

Half Yearly Report
July - December
2011



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CORPORATE INFORMATION

Board of Directors

Sharmin Shahid (Chairperson)
Bilal Amanullah Moti (Chief Executive)
Nida Ahsan
Haroon Usman
Muhammad Rafique Bhundi
Abdullah A. Rahman
Amanullah Suleman

Audit Committee

Haroon Usman (Chairman)
Nida Ahsan
Abdullah A. Rahman

Company Secretary & CFO

Zia-ur-Rahim Khan

Brokerage (Equity, Commodities, Money Market & FX)

Muhammad Imran
Phone (Direct) : 32462589, PABX No.: 32460717-9 Ext: 227
Email : m.imran@arifhabibltd.com

Corporate Finance

M. Rafique Bhundi
Phone (Direct) : 32460741, PABX No.: 32460717-9
Email : rafique.bhundi@arifhabibltd.com
cf@arifhabibltd.com

Research

Faisal Khan
Phone (Direct) : 32462589, PABX No.: 32460717-9 Ext: 211
Email : faisal.khan@arifhabibltd.com
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.
Standard Chartered Bank (Pakistan) 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 Shakra-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

Economy

The first half of the 2011-2012 saw the economy performing well in the areas of lower inflation/interest rates, higher remittances, higher tax collection and stable forex reserves. On the other hand, several challenges like impact of sluggish global growth, mounting current account deficit, energy shortfall, higher oil prices, and slow down in the foreign financial inflows persisted.

Following is the comparison of **key economic indicators** for the period Jul-Dec 2011 (compared to Jul-Dec 2010). Inflation declined the most since 2008 and averaged at 10.9% (14.30%) mainly due to lower food prices. This allowed SBP to slash the discount rate by 200 bps to 12%. Forex reserves stayed stable at USD 17 bln. Energy crisis however showed no signs of subsiding. Net circular debt crossed PKR. 300 bln mark (PKR. 257 bln) due to higher oil prices and transmission/distribution losses.

Fiscal deficit, as per the provisional figures, remained modestly lower at PKR. 482 bln i.e., 2.6% of GDP (2.7%), thanks to the 27% improvement in the tax revenues closing at PKR. 841 bln (PKR. 662 bln). Government expenditure, on the other hand, stood at PKR. 791 bln with a rise of 21% YoY.

Current account deficit widened to USD 2.1 bln (surplus of USD 8mln). Workers' remittances continued to advance impressively by 20% to USD 6.3 bln (USD 5 bln) as a result of Pakistan remittance facilitation programme initiated by the SBP. On the other hand, current account deficit was hit by 33% rise in trade deficit to USD 7.6 bln (USD 5.7 bln) on account of higher import bill of USD 19.7 bln (USD 16.9 bln) while exports grew by only 3.9% to USD 11.2 bln (USD 10.8 bln). Rise in exports was mainly due to 17.6% higher food exports, while textile contracted by 4.7%. Imports were higher due to 37% jump in oil prices averaging at USD 108.7 a barrel (USD 79.3). Foreign Direct Investment declined by 37% to USD 532 mln.

Mirroring aforementioned economic challenges and upcoming debt repayments to IMF are exerting pressure on **PKR**, which has depreciated by 4% to close at PKR. 89.96/USD. In view of the aforementioned developments, GDP growth for FY2012 is likely to be around 3.8%.

Markets

During the half year, KSE-100 Index shed 9% or 1,137 points to close at 11,348 levels, despite healthy corporate results and dividends, decline in the interest rate, and attractive equity valuations. The Index remained highly volatile between 10,842 and 12,576. The average daily shares volume traded in the market shrunk further by 35% from 92 mln (60 mln shares). Average value turnover reflected the same trade with 18% drop from PKR. 3.4 bln to 2.8 bln a day.

The above market fundamentals, in our opinion, reflect investors' concerns on the testing law and order situation, several domestic and international political uncertainties, chronic energy shortages, still high interest rate especially in the early part of the period under review and the impact of European debt crisis of the country's business. The uncertainty related to the changes in the Capital Gain Tax (CGT) methodology also kept investors shyed away from the market. Foreign Investors Equity Portfolio Investment witnessed a net outflow of USD 157 mln (USD 250 mln), understandably, for the same reasons.

In the month of January 2012, recent FBR decision accepted SECP proposal related to the improvements in CGT, which has provided much needed impetus to the market. Resultantly, a significant rise in the daily turnover was noticed in January, averaging around 76 mln shares per day compared to average daily volume of 41.5 mln in Dec-11. The proposal included no explanation required on the source of funds invested in the equity market from Apr-11 to Jun-14, abolishment of withholding tax, freeze of CGT at current levels and appointing NCCPL as an agent to collect CGT. Moreover, Government's ongoing measures to resolve circular debt by conversion into TFCs of worth of PKR. 150 bln could further help improve market sentiments. We believe that these measures will facilitate the much needed market liquidity going forward.

While the country is encountering the economic and political challenges, we are optimistic about trading and investment potential of the country's stock exchanges. Our positive view is based on seriousness of SECP and KSE about reviving this market clearly seen by the CGT, circular debt and MTS related facilitating initiatives taken and materialised with the help of the Government. Law and order situation seems to have improved considerably well lately. Internal and external political subjects are settling down. Interest rate is tapering downwards. Corporate results are continuously admirable. Dividend payouts (7.4%) are way generous than the regional peers. Equally importantly, the KSE-100 Index is trading at very attractive multiples i.e., PE ratio of 6.2x and P/B value of 1.5x.

