a year before. Our brokerage revenues at PKR. 79 mln were weaker by 40%, while the market was down 46% in terms of average market trade value turnover on which our brokerage commission is calculated. To mitigate against low business volumes, we have taken a number of initiatives to expand/diversity our business last year. We are live with internet based trading service to our clients. We have launched the new business line of commodity brokerage, which has been recording profits already. We are in the process of setting up money market and foreign exchange brokerage business lines.

AHL Corporate Finance remained a prominent market player during the year with 4 transactions successfully concluded. We managed and advised on the Offer for Sale transaction of Pak Gen Power, the right issue of Cherat Paper Sack, ADR of Fatima Fertilizer Company Limited on NYSE, and the TFC of Faysal Bank. In June 2011, AHL was granted "Best Corporate Finance House of the Year 2010 - Runner-up) award by CFA Pakistan, for which we thank our clients and CFA Association. Again, given the poor stock market conditions/turnover, our equity capital market transactions were also largely put on hold, yet still generating PKR. 22 mln revenues compared to 80 mln a year earlier. We have a healthy deal pipeline, which should continue to add to our earnings and reputation in the market.

Our investments portfolio is looking progressive, and has generated a MTM realization of PKR. 23 mln. Other operating income increased tripled from PKR. 101 mln to PKR. 313 mln on account of waiver and write back of mark up payables to the sponsors.

Our administrative and operating expenses of PKR. 103 mln have been reduced from 108 mln previous year. This is despite upgrading the professional capabilities of the company, investment in online trading technology and setting up new products mentioned above. Our financing costs have been managed significantly lower, down from PKR. 101 mln to PKR. 68 mln, on account of better financial management and limited opportunity seen during the period on the investment side.

The balance sheet size of the company has rightly reduced from PKR. 2.1 bln to PKR. 1.2 bln, due to more than halving the trade debts from PKR. 1.4 bln to PKR. 358 mln, which shows good receivables recovery management and professional decisions taken on doubtful receivables. Resultantly, the equity decreased from PKR. 1.3 bln to PKR. 734 mln, while our net capital adequacy has significantly increased. On the liabilities side, we have cut down our financing significantly from 583 mln to PKR. 106 mln only. We believe with these after this professional financial management decisions, our balance sheet is quite strong.

Despite current market related challenges, our company is consistently and sustainably profitable even during these exceptionally poor market conditions. We are progressively working on widening our client base, providing new products and services and enhancing the customer service levels. Thanks to the great support of our clients, regulators, sponsors and other stakeholders, AHL has succeeded in enhancing its average trading and maintaining corporate finance related market shares. This is likely to have a positive impact on the profitability of the company in the future.

Corporate Governance

Arif Habib Limited is listed at the Karachi Stock Exchange. The company's board and management are committed to observe the Code of Corporate Governance prescribed for listed companies. They are cognizant of their responsibilities and monitor the operations and performance to enhance the accuracy, comprehensiveness and transparency of financial and non-financial information.

The Board & the management specifically would like to state that:

a. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

b. Proper books of account of the Company have been maintained.

c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d. The financial statements are prepared in accordance with the International Financial Reporting Standards, as applicable in Pakistan.

e. The Company maintains a sound internal control system which gives reasonable assurance against any material misstatement or loss. The internal control system is regularly reviewed. This has been formalized by the Board's Audit Committee and is updated as and when needed.

f. There are no significant doubts upon the Company's ability to continue as a going concern.

g. There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations.

h. There has been no departure from the best practices of transfer pricing.

We further report that no material payment has remained outstanding on account of any taxes, duties, levies or charges. The company has no outstanding obligations under gratuity or pension fund except provident fund, which is maintained in a separate bank account alongwith profit.

A statement showing the company's shares bought and sold by its Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their minor family members is annexed as Annexure-I (Page-12). A statement showing attendance at Board meetings is annexed as Annexure-II (Page-13). The pattern of shareholding as required by the Companies Ordinance, 1984 is annexed as Annexure-III (Page-14).

Auditors

The retiring auditors M/s. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, have offered themselves for reappointment. The Board recommends their reappointment. A resolution proposing the appointment of M/s. Rehman Sarfaraz Rahim Iqbal Rafiq as auditors of the company for the financial year 2011-12 will be submitted at the forthcoming Annual General Meeting for approval.

Acknowledgement

The Board of Directors wished to appreciate company's valued shareholders, customers and the business partners for their support. The dedicated contribution put in by the company employees is also appreciated and acknowledged. Last but of equally high importance, the Board is grateful to SECP and Karachi Stock Exchange (Guarantee) Limited for their continued support and guidance.

For and behalf of the Board

Karachi.
Date: 12 September 2011

Bilal Amanullah Moti
Chief Executive

(Annexure I)

Statement showing shares bought and sold by Directors, CEO, CFO Company Secretary and the Minor Family Members From 1 July 2010 to 30 June 2011

S. No.	Name	Designation	Shares bought	Shares sold	Remarks
1	Mrs. Sharmin Shahid	Chairperson	-	-	Appointed as Chairperson on 24-02-2011
2	Mr. Bilal Amanullah Moti	Chief Executive Officer	500	-	Co-opted and appointed as Chief Executive on 21-08-2010
3	Mr. Abdullah A. Rahman	Director	500	1100	Resigned on 21-08-2010 & Re-appointed as Director on 10-02-2011
4	Mr. Abdul Majid M. Siddique	Director	-	-	-
5	Mr. Sajid Qurban Ali	Director	-	-	-
6	Mrs. Nida Ahsan	Director	-	-	-
7	Mr. Haroon Usman	Director	-	-	-
8	Mr. Samad A. Habib	Director	-	5000	Resigned on 10-01-2011
9	Minor Family Members	-	-	-	-

(Annexure II)

Statement showing attendance at Board Meetings from 1 July 2010 to 30 June 2011

S. No.	Name	Designation	Attended	Leaves	Remarks granted
1	Mrs. Sharmin Shahid	Chairperson	4	-	Appointed as Chairperson on 24-02-2011
2	Mr. Bilal Amanullah Moti	Chief Executive Officer	4	-	Co-opted & appointed Chief Executive on 21-08-2010
3	Mr. Abdullah A. Rahman	Director	2	1	Resigned on 21-08-2010 & Re-appointed as Director on 10-02-2011
4	Mr. Abdul Majid M. Siddique	Director	4	-	-
5	Mr. Sajid Qurban Ali	Director	3	1	-
6	Mrs. Nida Ahsan	Director	3	1	-
7	Mr. Haroon Usman	Director	3	1	-
8	Mr. Samad A. Habib	Director	1	-	Resigned on 10-01-2011

(Annexure III)

Pattern of shareholding as at 30 June 2011

No. of shareholders	Shareholding From	To	Total shares held
580	1	100	28,315
848	101	500	238,421
565	501	100	447,925
1,422	1001	5000	2,805,575
176	5001	10000	1,259,163
59	10001	15000	728,219
38	15001	20000	670,917
20	20001	25000	455,705
16	25001	30000	459,764
8	30001	35000	263,134
8	35001	40000	305,133
5	40001	45000	213,647
3	45001	50000	143,394
6	50001	55000	314,983
1	55001	60000	55,683
1	60001	65000	65,000
3	65001	70000	206,519
1	70001	75000	72,174
1	75001	80000	78,337
1	80001	85000	81,000
2	85001	90000	173,064
2	115001	120000	238,664
1	125001	130000	129,255
1	320001	325000	324,344
1	1420001	1425000	1,422,100
1	11315001	11320000	11,319,565
1	22495001	22500000	22,500,000
3,771			**45,000,000**

Categories of Shareholders
As at 30 June 2011

Categories of shareholders	No.	Shares held	Percentage (%)
Directors, Chief Executive & their Spouse and Minor Childern	**8**	**5,562**	**0.01**
Mrs. Sharmin Shahid Chairperson	1	750	0.00
Mr. Haroon Usman Director	1	1,064	0.00
Mr. Abdullah A. Rahman Director	2	524	0.00
Mr. Abdul Majid M. Siddique Director	1	1,124	0.00
Mr. Sajid Qurban Ali Director	1	750	0.00
Mrs. Nida Ahsan Director	1	750	0.00
Mr. Bilal Amanullah Moti Chief Executive & Director	1	600	0.00
Associated Companies, undertakings and related parties	**3**	**33,819,598**	**75.15**
Arif Habib Corporation Limited	2	33,819,565	75.15
Thatta Cement Company Limited	1	33	0.00
NIT & ICP	**1**	**52,902**	**0.12**
National Bank of Pakistan Trustee Department	1	52,902	0.12
Public Sector Corporations	**2**	**167,043**	**0.37**
Executives	**-**	**-**	**-**
Bank, Development Financial Institutions & Non Banking Financial Institutions	**3**	**125,248**	**0.28**
General Public	**3,678**	**9,886,192**	**21.97**
Local	3,675	9,882,326	21.96
Foreign	3	3,866	0.01
Joint Stock Companies	**74**	**925,684**	**2.06**
Others	**2**	**17,771**	**0.04**
TOTAL	**3,771**	**45,000,000**	**100.00**
Shareholders holding 10% or more		**33,819,565**	**75.15**
Arif Habib Corporation Limited		**33,819,565**	**75.15**

Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Arif Habib Limited ("the Company"), to comply with the Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of the audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Boards statement on internal control covers all risks and control, or to form an opinion on the effectiveness of such internal controls, the company corporate governance procedures and risks.

Further, Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges requires the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in the arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2011.

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Engagement Partner: Mr. Muhammad Rafiq

Karachi.
Date: September 12, 2011

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of Stock Exchanges of Pakistan for the purpose of establishing framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company elects its directors every three years. Seven directors stood elected by the shareholders of the Company as on 31-10-2008.

2. The company encourages representation of independent non executive directors and directors representing minority interests on its Board of Directors. At present the Board includes three independent and non-executive directors and no directors representing minority shareholders.

3. Casual vacancies of directors occurred during the year were fulfilled in accordance with the provisions of Companies Ordinance 1984.

4. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

5. All the directors have given declaration that they were aware of their duties and powers under the relevant laws and the Company's Memorandum and Articles of Association and the listing regulations of the Stock Exchange of Pakistan.

6. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

7. The Company has prepared a 'Statement of Ethics and Business Practices' which has been signed by the directors and employees of the Company.

8. The Board has developed a vision/mission statement, and overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies alongwith the dates on which they were approved or amended has been maintained.

9. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken/ratified by the Board.

10. The meetings of the Board were presided over by the Chairperson and in her absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, alongwith agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

11. The Company conducted in-house orientation courses for its directors during the year to apprise them of their duties and responsibilities and to keep them informed of the enforcement of new laws, rules and regulations and amendments thereof.

12. All material information as required under the relevant rules has been provided to the stock exchanges and to the Securities & Exchange Commission of Pakistan within the prescribed time limit.

13. All quarterly, half yearly and annual financial statements presented to the Board for approval within one month whereas half yearly within two months of the closing, duly signed by the CEO and the CFO.

14. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment as determined by the CEO.

15. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

16. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

17. The Company has complied with all the corporate and financial reporting requirements the Code and other material principles contained.

18. The Board has formed an audit committee. It comprises three members, directors including the chairman of the committee.

19. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

20. The Board has designed internal control system and has set-up an effective internal audit function with employees who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they are involved in the internal audit function on an ongoing basis.

21. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

22. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

23. The related party transaction have been placed before the audit committee and approved by the Board of Directors along with pricing methods for such transactions.

