



Quarterly Report
July - September 2009

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Corporate Information

Board of Directors

Samad A. Habib
(Chairman & Chief Executive)
Abdul Majid M. Siddique
Haroon Usman
Abdullah A. Rahman
Sajid Qurban Ali
Sharmin Shahid
Nida Ahsan

Audit Committee

Abdul Majid M. Siddique
(Chairman)
Abdullah A. Rahman
Sajid Qurban Ali

Company Secretary & CFO

Haroon Usman

Auditors

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Legal Advisors

Bawaney & Partners

Corporate Information

Bankers

Allied Bank Ltd.
Arif Habib Bank Ltd.
Askari Bank Ltd.
Atlas Bank Ltd.
Bank Al Falah Ltd.
Bank Al Habib Ltd.
Bankislami of Pakistan
Habib Bank Ltd.
Habib Metropolitan Bank Ltd.
JS Bank Ltd.
KASB Bank Ltd.
MCB Bank Ltd.
MyBank Ltd.
NIB Bank Ltd.
Soneri Bank Ltd.
The Bank of Punjab
United Bank Ltd.

Registered Office

Arif Habib Centre
23, M.T. Khan Road Karachi-74000
Phones: 32415213, 32460717-19
Fax No: 32416072, 32429653
E-mail : ahl@arifhabibltd.com

Research and Corporate Finance

Arif Habib Centre
23, M.T. Khan Road Karachi -74000
Phones: 32460717-19 Fax No: 32470496
E-mail: corporate_finance@arifhabibltd.com
E-mail: equities_research@arifhabibltd.com

Website: www.arifhabibltd.com

Registrar & Share Transfer Office

Shares Registrar Department
Central Depository Co; of Pakistan Ltd.
CDC House, 99-B, Block-B
S.M.C.H.S., Main Shahr-e-Faisal
Karachi-74400
Phone: (92-21) 111-111-500 Ext: 3410
Fax: (92-21) 34326034

Directors' Report to the Members

Dear Members,

On behalf of the Board of Directors of Arif Habib Limited (AHL), I am pleased to present the company's Quarterly Report together with the un-audited financial statements for the period ended 30 September 2009.

The Market

The benchmark Karachi Stock Exchange KSE-100 Index posted an increase of 30 percent during the quarter under review to close at 9350 points on 30 September 2009.

The volumes averaged 197 million shares per day during the quarter under review, registering an increase of 267 percent, compared with the average daily turnover of 74 million shares during the corresponding period of the last year.

Financial Performance

During the quarter under review, AHL posted net profit after tax of Rs. 122.34 million as against loss of Rs. 42.49 million in the corresponding period last year. The profit translates to an earning per share of Rs. 3.26 as compared to a loss per share of Rs. 0.99 in the corresponding quarter.

At the end of the quarter under review, the total equity of the company was Rs. 1,224.29 million increased by 6.7% compared to the last financial year.

Outlook

The macro economic fundamentals are gaining strength resulting in improving sentiments of the market. However worsening law and order situation in the northern part of Pakistan is a cause of concern for investors. The KSE has submitted its proposal to introduce leverage products for SECP's approval. It is expected that approval will be in place during the current quarter which will help increase market volumes.

The Corporate Finance division of the company has signed a number of mandates which are expected to generate revenues for the company during the current quarter of the financial year 2010.

AHL has succeeded in further enhancing its average market share, which will have positive impact on the profitability of the company in future.

Directors' Report to the Members

Acknowledgements

The Board of Directors would like to place on record its appreciation to all stakeholders-including clients, investors and partners in business-for their support and faith. The hard work and the contribution by the company's employees are also appreciated and acknowledged. The Board is grateful to the Securities and Exchange Commission of Pakistan and to the Karachi Stock Exchange (Guarantee) Limited for their support and guidance.

For and behalf of the Board

A handwritten signature in black ink, appearing to read 'Samad A. Habib'.