24. We confirm that all other material principles contained in the code have been complied with.

Karachi
Date: 12 September 2011

Bilal Amanullah Moti
Chief Executive

Financial Statements

Auditors' Report to the Members

We have audited the annexed balance sheet of **Arif Habib Limited** (herein after referred as 'the Company') as at 30 June 2011, and the related profit & loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by the management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification,

we report that:

(a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;

(b) in our opinion:

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied except for the changes stated in note 3.1 to the financial statements with which we concur;

(ii) the expenditure incurred during the year was for the purpose of the Company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion, and to the best of our information and according to the explanations given to us, the balance sheet, profit & loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof confirm with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2011, and of the loss, total comprehensive loss, changes in equity and its cash flows for the year then ended; and

(d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Karachi
Date: 5 September 2011

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

	Note	June 2011 Rupees	Restated June 2010 Rupees	Restated June 2009 Rupees
Assets				
Non-current assets				
Property, plant and equipment	4	**85,922,882**	98,648,454	108,676,356
Intangible assets	5	**68,972,017**	69,065,391	46,650,000
Investment property	6	**126,000,000**	99,100,000	102,400,000
Long-term deposits	7	**14,129,904**	14,126,904	13,978,704
		295,024,803	280,940,749	271,705,060
Current assets				
Short term investments	8	**543,010,549**	26,134,090	1,019,861,510
Trade debts	9	**358,285,089**	1,435,861,883	1,542,238,678
Proceeds receivable		**-**	257,143,854	-
Short term loans	10	**701,792**	705,793	1,221,830
Trade deposits and prepayments	11	**2,547,106**	6,085,539	1,244,644
Other receivables	12	**6,913,961**	18,028,707	9,710,438
Taxes recoverable	13	**5,756,148**	4,191,157	7,230,468
Cash & bank balances	14	**23,883,623**	77,954,222	16,367,804
		941,098,268	1,826,105,245	2,597,875,372
Total assets		**1,236,123,071**	2,107,045,994	2,869,580,432
Equity and Liabilities				
Capital and reserves				
Authorized capital		**500,000,000**	500,000,000	500,000,000
Issued, subscribed & paid-up capital	15	**450,000,000**	375,000,000	300,000,000
Share premium		**-**	45,000,000	120,000,000
Unappropriated profit		**280,035,022**	869,429,303	768,546,678
		730,235,022	1,289,429,303	1,188,546,678
Liabilities				
Non-current liabilities				
Liabilities against assets subject to finance lease	16	**3,467,065**	4,385,569	-
Loan from associate	17	**229,157,211**	-	-
Current liabilities				
Short term borrowings	18	**106,181,629**	583,157,891	1,115,319,134
Current portion of liability subject to finance lease	16	**880,428**	774,210	-
Trade and other payables	19	**147,357,284**	200,901,902	471,254,175
Markup accrued		**19,044,432**	28,397,119	94,460,445
		273,463,773	813,231,122	1,681,033,754
Contingencies and commitments	20	**-**	-	-
Total equity and liabilities		**1,236,123,071**	2,107,045,994	2,869,580,432

The annexed notes 1 to 35 form an integral part of these financial statements.

Chief Executive Officer **Director** **Chief Financial Officer**

Profit and Loss Account
For the year ended 30 June 2011

	Note	June 2011 Rupees	Restated June 2010 Rupees	Restated June 2009 Rupees
Operating revenue	21	**107,139,419**	222,658,771	201,530,369
Reversal of gain on re-measurement recognised last year		**1,784,870**	(132,681,459)	-
Capital gain on sale of investments - net		**4,410,422**	196,548,611	246,369,241
Gain/(loss) on re-measurement of investments carried at fair value through profit or loss - net	8.3	**10,569,020**	(1,784,870)	132,681,459
Unrealised gain /(loss) on re-measurement of investment property	6	**11,916,000**	(4,400,000)	41,605,000
		135,819,731	280,341,053	622,186,069
Administrative & operating expenses	22	**(930,117,522)**	(104,522,561)	(365,949,381)
Financing costs	23	**(68,317,670)**	(110,107,758)	(233,736,940)
Other operating incomes	24	**312,638,408**	101,478,125	188,573,478
Other charges	25	**-**	(3,431,777)	(3,413,798)
(Loss)/profit before taxation		**(549,977,053)**	163,757,082	207,659,428
Taxation	26	**(9,417,228)**	(17,874,457)	(13,013,757)
(Loss)/profit after taxation		**(559,394,281)**	145,882,625	194,645,671
(Loss)/earnings per share - basic & diluted- restated	27	**(12.43)**	3.24	4.33

The annexed notes 1 to 35 form an integral part of these financial statements.

Chief Executive Officer **Director** **Chief Financial Officer**

Cash Flow Statement
For the year ended 30 June 2011

	Note	June 2011 Rupees	Restated June 2010 Rupees	Restated June 2009 Rupees
Cash flows from operating activities				
(Loss) / profit before taxation		**(549,977,053)**	163,757,082	207,659,428
Adjustments for:				
Depreciation		**14,647,702**	16,678,028	7,055,734
Amortization of intangible asset		**93,374**	27,359	-
Gain/(loss) on re-measurement of investments carried at fair value through -held for trading		**(10,569,020)**	1,784,870	(132,681,459)
Unrealized gain /(loss) on re-measurement of investment property		**(11,916,000)**	4,400,000	(41,605,000)
Dividend income		**(6,438,980)**	(12,245,984)	(28,725,788)
Imputed interest on loan from associate		**(220,842,789)**	-	-
Loss on disposal of property, plant and equipment		-	-	24,932
Provision against doubtful debts		**826,195,520**	-	-
Finance costs		**68,317,670**	110,107,758	233,736,941
		659,487,477	120,752,031	37,805,360
Cash generated from operating activities before working capital changes		**109,510,424**	284,509,113	245,464,788
Effect on cash flow due to working capital changes				
(Increase)/decrease in current assets				
Short-term investments		**(506,307,439)**	991,942,550	(718,052,400)
Receivables under continuous funding system transactions		-	-	11,873,267
Trade debts		**236,881,274**	106,376,795	(1,156,867,878)
Proceed receivable		**257,143,854**	(257,143,854)	-
Short term loans		**4,001**	516,037	3,888,082
Deposits and short-term prepayments		**3,538,433**	(4,840,895)	132,079,976
Other receivables		**11,114,746**	(8,318,269)	8,773,391
Increase/(decrease) in current liabilities				
Trade and other payables		**(53,544,618)**	(270,778,167)	143,380,381
		(51,169,749)	557,754,197	(1,574,925,181)
Cash generated /(used in) from operations		**58,340,675**	842,263,310	(1,329,460,393)
Taxes paid		**(10,982,219)**	(14,835,145)	(12,912,884)
Finance costs paid		**(77,262,066)**	(176,171,085)	(160,995,167)
Net cash generated (used in) / from operating activities		**(29,903,610)**	651,257,080	(1,503,368,444)
Cash flows from investing activities				
Acquisition of property, plant and equipment and investment property		**(2,601,835)**	(2,941,571)	(68,460,900)
Proceeds from disposal of property, plant and equipment	4.1	**679,705**	437,445	2,565,404
Acquisition of Intangible asset		-	(437,750)	-
Memberships & licenses acquired		-	(22,005,000)	-
Expenditure incurred on investment property		**(484,000)**	-	(395,000)
Dividends received		**6,438,980**	12,245,984	28,725,788
Long term deposits		**(3,000)**	(148,200)	(3,317)
Net cash used in investing activities		**4,029,850**	(12,849,092)	(37,568,025)
Cash flows from financing activities				
Repayment of finance lease liability		**(1,220,577)**	(86,221)	-
Loan from associate		**450,000,000**		
Dividends paid		-	(45,574,106)	(60,000,000)
Net cash used in financing activities		**448,779,423**	(45,660,327)	(60,000,000)
Net increase/(decrease) in cash and cash equivalents		**422,905,663**	593,747,661	(1,600,936,469)
Cash and cash equivalents at the beginning of the year		**(505,203,669)**	(1,098,951,330)	501,985,139
Cash and cash equivalents at the end of the year	28	**(82,298,006)**	(505,203,669)	(1,098,951,330)

The annexed notes 1 to 35 form an integral part of these financial statements.

Chief Executive Officer | **Director** | **Chief Financial Officer**

Statement of Comprehensive Income

For the year ended 30 June 2011

	June 2011 Rupees	Restated June 2010 Rupees	Restated June 2009 Rupees
(Loss) / profit after taxation	**(559,394,281)**	145,882,625	194,645,671
Other comprehensive income	-	-	-
Total comprehensive (loss) / profit for the year transferred to equity	**(559,394,281)**	145,882,625	194,645,671

The annexed notes 1 to 35 form an integral part of these financial statements.

Chief Executive Officer **Director** **Chief Financial Officer**

	Issued, subscribed& paid up capital	Share premium	Unappropriated profit	Total
	-------------------------	Rupees	-------------------------	
Balance as at 1 July 2009	**300,000,000**	**120,000,000**	**726,941,678**	**1,146,941,678**
Effect of changes in accounting policy of prior years (note3.1)	-	-	41,605,000	41,605,000
Balance as at 1 July 2009, as restated	**300,000,000**	**120,000,000**	**768,546,678**	**1,188,546,678**
Issue of bonus shares	75,000,000	(75,000,000)	-	-
Issuance of dividend @Rs. 1.5 per share	-	-	(45,000,000)	(45,000,000)
Comprehensive income for the year ended 30 June 2010 as previously reported	-	-	150,282,625	150,282,625
Effect of change in accounting policy on comprehensive income of the year (note 3.1)	-	-	(4,400,000)	(4,400,000)
Total comprehensive income for the year ended 30 June 2010 as restated	-	-	145,882,625	145,882,625
Balance as at 30 June 2010, as restated	**375,000,000**	**45,000,000**	**869,429,303**	**1,289,429,303**
Balance as at 1 July 2010, as previously reported	**375,000,000**	**45,000,000**	**832,224,303**	**1,289,429,303**
Cumulative effect of change in accounting policy (note 3.1)	-	-	37,205,000	37,205,000
Balance as at 1 July 2010, as restated	**375,000,000**	**45,000,000**	**869,429,303**	**1,326,634,303**
Issue of bonus shares @ Rs.2 per share	75,000,000	(45,000,000)	(30,000,000)	-
Comprehensive income for the period ended 30 June 2011	-	-	(559,394,281)	(559,394,281)
Balance as at 30 June 2011	**450,000,000**	**-**	**280,035,022**	**767,240,023**

The annexed notes 1 to 35 form an integral part of these financial statements.

Chief Executive Officer **Director** **Chief Financial Officer**

1 Status and Nature of Business

1.1 Arif Habib Limited (the Company) is a public listed company incorporated in Pakistan under the Companies Ordinance, 1984. The shares of the Company are quoted on Karachi, Lahore and Islamabad stock exchanges of Pakistan. The Company was initially incorporated as an unquoted public limited company wholly owned by Arif Habib Corporation Limited formerly known as Arif Habib Securities Limited (the Parent Company). Subsequently, the Parent Company offered its 25% share holding in the Company to general public and the Company obtained listing on Karachi Stock Exchange (Guarantee) Limited on 31 January 2007.

The Company is a corporate member of Karachi, Lahore and Islamabad Stock Exchanges and Pakistan Mercantile Exchange Limited. The principal activities of the Company are share brokerage, commodity brokerage, Initial Public Offer (IPO) underwriting, advisory and consultancy services. Other activities include investment in listed equity securities.

The registered office of the Company is situated at Arif Habib Centre, 23 M.T. Khan Road, Karachi.

1.2 The Parent Company holds 75% shares of the Company.

2 Basis of Preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with requirements of the Companies Ordinance, 1984 (the Ordinance), directives issued by the Securities and Exchange Commission of Pakistan (SECP) and approved financial reporting standards as applicable in Pakistan. Approved financial reporting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as are notified under the provisions of the Ordinance. Wherever the requirements of the Ordinance, or the directives issued by the SECP differ with the requirements of these standards, the requirements of the Ordinance or of the said directives have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain short term investments and investment property which are stated at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is Company's functional and presentation currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved financial reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts disclosed in the financial statements are described in note 32.

2.5 Initial application of standards, amendments or an interpretation to existing standards

a) Standards, amendments to published standards and interpretations that are effective in year beginning from 1 July 2010 and are relevant to the Company:

- **IAS 1 (amendment), 'Presentation of financial statements'.** The amendment was part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. It did not have a material impact on the Company's financial statements.

- **IAS 7 (amendment), 'Statement of Cash Flows' is effective from 1 January 2010.** The amendment provides clarification that only expenditure that results in a recognized asset in the balance sheet can be classified as a cash flow from investing activity. The clarification results in an improvement in the alignment of the classification of cash flows from investing activities in the cash flow statement and the presentation of recognized assets in the balance sheet. The application of the amendment does not affect the results or net assets of the company as it is only concerned with presentation and disclosures.

- **IAS 39 (amendment); 'Cash flow hedge accounting' effective from 1 July 2010.** This amendment provides clarification when to recognize gains or losses on hedging instruments as a reclassification adjustments in a cash flow hedge of a forecast transaction that results subsequently in the recognition of a financial instrument. The amendment clarifies that gains or losses should be reclassified from equity to profit or loss in the period in which the hedged forecast cash flow affects profit or loss. It did not have any affect on the Company's financial statements.

- **IAS 17 (amendment), 'Leases' is effective from 1 January 2010**. Prior to the amendment, IAS 17 generally required a lease of land with an indefinite useful life to be classified as an operating lease, unless title passed at the end of the lease term. The amendment provides clarification that when a lease includes both land and buildings, classification as a finance or operating lease is performed separately in accordance with IAS 17's general principles. A lease newly classified as a finance lease should be recognized retrospectively. Its adoption does not have any significant impact on the company's financial statements.

- **IAS 36 (amendment), 'Impairment of Assets', is effective from 1 January 2010.** The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, 'Operating segments' (that is, before the aggregation of segments with similar economic characteristics). The application of the amendment does not have any material impact on the company's financial statements.

- **IAS 38 (amendment), 'Intangible Assets'.** The amendment is part of the IASB's annual improvements project published in April 2009. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The application of this amendment has no material impact on the company's financial statements.

- **IFRS 5 (amendment), ‘Measurement of non-current assets (or disposal groups) classified as held-for-sale’ effective from 1 July 2010.** The amendment is part of the IASB’s annual improvements project published in April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. It is not expected to have a material impact on the Company’s financial statements.

- **IFRIC 19 (interpretation), 'Extinguishing Financial Liabilities with Equity Instruments',** effective from annual periods beginning on or after 1 July 2010. The interpretation clarifies the requirements of IFRS when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity’s shares or other equity instruments to settle the financial liability fully or partially. The Company has not offered its shares to the creditors, therefore, this interpretation could not have any impact on the Company's financial statements.

  There are a number of minor amendments in other IFRS and IAS which are part of annual improvement project published in (not addressed above). These amendments are unlikely to have any impact on the company’s financial statements and therefore have not been analyzed in detail.

b) **Standards, amendments to published standards and interpretations that are effective in 2010 but not relevant to the Company**

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after 1 July 2010 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and therefore have not been analyzed in detail.

c) **Standards, amendments to published standards and interpretations to existing standards that are not yet effective and have not been early adopted by the Company**

Following new standards, amendments and interpretation to existing standards have been issued but are not effective for the financial year beginning 1 July 2010 and have not been early adopted by the Company:

- **IAS 1 'Presentation of financial statements' (Amendment) effective for annual periods beginning on or after 1 July 2012.** This brings changes to the disclosure of items presented in other comprehensive income (OCI) in the ‘Statement of Comprehensive Income’. The amendment requires entities to separate items presented in OCI into two groups, based on whether or not they may be recycled to profit or loss in future. The amendment will affect the presentation of the OCI items in the Company’s financial statements.

- **IAS 19 Employee benefits (Amendment) effective for periods beginning on or after 1 January 2013.** The amendment makes significant changes to the recognition and measurement of defined pension expense and termination benefits, and to disclosure for all employee benefits.

- **Prepayments of a minimum funding requirement (amendments to IFRIC 14), effective from 1 January 2011.** The amendments correct an unintended consequence of IFRIC 14, ‘IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction’. Without the amendments, entities are not permitted to recognize as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct the problem. The Company's does not have any defined benefit plan, hence, these amendments will have no impact on the Company's financial statements.

- **IAS 24 (revised), 'Related Party Disclosures', effective from 1 January 2011.** The revised standard supersedes IAS 24, 'Related party disclosures', issued in 2003. Application of the revised standard will only impact the format and extent of disclosures presented in the Company's financial statements.

- **IFRS 2 (amendments), 'Group cash-settled and share-based payment transactions' In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 – Group and treasury share transactions',** the amendments expand on the guidance in IFRIC 11 to address the classification of the Company's arrangements that were not covered by that interpretation. The new guidance is not expected to have any material impact on the Company's financial statements.

- **IFRS 9, 'Financial Instruments', effective from 1 January 2013.** IFRS 9 addresses the classification and measurement of financial assets. The Company is yet to asses the full impact of IFRS 9.

- **IFRS 10, 'Consolidation financial statements', effective for periods beginning on or after 1 January 2013.** This standard replaces all of the guidance on control and consolidation in IAS 27, 'Consolidated and separate financial statements' and SIC 12, 'Consolidation - separate purpose entities'. This standard is not expected to have any impact on the Company's financial statements.

- **IFRS 11, 'Joint arrangements', effective for annual periods beginning on or after 1 January 2013.** This standard brings in changes in definition of joint arrangements and reduces the 'types' of joint arrangements to two: joint operations and joint ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated. This standard is not expected to have any impact on the Company's financial statements.

- **IFRS 12, 'Disclosure of interests in other entities', effective for annual periods beginning on or after 1 January 2013.** This standard set out the required disclosures for entities reporting under the two new standards, IFRS 10 and IFRS 11; it replaces the disclosure requirements currently found in IAS 28, 'Investments in associates'; and requires entities to disclose information that helps users to evaluate the nature, risks and financial effects associated with the entity's interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities. This standard is not expected to have any impact on the Company's financial statements.

- **IFRS 13, 'Fair value measurement', effective for annual periods beginning on or after 1 January 2013.** This standard explains how to measure fair value and aims to enhance fair value disclosures; it does not say when to measure fair value or require additional fair value measurements. This standard is not expected to have any impact on the Company's financial statements.

3. Summary of Significant Accounting Policies

3.1 Change in accounting policy

During the year the management has decided to change its accounting policy for recognition and subsequent remeasurement of investment property from cost model to fair value model for more appropriate presentation as permitted by the International Accounting Standard (IAS) 8 'Accounting policies, change in accounting estimate and error' and IAS 40 'Investment Property'. The change in accounting policy has been accounted for in accordance with the requirements of IAS 8 'Accounting policies, change in accounting estimate and error' .

The retrospective effect of the change in accounting policy on the profit and loss account figures of the prior year/ period is tabulated below:

	June 2011 Rupees	June 2010 Rupees
(Decrease) / increase in profit after tax	(4,400,000)	41,605,000
(Decrease) / increase in basic earnings per share	(0.10)	0.92

The retrospective effect of the change in accounting policy on relevant head of accounts reported on the balance sheets of prior years is tabulated below:

	June 2011	June 2010	June 2009
Effect on investment property	49,121,000	37,205,000	41,605,000
Effect on unappropriated profits	49,121,000	37,205,000	41,605,000

3.2 Property, plant and equipment

Owned

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the asset including borrowing costs (note 3.21).

Where major components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the carrying amount or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the profit and loss account during the year in which they are incurred.

Addition made up to Rs.10,000 is not recognized as property, plant and equipment, and charged to profit and loss account.

Item of property, plant and equipment having carrying value becomes equal or below Rs.10,000 is charged to profit and loss account.

Disposal of an item of property, plant and equipment is recognized when significant risks and rewards incidental to ownership have been transferred to buyers. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognized within 'Other operating expenses/income' in the profit and loss account.

Depreciation is charged to profit and loss account using reducing balance method whereby the cost of the asset less its estimated residual value is written off over the estimated useful life at rates given in note 4. Depreciation on additions is charged from the quarter in which asset is available for use and on disposals up to the quarter preceding the quarter of disposal.

Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership, are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount lower of its fair value and present value of minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Outstanding obligations under the lease less finance cost allocated to future periods are shown as a liability.

Finance cost under lease agreements are allocated to the periods during the lease term so as to produce a constant periodic rate of finance cost on the remaining balance of principal liability for each period.

Leased assets are depreciated over the period shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

3.3 Intangible assets

3.3.1 Membership cards and offices

This is stated at cost less impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

3.3.2 Computer software

Expenditure incurred to acquire identifiable computer software and having probable economic benefits exceeding the cost beyond one year, is recognized as an intangible asset. Such expenditure includes the purchase cost of software (license fee) and related overhead cost.

Costs associated with maintaining computer software programs are recognized as an expense when incurred.

Costs which enhance or extend the performance of computer software beyond its original specification and useful life is recognized as capital improvement and added to the original cost of the software.

Computer software and license costs are stated at cost less accumulated amortization and any identified impairment loss and amortized over a period of four years using the straight line method.

Amortization is charged from the quarter in which the related asset is available for use while no amortization is charged for the quarter in which such asset is disposed off.

3.4 Investment property

Property that is held for long-term rental yields or for capital appreciation or both is classified as investment property. Investment property is initially measured at its cost, including related transaction costs and borrowing costs, if any.

Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

The Company, with effect from 1 July 2010, changed its accounting policy for subsequent measurement of items of investment property by following fair value model as permitted by applicable accounting standard. Previously, the Company followed cost model as per applicable accounting standard for the purpose of subsequent measurement of items of investment property and accordingly all items of investment property were carried at their historical costs plus cost of any subsequent improvements thereon. The effect of the change in accounting policy have been summarized in note 3.1 to the financial statements.

For the purpose of subsequent measurement, the Company determines with sufficient regularity the fair value of the items of investment property based on available active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Valuations wherever needed are performed as of the reporting date by professional valuers who hold recognized and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Changes in fair values are recognized in the profit and loss . An item of Investment property is derecognized either when disposed of or permanently withdrawn from use and no future economic benefits is expected from its disposal.

3.5 Impairment of non-financial assets

Assets that are subject to depreciation/amortization are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sale and value in use. Reversal of impairment loss is restricted to the original cost of the asset.

3.6 Financial assets

3.6.1 Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, held to maturity, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise 'trade debts', 'proceed receivable', 'short term loans', 'trade deposits and other receivables' and 'cash and cash equivalents' in the balance sheet.

c) Held to maturity financial assets

Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity with a positive intention and ability to hold to maturity. There were no held to maturity financial assets at the reporting date.

d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose off it within 12 months of the end of the reporting date. There were no available for sale financial asset at the reporting date.

3.6.2 Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the profit and loss account. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. All other financial liabilities are initially recognized at fair value plus directly attributable cost, if any , and subsequently carried at amortized cost using effective interest rate method .

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account within income / expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the profit and loss account as part of operating income when the Company's right to receive payments is established.

Changes in fair value of monetary and non-monetary securities classified as available-for-sale are recognized in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the profit and loss account as 'gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the profit and loss account as part of other income. Dividends on available for sale equity instruments are recognized in the profit and loss account as part of other income when the Company's right to receive payments is established.

3.6.3 Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognized in the profit and loss account. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment testing of trade debts and other receivables is described in note 3.9.

3.7 Financial liabilities

Financial liabilities are initially recognized at fair value plus directly attributable cost, if any, and subsequently carried at amortized cost using effective interest rate method .