Samad A. Habib
Chief Executive

Karachi: **19 October 2009**

Balance Sheet as at 30 September 2009

	Un-audited September 2009 Rupees	Audited June 2009 Rupees
Shares capital and reserves		
Authorised capital		
50,000,000 Ordinary shares of Rs. 10/- each	500,000,000	500,000,000
Issued, subscribed and Paid-up capital		
37,500,000 (June 2009: 30,000,000) Ordinary shares of Rs. 10/- each	375,000,000	300,000,000
Shares premium reserve	45,000,000	120,000,000
Unappropriated profit	804,285,073	726,941,679
Shareholders' equity	1,224,285,073	1,146,941,679
Current liabilities		
Short term running finance	618,703,032	1,115,319,135
Trade & other payables	1,131,735,349	471,254,176
Accrued markup	104,032,781	94,460,442
Taxation	2,512,278	-
	1,856,983,439	1,681,033,753
Equity and Liabilities	3,081,268,512	2,827,975,432

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

Balance Sheet as at 30 September 2009

	Un-audited September 2009 Rupees	Audited June 2009 Rupees
Property & equipments	105,029,499	108,676,355
Memberships & licences	46,650,000	46,650,000
Investment property	60,795,000	60,795,000
Long term deposits	19,678,704	13,978,704
Current assets		
Investments - held for trading	637,121,641	1,019,861,510
Trade debts	2,126,223,182	1,542,238,678
Loans & advances	996,737	1,221,830
Deposits, prepayments	2,851,214	1,244,644
Advance tax	9,958,232	7,230,468
Other receivables	9,752,248	9,710,438
Cash & bank balances	62,212,054	16,367,804
	2,849,115,308	2,597,875,373
Total Assets	3,081,268,512	2,827,975,432


CHIEF EXECUTIVE


DIRECTOR

Profit and Loss Account for the 1st quarter ended 30 September 2009

	September 2009 Rupees	September 2008 Rupees
Operating revenues	34,340,182	90,788,309
Capital gain on investment	25,517,267	73,055,906
	59,857,449	163,844,215
Operating expenses	(22,566,948)	(33,776,164)
Operating profit	37,290,501	130,068,051
Financial charges	(42,381,704)	(31,766,175)
Other income	56,499,993	28,157,707
Other charges	-	(161,341,297)
Net gain / (loss) due to change in market value of investment	73,446,883	(2,308,093)
	87,565,171	(167,257,858)
Profit / (Loss) before taxation	124,855,672	(37,189,807)
Provision for taxation-prior	-	-
Provision for taxation-current	(2,512,277)	(5,302,528)
	(2,512,277)	(5,302,528)
Profit after taxation	122,343,395	(42,492,335)
Earning per share	3.26	(0.99) restated

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


CHIEF EXECUTIVE


DIRECTOR

Cash Flow Statement for the 1st quarter ended 30 September 2009

	September 2009 Rupees	September 2008 Rupees
Cash flow from operating activities		
Profit / (Loss) before taxation	124,855,672	(37,189,807)
Adjustment for:		
Depreciation	4,244,360	759,819
Dividend income	(3,561,610)	(10,739,488)
Financial charges	42,381,704	31,766,175
	43,064,454	21,786,507
Operating profit before working capital changes	167,920,126	(15,403,300)
Changes in working capital		
(Increase)/Decrease in current assets		
Trade debts	(583,984,504)	(1,539,491,266)
Loans & advances	225,093	(1,562,175)
Deposits, prepayments	(1,606,570)	117,540,754
Other receivable	(41,810)	8,682,175
Increase/(Decrease) in current liabilities		
Trade & other payables	660,481,173	683,480,585
	75,073,382	(731,349,926)
Cash generated / (used) in operating activities	242,993,508	(746,753,226)
Income tax paid	(2,727,764)	(5,640,657)
Financial charges paid	(32,809,366)	(33,797,057)
Net cash generated from operating activities	207,456,378	(786,190,940)
Cash flow from investing activities		
Fixed capital expenditure	(597,505)	(1,366,355)
Proceed from sale of assets	-	56,801
Dividend received	3,561,610	9,429,963
Long term deposit	(5,700,000)	-
Net cash used in investing activities	(2,735,895)	8,120,409
Cash flow from financing activities		
Dividend paid	(45,000,000)	-
Net cash used in financing activities	(45,000,000)	-
Increase in cash and cash equivalents	159,720,483	(778,070,531)
Cash and bank balance at beginning of the period	(79,089,820)	682,986,058
Cash and cash equivalent at end of the period	80,630,663	(95,084,473)