3.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle either on a net basis, or realize the asset and settle the liability simultaneously.

3.9 Trade debts and other receivables

Trade debts and other receivables are recognized at fair value and subsequently measured at amortized cost. A provision for impairment in trade debts and other receivables is made when there is objective evidence that the Company will not be able to collect all amounts due according to original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

3.10 Fiduciary assets

Assets held in trust or in a fiduciary capacity by the company are not treated as assets of the Company and accordingly are not included in these financial statements.

3.11 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows includes cash in hand, balance with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts / short term borrowings. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

3.12 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.13 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

3.14 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost using the effective interest method.

These are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

3.15 Staff retirement benefits
Defined contribution plan

The Company operates a defined contribution plan i.e. recognized provident fund (the Fund) for all of its eligible employees in accordance with trust deed and rules made there under. Monthly contributions at the rate of 12.50% of basic salary are made to the Fund by the Company and the employees.

3.16 Employee compensated absences

The Company accounts for compensated absences for all eligible employees on the basis of unavailed leave balance at the end of each year, in accordance with the rules of the Company.

3.17 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognized in the profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current

The current income tax charge is based on the taxable income for the year calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred

Deferred tax is recognized using balance sheet liability method, providing for all temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.18 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.19 Financial instruments

All financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instruments. Any gain or loss on the recognition and derecognizing of the financial assets and liabilities is taken to profit and loss account currently.

3.20 Foreign currency transactions and translation

Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are translated into functional currency using the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

3.21 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any direct expenses. Revenue is recognized on the following basis:

- Brokerage, consultancy and advisory fee, commission etc. are recognized as and when such services are provided.
- Income from bank deposits is recognized at effective yield on time proportion basis.
- Dividend income is recorded when the right to receive the dividend is established.
- Gains / (losses) arising on sale of investments are included in the profit and loss account in the period in which they arise.
- Unrealized capital gains / (losses) arising from mark to market of investments classified as 'financial assets at fair value through profit or loss - held for trading' are included in profit and loss account for the period in which they arise.
- Rental income from investment properties is recognized on accrual basis.

3.22 Borrowing costs

Borrowing costs are recognized as an expense in the year in which they are incurred except where such costs are directly attributable to the acquisition or construction of qualifying asset in which such costs are capitalized as part of the cost of that asset. Borrowing costs includes exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs.

3.23 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the Board of Directors, it is in the interest of the Company to do so.

4 Property, Plant and Equipment

	Leasehold office	Leasehold improvements	Office equipments	Furniture & fixture	Compter & allied	Vehicles	Lease assets Vehicles	Total
	---------- Rupees ----------							
As at 1 July 2009								
Cost	2,115,000	101,622,500	786,245	196,162	7,016,949	7,567,094	-	119,303,950
Accumulated depreciation	-	(3,810,844)	(305,115)	(75,897)	(3,410,380)	(3,025,358)	-	(10,627,594)
Net book value	**2,115,000**	**97,811,656**	**481,130**	**120,265**	**3,606,569**	**4,541,736**	**-**	**108,676,356**
Year ended 30 June 2010								
Opening net book value	2,115,000	97,811,656	481,130	120,265	3,606,569	4,541,736	-	108,676,356
Additions during the year	-	-	15,000	-	1,244,671	581,900	5,246,000	7,087,571
Disposals / transfers								
Cost	-	-	-	(16,250)	(1,528,140)	(205,351)	-	(1,749,741)
Accumulated depreciation	-	-	-	16,250	1,197,019	99,027	-	1,312,296
Net book value	-	-	-	-	(331,121)	(106,324)	-	(437,445)
Depreciation for the year	-	(13,866,901)	(69,314)	(25,866)	(1,513,181)	(940,466)	(262,300)	(16,678,028)
Closing net book value	**2,115,000**	**83,944,755**	**426,816**	**94,399**	**3,006,938**	**4,076,846**	**4,983,700**	**98,648,454**
As at 30 June 2010								
Cost	2,115,000	101,622,500	801,245	179,912	6,733,480	7,943,643	5,246,000	124,641,780
Accumulated depreciation	-	(17,677,745)	(374,429)	(85,513)	(3,726,542)	(3,866,797)	(262,300)	(25,993,326)
Net book value	**2,115,000**	**83,944,755**	**426,816**	**94,399**	**3,006,938**	**4,076,846**	**4,983,700**	**98,648,454**
Year ended 30 June 2011								
Opening net book value	2,115,000	83,944,755	426,816	94,399	3,006,938	4,076,846	4,983,700	98,648,454
Additions during the year	-	-	-	-	2,601,835	-	-	2,601,835
Disposals / transfers								
Cost	-	-	-	-	-	1,272,101	-	1,272,101
Accumulated depreciation	-	-	-	-	-	(592,396)	-	(592,396)
Net book value (note 4.1)	-	-	-	-	-	679,705	679,705	
Depreciation for the year	-	(11,761,109)	(77,403)	(13,226)	(1,238,015)	(647,686)	(910,263)	(14,647,702)
Closing net book value	**2,115,000**	**72,183,646**	**349,413**	**81,173**	**4,370,758**	**2,749,455**	**4,073,437**	**85,922,882**
As at 30 June 2011								
Cost	2,115,000	101,622,500	801,245	179,912	9,335,315	6,671,542	5,246,000	125,971,514
Accumulated depreciation	-	(29,438,854)	(451,832)	(98,739)	(4,964,557)	(3,922,087)	(1,172,563)	(40,048,632)
Net book value	**2,115,000**	**72,183,646**	**349,413**	**81,173**	**4,370,758**	**2,749,455**	**4,073,437**	**85,922,882**
Annual rates of depreciation	**0%**	**15%**	**15%**	**15%**	**33%**	**20%**	**20%**	

4.1 Particulars of disposal of property, plant and equipment are as follows:

Particulars	Acquisition cost	Accumulated depreciation	Written down value	Sale proceed	Gain/ (loss)	Mode of disposal	Particulars of buyer
Vehicles							
Curore-APV-137	372,101	171,033	201,068	201,068	-	Negotiation	Faisal Kasbati
Curore-AMP-093	900,000	421,363	478,637	478,637	-	Negotiation	Mr Haroon Usman
30 June 2011	1,272,101	592,396	679,705	679,705	-		
30 June 2010	1,749,741	1,312,296	437,445	437,445	-		

	Note	2011 Rupees	2010 Rupees
5 Intangibles Assets			
Computer software	5.1	**317,017**	410,391
Membership cards and offices	5.2	**68,655,000**	68,655,000
		68,972,017	69,065,391

5.1 Computer software

	Rupees
As at 1 July 2009	
Cost	-
Accumulated amortization	-
Net book value	-
Year ended 30 June 2010	
Opening net book value	-
Additions during the year	437,750
Disposals / transfers	-
Amortization	(27,359)
Closing net book value	410,391
As at 1 July 2010	
Cost	437,750
Accumulated amortization	(27,359)
Net book value	410,391
Year ended 30 June 2011	
Opening net book value	410,391
Additions during the year	-
Disposals / transfers	-
Amortization	(93,374)
Closing net book value	317,017
As at 30 June 2011	
Cost	437,750
Accumulated amortization	(120,733)
Net book value	317,017
Annual rate of depreciation	25%

5.2 Membership cards and offices

	Note	2011 Rupees	2010 Rupees
Membership Licenses			
Karachi Stock Exchange (Guarantee) Limited	5.2.1	**15,000,000**	15,000,000
Lahore Stock Exchange (Guarantee) Limited	5.2.1	**7,000,000**	7,000,000
Islamabad Stock Exchange (Guarantee) Limited	5.2.1	**4,000,000**	4,000,000
Pakistan Mercantile Exchange Limited	5.2.1	**1,000,000**	1,000,000
		27,000,000	27,000,000
Offices			
Islamabad Stock Exchange (Guarantee) Limited		**22,005,000**	22,005,000
Lahore Stock Exchange (Guarantee) Limited		**17,550,000**	17,550,000
		39,555,000	39,555,000
Booths			
Karachi Stock Exchange (Guarantee) Limited		**2,100,000**	2,100,000
		68,655,000	68,655,000

5.2.1 This represents cost of membership card of Stock Exchanges of Pakistan with indefinite useful life.

6 Investment Property

	Note	2011	2010	2009
Acquisition cost - opening balance		**99,100,000**	102,400,000	-
Acquisition during the year	6.1	**14,500,000**	-	52,000,000
Transferred during the year			1,000,000	8,400,000
Expenditure incurred on acquisition and transferred of investment property		**484,000**	100,000	395,000
		484,000	1,100,000	8,795,000
Acquisition cost - closing balance		**114,084,000**	103,500,000	60,795,000
Effect of changes in accounting policy of prior years (note 3.1)		**-**	-	41,605,000
Carrying value		**114,084,000**	103,500,000	102,400,000
Increase / (decrease) in fair value		**11,916,000**	(4,400,000)	-
		126,000,000	99,100,000	102,400,000

6.1 Property acquired during the year is under process of registration in the name of company and expected to be completed soon.

7 Long Term Deposits

	Note	June 2011 Rupees	June 2010 Rupees
Karachi Stock Exchange (Guarantee) Limited		**610,000**	610,000
Lahore Stock Exchange (Guarantee) Limited		**1,480,000**	1,480,000
Pakistan Mercantile Exchange Limited		**9,513,204**	9,513,204
National Clearing Company of Pakistan Limited		**750,000**	750,000
Security deposits of lease assets		**1,573,800**	1,573,800
Others		**202,900**	199,900
		14,129,904	14,126,904

	Note	2011	2010
8 Short Term Investments			
Financial assets at fair value through profit or loss- Held for trading:			
Listed equity securities			
Related parties	8.1	**527,973,080**	-
Others	8.2	**15,037,469**	26,134,090
		543,010,549	26,134,090

8.1 Related parties

[Unless stated otherwise the holdings are in ordinary shares/certificates of Rs. 10/- each.]

2011 (Number of shares)	2010 (Number of shares)	Name of Company	Note	2011 Rupees	2010 Rupees
8,356,559	-	Javedan Cement Limited		**512,842,026**	-
757,310	-	Thatta Cement Company Limited		**15,131,054**	-
				527,973,080	-

8.2 Investment in other quoted equity securities:

[Unless stated otherwise the holdings are in ordinary shares/certificates of Rs. 10/- each.]

2011 (Number of shares)	2010 (Number of shares)	Name of Company	Note	2011	2010
1,000,000	-	Lotte Pakistan PTA Limited		**13,830,000**	-
63,551	-	Agritech Limited		**1,207,469**	-
-	3,811,500	Javed Omer Vohra and Co. Limited		**-**	20,353,410
-	927,878	Wateen Telecom Limited		**-**	5,780,680
				15,037,469	26,134,090

	Note	2011	2010
8.3 Gain / (loss) on remeasurement of investment at fair value through profit or loss - held for trading			
Market value		**543,010,549**	26,134,090
Cost of the investment		**532,441,529**	27,918,960
		10,569,020	(1,784,870)
Unrealized (loss) / gain on re measurement of investment carried at fair value through profit or loss-held for trading			
At the beginning of the year		**(1,784,870)**	132,681,459
Realized on disposal of investment		**1,784,870**	(132,681,459)
		-	-
Net unrealized gain /(profit) in the value of investment for the year		**10,569,020**	(1,784,870)

	Note	2011	2010
9 Trade Debts			
Considered good		358,285,089	1,435,861,883
Considered doubtful		823,869,020	-
		1,182,154,109	1,435,861,883
Less: Provision for the doubtful debts		(823,869,020)	-
		358,285,089	1,435,861,883

9.1 This includes Rs.37.087 million (2010: Rs. 40.391 million) due from related parties.

	Note	2011	2010
10 Short Term Loans, considered good			
Loans to:			
executives	10.1	54,456	329,110
staff	10.1	647,336	376,683
		701,792	705,793

10.1 Loan to staff and executive are interest free and unsecured which is given for motor vehicles and for general purpose in accordance with the company's policy, repayable within one year.

	Note	2011	2010
11 Trade Deposits and Short Term Prepayments			
Deposits against future clearing		900,000	5,675,699
Advance for software		1,626,513	-
Prepayments		20,593	409,840
		2,547,106	6,085,539
12 Other Receivables			
Related parties		599,161	14,790,742
Other parties		8,641,300	3,237,965
Less: provision for doubtful debts		(2,326,500)	-
		6,913,961	18,028,707
13 Taxes Recoverable			
Advance income tax		15,173,376	22,065,614
Less: provision for taxation-current		(9,417,228)	(17,874,457)
		5,756,148	4,191,157
14 Cash And Bank Balances			
Cash in hand		51,933	54,806
Cash at bank			
in current accounts		5,897,817	9,942,005
in savings accounts	14.1	17,933,873	67,957,411
		23,831,690	77,899,416
		23,883,623	77,954,222

14.1 The return on these balances is 11% (2010: 5% to 11.5%) per annum on daily product basis.

15 Issued, Subscribed and Paid up Capital

2011 (Number of shares)	2010 (Number of shares)	Name of Company	2011 Rupees	2010 Rupees
12,000,000	12,000,000	Ordinary shares of Rs.10/- each fully paid in cash	120,000,000	120,000,000
33,000,000	25,500,000	Ordinary shares of Rs.10/- each issued as fully paid bonus shares	330,000,000	255,000,000
45,500,000	37,500,000		450,000,000	375,000,000

	Note	2011	2010
15.1 The reconciliation of ordinary shares is as follows:			
Opening Balance		37,500,000	30,000,000
Add: Bonus shares issued during the year		7,500,000	7,500,000
		45,000,000	37,500,000

16 Liabilities Against Asset Subject to Finance Lease

	2011	2010
Present value of minimum lease payments	4,347,493	5,159,779
Less : Current portion shown under current liabilities	880,428	774,210
	3,467,065	4,385,569

The minimum lease payments have been discounted at an implicit interest rate 16% reset at the beginning of every six months. The implicit interest rate used during the year to arrive at the present value of minimum lease payment is 16% since the implicit interest rate is linked with KIBOR so the amount of minimum lease payments and finance charge may vary from period to period. The lease has the option to purchase the assets after expiry of the lease term.

Taxes, repairs and insurance costs are to be borne by the company. In case of early termination of lease, the lessee shall pay entire amount of rentals for unexpired period of lease agreement.

The amount of future payments of the lease and the period in which these payments will become due are as follows:

	Minimum lease Payments	Future finance cost	Present Value of lease liability 2011	Present Value of lease liability 2010
Not later than one year	1,236,318	355,890	880,428	774,210
Later than one year and not later than five year	3,879,862	412,827	3,467,035	4,385,569
	5,116,180	768,717	4,347,463	5,159,779

	Note	2011	2010
17 Loan From Associate			
Loan received		450,000,000	-
Imputed income on remeasurement of loan liability at fair value		(220,842,789)	-
		229,157,211	

This represents an unsecured non interest bearing loan received on 27 June 2011 from an associated person of the Company. The loan is repayable at the end of five years from date of receipt and therefore has been re-measured using current market interest rate for financial instruments carrying same terms of repayment.

18 Short Term Borrowings, secured

Short term running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs.1,650 million (2010: Rs. 2,050 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 up to march 2012. These arrangements are secured against pledge of marketable securities and personal guarantee of members. These running finance facilities carry mark-up ranging from 3 month KIBOR +1.25 % to 2% (2010: 3 month KIBOR +1% to 2.5%) calculated on a daily product basis that is payable quarterly.

19 Trade and Other Payables

	Note	2011	2010
Creditors	19.1	**131,239,631**	183,204,439
Commission payable	19.2	**3,483,460**	4,830,095
Workers' welfare fund		**3,499,555**	3,499,555
Accrued expenses		**3,871,235**	2,438,712
Dividend payable		**1,444,344**	1,469,396
Advance rent		**-**	2,178,001
Federal excise duty payable		**2,649,654**	1,898,709
Other liabilities		**1,169,405**	1,382,995
		147,357,284	200,901,902

19.1 This includes amount of Rs. 3.663 million(2010: Rs.0.406 million) payable to related parties of the Company.

19.2 This includes an amount of Rs. 2.137 million (2010: Rs.2.510 million) payable to related parties of the company on account of commission.

20 Contingencies and Commitments

There are no material contingencies including Pending "or" Threatened law suit and unasserted claims as at 30 June 2011(30 June 2010: Nil).

There are no material commitments as at 30 June 2011(30 June 2010: Nil).

21 Operating Revenue

		2011	2010
Brokerage income		**79,117,193**	129,916,859
Underwriting, consultancy and placements income		**21,583,246**	80,495,928
Dividend income		**6,438,980**	12,245,984
		107,139,419	222,658,771

22 Administrative and Operating Expenses

	Note	2011	2010
Salaries and benefits	22.1 & 30	**29,158,286**	23,656,604
Rent, rates and taxes		**21,644,419**	21,626,755
Depreciation and amortization	4 & 5.1	**14,741,076**	16,705,387
Commission	29	**7,473,690**	14,110,865
C.D.C & clearing house charges		**5,682,965**	7,605,790
Electricity		**6,899,857**	5,733,718
Communication		**1,578,371**	2,781,819
Motor vehicle expense		**4,677,563**	2,567,534
Membership and other subscription		**731,173**	2,006,713
Printing and stationery		**1,515,425**	1,317,913
Conveyance and meals		**1,751,420**	935,775
Insurance		**1,759,475**	913,380
Legal and professional charges		**721,595**	826,449
Repairs and maintenance		**708,326**	483,450
Advertisement & business promotion		**1,038,559**	462,758
Auditors' remuneration	22.2	**879,800**	590,500
Entertainment		**23,376**	337,117
Meeting expenses		**449,320**	215,000
Provision for bad debts	9	**826,195,520**	-
Others		**2,487,306**	1,645,034
		930,117,522	104,522,561

22.1 This includes Company's contribution to provident fund amounting to Rs.1,871,114 (30 June 2010: 2,831,942).

	Note	2011	June 2010
22.2 Auditors' remuneration			
Annual audit fee		**500,000**	275,000
Half yearly review		**158,400**	132,000
Certification on compliance with code of corporate governance		**113,400**	94,500
Other certifications		**108,000**	89,000
		879,800	590,500
23 Financing Costs			
Interest and mark-up on :			
Non-current liabilities			
Liabilities against assets subject to finance lease		**408,291**	57,843
Current Liabilities			
Short term borrowing from banking companies		**62,395,025**	100,190,928
Markup paid to parent		**3,219,674**	-
Client balances		**-**	7,475,717
Bank charges and others		**2,294,680**	2,383,270
		68,317,670	110,107,758
24 Other Operating Income			
On financial assets			
Write back of accrued finance costs	24.1	**-**	67,704,837
Late payment charges on clients' balances		**78,173,553**	20,727,767
Profit on savings accounts		**3,332,451**	3,131,699
Profit on exposure deposit		**3,318**	51,459
Mark up charged to associate		**1,483,811**	-
Recovery of bad debts		**-**	424,363
Imputed interest on loan from associate		**24.2**	220,842,789
On non-financial assets			
Rental income from investment property		**8,802,486**	9,438,000
		312,638,408	101,478,125

24.1 This represents write back of payable to sponsors for mark-up accrued on their balances during last year, on waiver thereof by the sponsors.

24.2 This represents income arising on remeasurement of loan received from associate on receipt thereof as disclosed in note 17 .

	2011	June 2010
25 Other Charges		
Contribution to workers' welfare fund	**-**	3,431,777
	-	3,431,777
26 Taxation		
Current		
for the year	**(9,417,228)**	(20,706,500)
Prior year reversal/(charge)	**-**	2,832,043
	(9,417,228)	(17,874,457)

	2011	2010

26.1 Reconciliation of tax charge for the year

Average effective rate of tax for the year is calculated as follows:		
(Loss) / profit before tax	**(549,827,053)**	163,757,082
Tax charge for the year	**9,417,228**	17,874,457
Average effective rate of tax for the year	**(1.71%)**	10.92%

The reconciliation of the effective tax rate with the applicable tax rate is as follows:

	2011 %	2010 %
Applicable income tax rate	**35**	35
Add/(less):		
-Tax effect of income taxable under exempt	**-**	(9.26)
-Tax effect of income taxed at final tax regime	**(23.16)**	(10.54)
- Prior year tax (reversal) / charge	**-**	(1.73)
-Tax effect of income taxed at lower rate	**(13.55)**	(2.56)
	(1.71)	10.91

Assessment up to Tax Year 2010 have been finalized U/S 120 of the Income Tax Ordinance, 2001.

27 Earnings Per Share - Basic and Diluted

27.1 Basic earnings per share

	June 2011	June 2010
Profit for the year - Rupees (2010: restated)	**(559,244,281)**	145,882,625
	(Numbers)	
Weighted average number of ordinary shares (2010: restated)	**45,000,000**	45,000,000
	(Rupees)	
Earnings per share (2010: restated)	**(12.43)**	3.24

27.2 Diluted earnings per share

There is no dilutive effect on the basic earnings per share of the Company, since there are no convertible instruments in issue as at 30 June 2010 and 30 June 2011 which would have any effect on the earnings per share if the option to convert is exercised.

28 Cash and Cash Equivalents

Cash and cash equivalents at the end of the reporting year as shown in the cash flow statement are reconciled to the related items in the balance sheet as follows:

	2011	2010
Cash and bank balances	**23,883,623**	77,954,222
Short term borrowings	**(106,181,629)**	(583,157,891)
	(82,298,006)	(505,203,669)

29 Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party a exercise significant influence over other party in making financial and operating decisions.

The related parties comprise of major shareholders, associated companies with or without common directors, directors of the company and key management personnel, staff provident fund, and financial institution having nominee on the Board of Directors. 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 other related parties are entered into at rates negotiated with them. The remuneration of Chief Executive, Directors and Executives is disclosed in note 30 to the financial statements.

Details of transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2011	2010
Brokerage commission and other services to:		
-Parent (AHCL)	**15,182,665**	21,051,377
-Group companies	**8,187,045**	66,756,268
-Key management personnel	**10,404,236**	5,267
-Other related parties	**1,782,873**	11,269,399
Capital Gain earned on related parties securities	**9,772,361**	126,162,143
Capital loss incurred on related parties securities	**(9,034,056)**	(17,685,487)
Loan received from parent company	**235,000,000**	-
Loan repayment to parent company	**235,000,000**	-
Loan received from associate	**450,000,000**	-
Sale of securities to related party on off-market counter	**-**	142,101,108
Purchase of investment property from related person	**14,500,000**	-
Dividend paid to related parties	**-**	33,754,108
Rent paid to Rotocast (Pvt) Ltd	**20,898,240**	20,898,240
Interest income earned on advance to related party	**1,483,811**	344,141
Interest expenses on related parties balances	**3,219,674**	-
Contribution to staff provident fund	**2,831,942**	2,831,942
Balances with related parties at the end of the year are as follows:		
Advances to / Receivable form related parties:		
-Group companies	**76,131**	15,045,852
-Key management personnel	**18,024,889**	1,224,354
-Other related parties	**18,986,432**	-
Investment in related parties	**527,973,080**	-
Payable to related parties:		
-Group companies	**751**	
-Key management personnel	**2,137,319**	-
-Other related parties	**451,525,397**	11,581,266

30 Remuneration of Chief Executive, Directors and Executives

The aggregate amounts charged in the financial statements for remuneration, including certain benefits to Directors, Chief Executive and Executives of the Company, are as follows:

	Chief Executive		Directors		Other Executives	
	2011	2010	**2011**	2010	**2011**	2010
Managerial remuneration	4,000,080	4,570,812	2,502,620	312,426	6,096,435	803,727
House rent allowance	1,200,024	228,691	750,756	93,728	1,828,930	241,118
Conveyance	449,805	381,151	394,655	156,214	1,764,609	401,864
Utilities	400,008	76,230	250,262	31,243	609,643	80,372
Contribution to provident fund	500,016	-	280,916	139,644	700,832	8,976
Medical allowance	400,008	76,230	250,262	31,243	609,643	80,372
Commission & performance bonus(note 28.1)	913,229	-	27,475	1,199,162	951,733	181,230
	7,863,170	5,333,114	4,456,946	1,963,660	12,561,825	1,797,659
Number of persons	1	1	3	3	14	3

30.1 This includes entitlement of commission @ 12.5% on account of sale and purchase transactions and 7.5% on CFS transactions on behalf of clients.