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


CHIEF EXECUTIVE


DIRECTOR

Statement of Changes in Equity for the 1st quarter ended 30 September 2009

	Share capital (Rupees)	Premium Reserve (Rupees)	Accumulated profit/ loss (Rupees)	Total (Rupees)
Balance as at 30 June 2008	240,000,000	180,000,000	633,901,009	1,053,901,009
Profit/(Loss) for the quarter ended 30 September 2008	-	-	(42,492,335)	(42,492,335)
Balance as at 30 September 2008	240,000,000	180,000,000	591,408,674	1,011,408,674
Issue of bonus shares for the year ended 30 June 2008	60,000,000	(60,000,000)	-	-
Dividend for the year 2008 at Rs. 2.50 per share	-	-	60,000,000	(60,000,000)
Profit for the period October 2008 to June 2009	-	-	195,533,005	195,533,005
Balance as at 30 June 2009	300,000,000	120,000,000	726,941,679	1,146,941,679
Profit for the period July-September 2009	-	-	122,343,395	122,343,395
Dividend for the year 2009 at Rs. 1.50 per share	-	-	(45,000,000)	(45,000,000)
Issue of bonus shares for the year ended 30 June 2009	75,000,000	(75,000,000)	-	-
Balance as at 30 September 2009	375,000,000	45,000,000	804,285,073	1,224,285,073

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


CHIEF EXECUTIVE


DIRECTOR

Notes to the Financial Statements for the 1st quarter ended 30 September 2009

1 Status and Nature of Business

The Company was incorporated on 7 September 2004 under the Companies Ordinance, 1984, as an unquoted Public Limited Company. The Company is listed at the Karachi Stock Exchange (Guarantee) Limited with effect from 31 January 2007. The Company is a member of Karachi, Lahore, Islamabad Stock Exchanges and National Commodities Exchange. It is registered with SECP as securities brokerage house. The Company is majority owned subsidiary of Arif Habib Securities Limited (AHSL) and is principally engaged in the business of securities brokerage, commodities brokerage, IPO underwriting, corporate finance advisory and securities research.

2 Accounting Convention, Basis of Preparation and Significant Accounting Policies

These financial statements are unaudited and are submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of International Accounting Standard - 34 (Interim Financial Reporting) as applicable in Pakistan.

These financial statements have been prepared using the same accounting convention, basis of preparation and significant accounting policies as those applied in the preparation of the audited financial statements for the year ended 30 June 2007.

3 Taxation

Provision for taxation has been estimated at the current rate of taxation.

4 Commitments

	Rupees
Commitment to National Clearing House in respect of trading of securities - receivable/(payable)	25,174,876

5 Property & Equipment

Fixed capital expenditure during the period amounting to Rs. 0.598 million (30 September 2008: Rs.1.366 million). Deletion of fixed assets made during the period was Rs.Nil (30 September 2008: Rs. 0.084 million).

Notes to the Financial Statements for the 1st quarter ended 30 September 2009

	September 2009 Rupees	September 2008 Rupees
6 Related Parties Transactions		
Brokerage Income		
Parent	7,942,262	3,852,522
Key Management Personnel	570,373	4,632,879
Other Related Parties	5,802,318	9,168,926
Remunerations to Key Management Personnel		
Chief Executive Officer	1,066,500	1,520,748
Other Full Time Directors	1,031,678	177,651
Interest Paid	16,685,783	4,066,990
Rent Paid	5,224,560	-
Interest Received	573,955	3,159,560
Rent Received	2,359,500	1,950,000
Payment to Employees P.F.	195,758	238,599
Investments in Marketable Securities	529,000,337	6,647,520
Amounts Receivable from / (payable) to related parties at the end of quarter:		
Receivable from Parent	348,896,272	591,059
Receivable from Key Management Personnel on Trading Accounts	7,405,504	384,799
Payable to Key Management Personnel on Trading Accounts	(4,058,069)	(26,920)
Bank Deposits	58,897,640	151,257,366
Receivable from Other Related Parties	678,643	160,968,473
Payable to Other Related Parties	(1,024,521,350)	(543,197,612)

7 Date of Authorization of Issue

These financial statements have been authorized for issue on 19 October 2009 by the Board of Directors of the company.

8 General

- Figures have been rounded off to the nearest rupee


CHIEF EXECUTIVE


DIRECTOR



Arif Habib Centre,
23, M.T. Khan Road, Karachi-74000
Phone : 32415213, 32460717-19
Fax : 32429653, 32416072