30.2 The Company also provides the Chief Executive, certain Executives, and Directors with Company maintained Car.

31 Financial Risk Management

31.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: capital risk, credit risk, liquidity risk and market risk (including foreign exchange or currency risk, interest/mark-up rate risk and price risk). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous periods in the manner described in notes below.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

a) Market risk

Market risk means that the future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, equity prices and interest rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company's market risk comprises of two types of risk: foreign exchange or currency risk and interest/markup rate risk. The market risks associated with the Company's business activities are discussed as under:

i) Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transaction in foreign currency. Currently, the Company is not exposed to currency risk since there are no foreign currency transaction and balances at the reporting date.

ii) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. The Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs.543.01 million (2010: Rs.26 million) at the reporting date. The Company manages price risk by monitoring the exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

The carrying value of investments subject to equity price risk is based on quoted market prices as of the reporting date. Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

Sensitivity analysis

For the purpose of price risk sensitivity analysis it is observed that the benchmark KSE 100 Index has increased by 29% during the financial year.

The table below summarizes Company's equity price risk as of 30 June 2011 and 2010 and shows the effects of a hypothetical 30% increase and a 30% decrease in market prices as at the year end reporting dates. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in Company's equity investment portfolio.

		Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase (decrease) in shareholders' equity	Hypothetical increase (decrease) in profit / (loss) after tax
30 June 2011	**Rupees**	**543,010,549**	**30% increase**	**705,913,714**	**162,903,165**	**162,903,165**
			30% decrease	**380,107,384**	**(162,903,165)**	**(162,903,165)**
30 June 2010	Rupees	26,134,090	30% increase	33,974,317	7,840,227	7,840,227
			30% decrease	18,293,863	(7,840,227)	(7,840,227)

iii) Interest rate risk

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing arrangements has variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) as indicated in respective notes.

Financial assets and liabilities include balances of Rs. 96,334,274 (2010: Rs. 187,084,896) and Rs. 106,181,629 (2010: Rs. 583,157,891) respectively, which are subject to interest / markup rate risk. Applicable interest / mark-up rates for financial assets and liabilities have been indicated in respective notes.

At the reporting date, the interest rate profile of the Company's significant interest bearing financial instruments are as follows:

	2011	2010		2011	2010
	Effective interest rate (%)			Carrying amounts	
Financial assets					
Deposits to KSE against future clearing	**7% to 8.5%**	7% to 8.5%	Rupees	**900,000**	5,675,699
Trade debts	**18%**	8 %		**77,500,398**	113,451,786
Bank deposits - pls account	**11%**	5% to 11.5%		**17,933,873**	67,957,411
Financial liabilities					
Trade and other payables	**Nil**	Nil	Rupees	**131,239,631**	183,204,439
Short term borrowings	**13.3% to 15.5%**	13.3% to 16.3%		**106,181,629**	583,157,891

Sensitivity analysis

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not effect fair value of any financial instrument. For cash flow sensitivity analysis of variable rate instruments it is observed that interest / mark-up rate in terms of KIBOR has substantially been increase during the year by approximately 1.25%. Subsequent to the balance sheet date and till the date of authorization of these financial statements a further decrease of 0.25% has been observed.

The following information summarizes the estimated effects of hypothetical increases and decreases in interest rates on cash flows from financial assets and financial liabilities that are subject to interest rate risk. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. The hypothetical changes in market rates do not reflect what could be deemed best or worst case scenarios. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	Profit and loss 100 bp	
	increase	decrease
As at 30 June 2011		
Cash flow sensitivity-Variable rate financial liabilities	**(4,205,142)**	**4,205,142**
As at 30 June 2010		
Cash flow sensitivity-Variable rate financial liabilities	(3,960,730)	3,960,730

b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the company's performance to developments affecting a particular industry.

Exposure to credit risk

Credit risk of the Company arises from deposits with banks and financial institutions, trade debts, short term loans, deposits, proceed receivable and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their net worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery. The Company's management, as part of risk management policies and guidelines, reviews clients' financial position, considers past experience and other factors, and obtains necessary collaterals to reduce credit risks. Further, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies, investment and operational guidelines approved by the Board of Directors. In addition, credit risk is also minimized due to the fact that the Company invests only in high quality financial assets, majority of which have been rated by a reputable rating agency. The Company does not expect to incur material credit losses on its financial assets.

The carrying amount of financial assets represent the maximum credit exposure at the reporting date, which are detailed as follows:

	Note	Carrying amount 2011	2010
Long term deposits	7	**14,129,904**	14,126,904
Short term investments carried at fair value through profit or loss	8	**543,010,549**	26,134,090
Trade debts	9	**358,285,089**	1,435,861,883
Short term loans	10	**701,792**	705,793
Proceed receivable		-	257,143,854
Short term deposits	11	**2,547,106**	5,675,699
Other receivables	12	**6,913,961**	18,028,707
Cash and bank balances	14	**23,883,623**	77,954,222
		949,472,024	1,835,631,152

The maximum exposure to credit risk for trade debts at the reporting date by geographic region is with local clients as disclosed in note 9.

The Company holds capital securities having fair value of Rs. 110.098 million (2010: Rs 974.085 million) owned by its clients, as collaterals against trade debts.

	2011		2010	
	Gross	**Impairment**	Gross	Impairment
Not past due	**50,844,303**	**-**	57,407,711	-
Past due 1 day - 30 days	**63,807,654**	**-**	17,480,151	-
Past due 31 days - 180 days	**5,009,522**	**-**	351,056,444	-
Past due 181 days - 1 year	**7,761,108**	**-**	254,421,805	-
More than one year	**1,054,731,522**	**823,869,020**	748,684,630	-
Rupees	**1,182,154,109**	**823,869,020**	1,429,050,741	

Except for the impairment disclosed above, no impairment has been recognized in respect of these debts as the security against the same is adequate or counter parties have sound financial standing.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate exposure is significant in relation to the Company's total exposure. The Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

Impairment losses

The amount of impairment losses recognized against trade debts and other receivables is as follows :

	June 2010 Rupees	June 2009 Rupees
Trade debts - equity transactions	**826,195,520**	-

The Company is doing its utmost to recover the amount from the clients and is confident that majority of the amount would be recovered based on the past experience and the recovery efforts being carried out by the Company. None of the financial assets were considered to be impaired, other than disclosed above.

The credit quality of Company's liquid funds can be assessed with reference to external credit ratings as follows:

Short term Rating	2011 Rupees	2010 Rupees
A1+	**1,811,060**	1,952,693
A2	**401,727**	324,122
A-1+	**1,355,727**	502,969
A1	**730,931**	5,422,861
A-2	**19,532,243**	69,696,771
	23,831,688	77,899,416

Due to the company's long standing business relationships with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the company. Accordingly, the credit risk is minimal.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

On the reporting date, the Company has cash and bank balance and unutilized credit lines of Rs. 23.832 million (2010:Rs. 77.899 million) and Rs. 1,294 million (Rs. 1,467 million) as mentioned in note 14 and 18.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

Amounts in rupees

	2011			
	Carrying amount	**Contractual cash flows**	**Up to one year**	**More than one year**
Financial liabilities				
Loan from associate	229,157,211	229,157,211	-	229,157,211
Liabilities against assets subject to finance lease	4,347,493	5,116,180	1,236,318	3,111,175
Trade and other payables	147,207,284	147,207,284	147,207,284	-
Short term borrowings	106,181,629	106,181,629	106,181,629	-
Accrued markup on short term borrowings	19,044,432	19,044,432	19,044,432	-
	505,938,049	506,706,736	273,669,663	232,268,386

Amounts in rupees

	2010			
	Carrying amount	**Contractual cash flows**	**Up to one year**	**More than one year**
Financial liabilities				
Liabilities against assets subject to finance lease	5,159,779	6,778,236	774,210	4,385,569
Trade and other payables	198,723,901	198,723,901	198,723,901	-
Short term borrowings	583,157,891	583,157,891	583,157,891	-
Accrued markup on short term borrowings	28,397,119	28,397,119	28,397,119	-
	815,438,690	817,057,147	811,053,121	4,385,569

Contractual cash flows include interest related cash flows up to the year end. The future interest related cash flows depends on the extent of utilization of short term borrowings facilities and the interest rates applicable at that time.

31.2 Fair value estimate

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the company are the current bid prices.

The carrying value less impairment provision of trade receivables and other receivables, and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

The classification of financial instruments at fair value be determined by reference to the source of inputs used to derive the fair value. This classification uses the following three-level hierarchy:

- Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs). the company held the folowing Financial indtend

The company held the following financial instrument measurement at fair value :

Amounts in rupees

30 June 2011	Level 1	Level 2	Level 3	Total
Financial assets				
- financial assets held for trading				
Quoted equities	543,010,549	-	-	543,010,549

Amounts in rupees

30 June 2010	Level 1	Level 2	Level 3	Total
Financial assets				
- financial assets held for trading				
Quoted equities	26,134,090	-	-	26,134,090

31.3 Financial instruments by categories

Amounts in rupees

	Asset at fair value through profit and loss	Loans and receivables	Total
As at 30 June 2011			
Financial liabilities as per balance sheet			
Long term deposits	-	14,129,904	14,129,904
Short term investments	543,010,549	-	543,010,549
Trade debts	-	358,285,089	358,285,089
Short term loans	-	701,792	701,792
Short term deposits	-	2,547,106	2,547,106
Other receivables	-	6,913,961	6,913,961
Cash and bank balances	-	23,883,623	23,883,623
	543,010,549	406,461,475	949,472,024

Financial liabilities at amortized cost

	Financial liabilities at amortized cost
As at 30 June 2011	
Financial liabilities as per balance sheet	
Liabilities against assets subject to finance lease	3,467,065
Loan from associate	229,157,211
Short term borrowings	106,181,629
Current portion of lease liabilities	880,428
Trade and other payables	143,707,729
Accrued markup	19,044,432
	269,814,218

Amounts in rupees

	Asset at fair value through profit and loss	Loans and receivables	Total
As at 30 June 2010			
Financial assets as per balance sheet			
Long term deposits	-	14,126,904	14,126,904
Short term investments	26,134,090	-	26,134,090
Trade debts	-	1,435,861,883	1,435,861,883
Short term loans	-	705,793	705,793
Short term deposits	-	5,675,699	5,675,699
Proceed receivable	-	257,143,854	257,143,854
Other receivables	-	18,028,707	18,028,707
Cash and bank balances	-	77,954,222	77,954,222
	26,134,090	1,809,497,062	1,835,631,152

	Financial liabilities at amortized cost
As at 30 June 2010	
Financial liabilities as per balance sheet	
Liabilities against assets subject to finance lease	4,385,569
Short term borrowings	583,157,891
Current portion of lease liabilities	774,210
Trade and other payables	195,224,346
Accrued markup	28,397,119
	807,553,566

31.4 Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholders. Debt is calculated as total borrowings ('loan from associate', 'lease liability' and 'short term borrowings' as shown in the balance sheet).Total capital comprises shareholders' equity;

	Note	2011	2010
Total borrowings		**339,686,333**	588,317,670
Cash and bank balances		**23,883,623**	77,954,222
		315,802,710	510,363,448
Total equity		**730,185,022**	1,289,429,303
Total capital		**1,045,987,732**	1,799,792,751
Gearing ratio		**30.19%**	28.36%

32 Accounting Estimates and Judgments

32.1 Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

32.2 Property and equipment

The Company reviews the rate of depreciation / useful life, residual values and value of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipments with a corresponding affect on the depreciation charge and impairment.

32.3 Membership cards and offices

The Company reviews carrying value of intangible assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of intangible assets with a corresponding affect on the impairment.

32.4 Investments stated at fair value

The Company has determined fair value of certain investments by using quotations from active market. Fair value estimates are made at a specific point in time based on market conditions and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matter of judgments (e.g. valuation, interest rates, etc.) and therefore, can not be determined with precision.

32.5 Trade and other receivables

The Company reviews its trade and other receivables regularly to assess amount of any provision required against such balances.

33 Date of Authorization for Issue

These financial statements were authorized for issue by the Board of Directors in meeting held on 12 September 2011.

34 Rearrangement or Reclassification

Previous year figures has been rearranged or/ and reclassification, where necessary, for the purpose of comparison in the financial statements. For better presentation reclassification made in the financial statements were as follows:

Reclassification from component	Reclassification to component	Amount
Workers' welfare fund - administrative expenses	Workers' welfare fund - other charges	3,431,777

The above rearrangements/ reclassifications do not affect retained earnings for the year ended 30 June 2009.

35 General

Figures have been rounded off to the nearest rupee.

Chief Executive Officer	Director	Chief Financial Officer

Notice of Seventh Annual General Meeting

Notice is hereby given that the Seventh Annual General Meeting of Arif Habib Limited will be held on Saturday 22 October 2011 at 12:00 p.m. at Beach Luxury Hotel, M.T. Khan Road Karachi to transact the following business:

Ordinary Business

1) To confirm minutes of the Annual General Meeting held on 2 October 2010.

2) To receive, consider and adopt audited accounts of the company together with the auditors' and directors' report thereon including approval of the annexures there to, for the year ended 30 June 2011.

3) To appoint auditors of the company and fix their remuneration for the financial year 2011-12. The audit committee and the Board has recommended to appoint M/s. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants who being eligible offer themselves for re-appointment.

Special Business

4) To approve the following resolution as a special resolution for investment in associated companies & associated undertakings:

Resolved that:

"The consent and approval be and is hereby accorded under Section 208 of the Companies Ordinance, 1984 for the following limits of additional investments in associated companies and associated undertakings subject to the terms and conditions mentioned in the annexed statement under Section 160(1)(b) of the Companies Ordinance, 1984".

		Rupees in millions	
	Name of Companies & Undertakings	**Proposed amount for Equity**	**Proposed amount for Loan/Advance**
1.	Aisha Steel Mills Limited	100	100
2.	Safemix Concrete Products Limited	50	50
3.	Pakarab Fertilizers Limited	100	100
4.	Fatima Fertilizer Company Limited	500	100
5.	Al-Abbas Cement Industries Limited	250	100
6.	Javedan Corporation Limited	750	250
7.	International Complex Projects Limited	100	200
8.	Alhamra Hills (Pvt.) Limited	100	100
9.	Sweet Water Dairies Pakistan Limited	100	100

Further resolved that:

"The Chief Executive and/or the Company Secretary be and are hereby authorized to take and do and/or cause to be taken or done any/all necessary actions, deeds and things which are or may be necessary for giving effect to the aforesaid resolution and to do all acts, matters, deeds, and things which are necessary, incidental and/or consequential to the investment of the Company's funds as above as and when required at the time of investment".

5) To consider any other business with the permission of the Chair.

By order of the Board

Zia-ur-Rahim Khan
Company Secretary

Karachi
Dated: 1 October 2011

Notes:

1. Share transfer books of the company will remain closed from 16 October 2011 to 22 October 2011 (both days inclusive). Transfers received in order at the office of our registrar: The Shares Registrar Department, Central Depository Company of Pakistan Limited CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal Karachi-74400; by the close of business on 15 October 2011 will be treated in time.

2. A member entitled to attend and vote at the meeting may appoint another member as his / her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.

3. Procedure including the guidelines as laid down in Circular No. I- Reference No. 3(5-A) Misc/ARO/LES/96 dated 26 January 2000 issued by Securities & Exchange Commission of Pakistan:

   (i) Members, proxies or nominees shall authenticate their identity by showing their original national identity card or original passport and bring their folio numbers at the time of attending the meeting.

   (ii) In the case of corporate entity, Board of Directors' resolution/power of attorney and attested copy of the CNIC or passport of the nominee shall also be produced (unless provided earlier) at the time of meeting.

   (iii) In order to be effective, the proxy forms must be received at the office of our registrar not later than 48 hours before the meeting, duly signed and stamped and witnessed by two persons with their names, address, CNIC numbers and signatures.

   (iv) In the case of individuals, attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.

   (v) In the case of proxy by a corporate entity, Board of Directors resolution/power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted alongwith proxy form.

4. Members are requested to promptly notify any change in address by writing to the office of the registrar.

Statement under Section 160(1)(b) of the Companies Ordinance 1984

Material facts concerning special business to be transacted at the Annual General Meeting are being given below:

Investment under section 208

The Board of Directors of Arif Habib Limited (AHL) in their meeting held on 12 September 2011 approved the limits for investments in its following existing and planned associated companies and undertakings under Section 208 of the Companies Ordinance, 1984. The management considers that good investments opportunities might be available in near future which should be materialized.

The basic purpose of this special resolution is to make the Company in a ready position to materialize the investment opportunities as and when arise. It is prudent that the Company should be able to make the investment at the right time when the opportunity is available.

The directors of the company have no additional interest in any of the above business.

1 **Aisha Steel Mills Limited**

S.No.	Description	Information Requried
(i)	Name of investee company	Aisha Steel Mills Limited
(ii)	Nature, amount and extent of investment	Equity investment upto Rs. 100 million Loan/advance upto Rs. 100 million
(iii)	Average market price of the shares intended to be purchased during preceeding six months in case of listed companies	N.A
(iv)	Breakup value of shares intended to be purchased on the basis of last published financial statements	Rs.8.12 per share
(v)	Price at which shares will be purchased	At par/premium/market/offered/negotiated price prevailing on the date of transaction/investment
(vi)	Earning per share of investee company in last three years on fully diluted basis: June 30, 2010 June 30, 2009 June 30, 2008	 Rs.(1.08) per share Rs.(0.98) per share Rs.(0.20) per share
(vii)	Source of funds from where shares will be made	From company's own available liquidity and credit lines
(viii)	Period for which investment will be made	Long term/short term
(ix)	Purpose of investment	For the benefit of the company and to earn better returns in the long run on strategic investment by capturing the opportunities on the right time
(x)	Benefits likely to accrue to the company and the shareholders from the proposed investment	This investment may increase dividend earnings and capital appreciation since it is expected that investee company will generate reasonable profits in future
(xi)	Interest of directors and their relatives in the investee company	None except as shareholder
(xii)	Any loan had already been provided or loan has been written off to the said company	No
(xiii)	Rate of interest on loan/advance	6 Months KIBOR+1 or Company's borrowing rate whichever higher
(xiv)	Repayment schedule of loan/advance	Short to medium term within 3 years and long term within 5 years
(xv)	Security on loan/advance	Management considers that being group company there is no need of collateral security.

2 Safe Mix Concrete Products Limited

S.No.	Description	Information Requried
(i)	Name of investee company	Safe Mix Concrete Products Limited
(ii)	Nature, amount and extent of investment	Equity investment upto Rs. 50 million Loan/advance upto Rs. 50 million
(iii)	Average market price of the shares intended to be purchased during preceeding six months in case of listed companies	Rs.9.65 per share
(iv)	Breakup value of shares intended to be purchased on the basis of last published financial statements	Rs.17.05 per share
(v)	Price at which shares will be purchased	At par/premium/market/offered/negotiated price prevailing on the date of transaction/investment
(vi)	Earning per share of investee company in last three years: June 30, 2009 June 30, 2008 June 30, 2007	 Rs.2.52 per share Rs.0.25 per share Rs.(0.54) per share
(vii)	Source of funds from where shares will be made	From company's own available liquidity and credit lines
(viii)	Period for which investment will be made	Long term/short term
(ix)	Purpose of investment	For the benefit of the company and to earn better returns in the long run on strategic investment by capturing the opportunities on the right time
(x)	Benefits likely to accrue to the company and the shareholders from the proposed investment	This investment may increase dividend earnings and capital appreciation since it is expected that investee company will generate reasonable profits in future
(xi)	Interest of directors and their relatives in the investee company	None except as shareholder
(xii)	Any loan had already been provided or loan has been written off to the said company	No
(xiii)	Rate of interest on loan/advance	6 Months KIBOR+1 or Company's borrowing rate whichever higher
(xiv)	Repayment schedule of loan/advance	Short to medium term within 3 years and long term within 5 years
(xv)	Security on loan/advance	Management considers that being group company there is no need of collateral security.

3 Pakarab Fertilizers Limited:

S.No.	Description	Information Requried
(i)	Name of investee company	Pakarab Fertilizers Limited
(ii)	Nature, amount and extent of investment	Equity investment upto Rs. 100 million Loan/advance upto Rs. 100 million
(iii)	Average market price of the shares intended to be purchased during preceeding six months in case of listed companies	N.A
(iv)	Breakup value of shares intended to be purchased on the basis of last published financial statements	Rs.33.06 per share
(v)	Price at which shares will be purchased	At par/premium/market/offered/negotiated price prevailing on the date of transaction/investment
(vi)	Earning per share of investee company in last three years: Dec 31, 2010 Dec 31, 2009 Dec 31, 2008	 Rs. 7.18 per share Rs.10.32 per share Rs.23.63 per share
(vii)	Source of funds from where shares will be made	From company's own available liquidity and credit lines
(viii)	Period for which investment will be made	Long term/short term
(ix)	Purpose of investment	For the benefit of the company and to earn better returns in the long run on strategic investment by capturing the opportunities on the right time
(x)	Benefits likely to accrue to the company and the shareholders from the proposed investment	This investment may increase dividend earnings and capital appreciation since it is expected that investee company will generate reasonable profits in future
(xi)	Interest of directors and their relatives in the investee company	None except as shareholder
(xii)	Any loan had already been provided or loan has been written off to the said company	No
(xiii)	Rate of interest on loan/advance	6 Months KIBOR+1 or Company's borrowing rate whichever higher
(xiv)	Repayment schedule of loan/advance	Short to medium term within 3 years and long term within 5 years
(xv)	Security on loan/advance	Management considers that being group company there is no need of collateral security.

4 **Fatima Fertilizer Company Limited:**

S.No.	Description	Information Requried
(i)	Name of investee company	Fatima Fertilizer Company Limited:
(ii)	Nature, amount and extent of investment	Equity investment upto Rs. 500 million Loan/advance upto Rs. 100 million
(iii)	Average market price of the shares intended to be purchased during preceeding six months in case of listed companies	Rs.12.70 per share
(iv)	Breakup value of shares intended to be purchased on the basis of last published financial statements	Rs.12.12 per share
(v)	Price at which shares will be purchased	At par/premium/market/offered/negotiated price prevailing on the date of transaction/investment
(vi)	Earning per share of investee company in last three years: Dec. 31, 2010 Dec. 31, 2009 Dec. 31, 2008	 Rs.(0.07) per share Rs.(0.17) per share Rs.0.07 per share
(vii)	Source of funds from where shares will be made	From company's own available liquidity and credit lines
(viii)	Period for which investment will be made	Long term/short term
(ix)	Purpose of investment	For the benefit of the company and to earn better returns in the long run on strategic investment by capturing the opportunities on the right time
(x)	Benefits likely to accrue to the company and the shareholders from the proposed investment	This investment may increase dividend earnings and capital appreciation since it is expected that investee company will generate reasonable profits in future
(xi)	Interest of directors and their relatives in the investee company	None except as shareholder
(xii)	Any loan had already been provided or loan has been written off to the said company	No
(xiii)	Rate of interest on loan/advance	6 Months KIBOR+1 or Company's borrowing rate whichever higher
(xiv)	Repayment schedule of loan/advance	Short to medium term within 3 years and long term within 5 years
(xv)	Security on loan/advance	Management considers that being group company there is no need of collateral security.

5 Al-Abbas Cement Industries Limited

S.No.	Description	Information Requried
(i)	Name of investee company	Al-Abbas Cement Industries Limited
(ii)	Nature, amount and extent of investment	Equity investment upto Rs. 250 million Loan/advance upto Rs. 100 million
(iii)	Average market price of the shares intended to be purchased during preceeding six months in case of listed companies	Rs.2.79 per share
(iv)	Breakup value of shares intended to be purchased on the basis of last published financial statements	Rs.5.83 per share
(v)	Price at which shares will be purchased	At par/premium/market/offered/negotiated price prevailing on the date of transaction/investment
(vi)	Earning per share of investee company in last three years: June 30, 2009 June 30, 2008 June 30, 2007	 Rs.(3.94) per share Rs.0.67 per share Rs.(0.59) per share
(vii)	Source of funds from where shares will be made	From company's own available liquidity and credit lines
(viii)	Period for which investment will be made	Long term/short term
(ix)	Purpose of investment	For the benefit of the company and to earn better returns in the long run on strategic investment by capturing the opportunities on the right time
(x)	Benefits likely to accrue to the company and the shareholders from the proposed investment	This investment may increase dividend earnings and capital appreciation since it is expected that investee company will generate reasonable profits in future
(xi)	Interest of directors and their relatives in the investee company	None except as shareholder
(xii)	Any loan had already been provided or loan has been written off to the said company	N.A
(xiii)	Rate of interest on loan/advance	6 Months KIBOR+1 or Company's borrowing rate whichever higher
(xiv)	Repayment schedule of loan/advance	Short to medium term within 3 years and long term within 5 years
(xv)	Security on loan/advance	Management considers that being group company there is no need of collateral security.

6 **Javedan Corporation Limited:**

S.No.	Description	Information Requried
(i)	Name of investee company	Javedan Corporation Limited
(ii)	Nature, amount and extent of investment	Equity investment upto Rs. 750 million Loan/advance upto Rs. 250 million
(iii)	Average market price of the shares intended to be purchased during preceeding six months in case of listed companies	Rs.60.30 per share
(iv)	Breakup value of shares intended to be purchased on the basis of last published financial statements	Rs.70.22 per share
(v)	Price at which shares will be purchased	At par/premium/market/offered/negotiated price prevailing on the date of transaction/investment
(vi)	Earning per share of investee company in last three years: June 20, 2010 June 30, 2009 June 30, 2008	 Rs.(2.36) per share Rs.(8.37) per share Rs.(6.76) per share
(vii)	Source of funds from where shares will be made	From company's own available liquidity and credit lines
(viii)	Period for which investment will be made	Long term/short term
(ix)	Purpose of investment	For the benefit of the company and to earn better returns in the long run on strategic investment by capturing the opportunities on the right time
(x)	Benefits likely to accrue to the company and the shareholders from the proposed investment	This investment may increase dividend earnings and capital appreciation since it is expected that investee company will generate reasonable profits in future
(xi)	Interest of directors and their relatives in the investee company	None except as shareholder
(xii)	Any loan had already been provided or loan has been written off to the said company	No
(xiii)	Rate of interest on loan/advance	6 Months KIBOR+1 or Company's borrowing rate whichever higher
(xiv)	Repayment schedule of loan/advance	Short to medium term within 3 years and long term within 5 years
(xv)	Security on loan/advance	Management considers that being group company there is no need of collateral security.

7 **International Complex Projects Limited:**

S.No.	Description	Information Requried
(i)	Name of investee company	International Complex Projects Limited
(ii)	Nature, amount and extent of investment	Equity investment upto Rs. 100 million Loan/advance upto Rs. 200 million
(iii)	Average market price of the shares intended to be purchased during preceeding six months in case of listed companies	N.A
(iv)	Breakup value of shares intended to be purchased on the basis of last published financial statements	Rs.80.76 per share
(v)	Price at which shares will be purchased	At par/premium/market/offered/negotiated price prevailing on the date of transaction/investment
(vi)	Earning per share of investee company in last three years: March 31, 2009 June 30, 2008 June 30, 2007	 Rs.(3.78) per share Rs.7.36 per share Rs.(1.35) per share
(vii)	Source of funds from where shares will be made	From company's own available liquidity and credit lines
(viii)	Period for which investment will be made	Long term/short term
(ix)	Purpose of investment	For the benefit of the company and to earn better returns in the long run on strategic investment by capturing the opportunities on the right time
(x)	Benefits likely to accrue to the company and the shareholders from the proposed investment	This investment may increase dividend earnings and capital appreciation since it is expected that investee company will generate reasonable profits in future
(xi)	Interest of directors and their relatives in the investee company	None except as shareholder
(xii)	Any loan had already been provided or loan has been written off to the said company	No
(xiii)	Rate of interest on loan/advance	6 Months KIBOR+1 or Company's borrowing rate whichever higher
(xiv)	Repayment schedule of loan/advance	Short to medium term within 3 years and long term within 5 years
(xv)	Security on loan/advance	Management considers that being group company there is no need of collateral security.

8 Alhamra Hills (Pvt.) Limited

S.No.	Description	Information Requried
(i)	Name of investee company	Alhamra Hills (Pvt.) Limited
(ii)	Nature, amount and extent of investment	Equity investment upto Rs. 100 million Loan/advance upto Rs. 100 million
(iii)	Average market price of the shares intended to be purchased during preceeding six months in case of listed companies	N.A.
(iv)	Breakup value of shares intended to be purchased on the basis of last published financial statements	Rs.8.12 per share
(v)	Price at which shares will be purchased	At par/premium/market/offered/negotiated price prevailing on the date of transaction/investment
(vi)	Earning per share of investee company in last three years: June 30, 2010 June 30, 2009 June 30, 2008	 Rs.(1.08) per share Rs.(0.90) per share Rs.(0.20) per share
(vii)	Source of funds from where shares will be made	From company's own available liquidity and credit lines
(viii)	Period for which investment will be made	Long term/short term
(ix)	Purpose of investment	For the benefit of the company and to earn better returns in the long run on strategic investment by capturing the opportunities on the right time
(x)	Benefits likely to accrue to the company and the shareholders from the proposed investment	This investment may increase dividend earnings and capital appreciation since it is expected that investee company will generate reasonable profits in future
(xi)	Interest of directors and their relatives in the investee company	None except as shareholder
(xii)	Any loan had already been provided or loan has been written off to the said company	No
(xiii)	Rate of interest on loan/advance	6 Months KIBOR+1 or Company's borrowing rate whichever higher
(xiv)	Repayment schedule of loan/advance	Short to medium term within 3 years and long term within 5 years
(xv)	Security on loan/advance	Management considers that being group company there is no need of collateral security.

9 Sweet Water Dairies Pakistan Limited

S.No.	Description	Information Requried
(i)	Name of investee company	Sweet Water Dairies Pakistan Limited
(ii)	Nature, amount and extent of investment	Equity investment upto Rs. 100 million Loan/advance upto Rs. 100 million
(iii)	Average market price of the shares intended to be purchased during preceeding six months in case of listed companies	N.A.
(iv)	Breakup value of shares intended to be purchased on the basis of last published financial statements	Rs.7.89 per share
(v)	Price at which shares will be purchased	At par/premium/market/offered/negotiated price prevailing on the date of transaction/investment
(vi)	Earning per share of investee company in last three years: June 30, 2010 June 30, 2009 June 30, 2008	 Rs. 1.20 per share Rs. 0.50 per share Rs.(0.10) per share
(vii)	Source of funds from where shares will be made	From company's own available liquidity and credit lines
(viii)	Period for which investment will be made	Long term/short term
(ix)	Purpose of investment	For the benefit of the company and to earn better returns in the long run on strategic investment by capturing the opportunities on the right time
(x)	Benefits likely to accrue to the company and the shareholders from the proposed investment	This investment may increase dividend earnings and capital appreciation since it is expected that investee company will generate reasonable profits in future
(xi)	Interest of directors and their relatives in the investee company	None except as shareholder
(xii)	Any loan had already been provided or loan has been written off to the said company	No
(xiii)	Rate of interest on loan/advance	6 Months KIBOR+1 or Company's borrowing rate whichever higher
(xiv)	Repayment schedule of loan/advance	Short to medium term within 3 years and long term within 5 years
(xv)	Security on loan/advance	Management considers that being group company there is no need of collateral security.

Addendum to the Notice of Annual General Meeting

Addition Agenda Item

1) To elect directors of the company in accordance with the provisions of Section 178 of the Companies Ordinance, 1984. The numbers of the directors to be elected has been fixed at seven by the Board of Directors. Name of the present seven directors retiring and eligible to file nominations for re-election are as under.

   Mrs. Sharmin Shahid, Mrs. Nida Ahsan, Mr. Abdul Majid M. Siddique, Mr. Haroon Usman, Mr. Abdullah A. Rahaman, Mr. Sajid Qurban Ali and Mr. Bilal Amanullah Moti

By the order of the Board

Zia ur Rahim Khan
Company Secretary

Form of Proxy 7th Annual General Meeting

The Company Secretary
Arif Habib Limited
Arif Habib Centre,
23 M.T. Khan Road,
Karachi.

I/we ________________________________ of ________________ being a member(s) of Arif Habib Limited holding________________________________ ordinary shares as per Registered Folio/CDC A/c. No__________hereby appoint Mr./Mrs./Miss ____________________ ____________________________of (full address) ___________________________ ____ or failing him/her Mr./Mrs./Miss____ of (full address) ____

(being member of the Company) as my/our Proxy to attend, act and vote for me/us and on my/our behalf at the Seventh Annual General Meeting of the Company to be held on 22 October 2011 and /or any adjournment thereof.

Signed this ________________________ day of ________________________ 2011.

Witnesses:

1. Name : ______________________________
   Address : ______________________________
   CNIC No. : ______________________________
   Signature : ______________________________

2. Name : ______________________________
   Address : ______________________________
   CNIC No. : ______________________________
   Signature : ______________________________

Signature on
Rs. 5/-
Revenue Stamp

NOTICE:

1. A member entitled to attend and vote at the meeting may appoint another member as his / her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.

2. Proxy shall authenticate his/her identity by showing his/her original national identity card or original passport and bring folio number at the time of attending the meeting.

3. In order to be effective, the proxy forms must be received at the registered office of the company not later than 48 hours before the meeting duly signed and stamped and witnessed by two persons duly signed by them with their names, addresses and NIC numbers mentioned on the form.

4. In the case of individuals attested copies of NIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.

5. In the case of proxy by a corporate entity, Board of Directors resolution/power of attorney with specimen signature and attested copies of the NIC or passport of the proxy shall be submitted alongwith proxy form.

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CORPORATE