Financial Performance

During the half year under review, Arif Habib Ltd. posted net profits of PKR. 85 million compared to PKR. 27 million in the corresponding period last year. The profits translate to an EPS of PKR. 1.88 compared to the EPS of PKR. 0.61 in the corresponding period. We are proud of our earnings performance, despite the fact that the stock market trading turnover has been very low and slow as elucidated above. The brokerage business environment therefore has been very challenging.

Total operating revenues were managed higher at PKR. 44 mln (PKR. 42 mln). On the brokerage side, we made PKR. 33.4 mln (PKR. 35 mln) revenues from equity and commodity trading, which contributed 77% to our total operating revenues. Second best performance came from our dividend income contribution of PKR. 9 mln (PKR. 3.4 mln), which comes out to be 21% contribution in the operating revenues. Our corporate finance income was PKR. 1.1 mln (PKR. 4.3 mln) on account of negligible equity (including IPO) and debt activity seen in the market both from the issuers and investors perspectives.

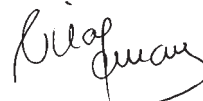
AHL's investment portfolio has done significantly well during the half year, yielding the net realized and unrealized revenues of PKR. 142 mln (15 mln), which is an impeccable performance both in terms of capital gain and dividend income in these testing market conditions.

Our administrative and operating expenses of PKR. 51 million were managed further down by 6% (PKR. 54 mln), despite around 13% of average inflation. Our financing costs however increased significantly from PKR. 31 million to PKR. 81 million. Higher financing was deployed in the opportunistic investments, which have done very well so far as highlighted above, and in the receivables directed to enhance brokerage business.

Towards the balance sheet, the increase in short term investments and receivables in our balance sheet depict our strategy that we have taken a positive view on the KSE index, which proved out to be correct as explained above. Our investment portfolio is well diversified across sectors (largely financial services, oil and gas and construction and materials) and companies. Thanks to higher net profits generated and resultant retained earnings during the period under review, total equity of the company has increased by 12% to PKR. 815 million (PKR. 730 million).

Despite current market related challenges and professional provisions arising from 2008 financial crisis made last year, our company has been consistently profitable. Thanks to the great support by our clients, SECP, KSE, Board of Directors and other stake holders, AHL is progressively encouraged to work better on widening its client base and enhancing the customer service and efficiency levels.

For and on behalf of the Board



Bilal Amanullah Moti
Chief Executive & Director

Karachi: February 02, 2012

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AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Arif Habib Limited** as at December 31, 2011 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the "condensed interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2010 and 2011 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2011.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2011 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Karachi
Dated: February 02, 2012



Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Engagement Partner: Muhammad Rafiq Dossani

CONDENSED INTERIM BALANCE SHEET

AS AT DECEMBER 31, 2011

<u>Assets</u>	Note	Un-audited December 2011 Rupees	Audited June 2011 Rupees
Non - current assets			
Property, plant and equipment	5	79,377,108	85,922,882
Intangible assets		70,747,372	68,972,017
Investment property	6	118,700,000	126,000,000
Long-term deposits		15,139,904	14,129,904
		283,964,384	295,024,803
Current assets			
Short term investments		1,196,172,280	543,010,549
Trade debts		1,471,483,026	358,285,089
Short term loans		496,643	701,792
Trade deposits and prepayments		2,157,313	2,547,106
Other receivables		21,550,947	6,913,961
Taxes receivables		5,756,148	5,756,148
Cash & bank balances		50,357,986	23,883,623
		2,747,974,343	941,098,268
Total assets		3,031,938,728	1,236,123,071
Equity and liabilities			
Capital and reserves			
Authorized capital			
50,000,000 (2010: 50,000,000) ordinary shares of Rs.10/- each		500,000,000	500,000,000
Issued, subscribed & paid-up capital		450,000,000	450,000,000
Unappropriated profit		364,585,498	280,035,022
		814,585,498	730,035,022
Liabilities			
Non-current liability			
Liabilities against assets subject to finance lease		2,994,826	3,467,065
Loan from associate	7	245,713,820	229,157,211
Current liabilities			
Short term borrowings		1,339,546,707	106,181,629
Current portion of liability subject to finance lease		920,938	880,428
Trade and other payables		578,482,781	147,357,284
Markup accrued		35,363,608	19,044,432
Taxation		14,330,551	-
		1,968,644,584	273,463,773
Contingencies and commitments	8	-	-
Total equity and liabilities		3,031,938,728	1,236,123,071

The annexed notes 1 to 14 form an integral part of the condensed interim financial information.


Chief Executive Officer


Director


Chief Financial Officer

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CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011 (UN-AUDITED)

	Note	Half year ended		Second Quarter ended	
		December 31, 2011 Rupees	December 31, 2010 Rupees	December 31, 2011 Rupees	December 31, 2010 Rupees
Operating revenue		43,690,981	42,619,311	22,890,669	22,893,502
Capital (loss)/gain on sale of short term investments		176,332,318	(3,009,789)	127,843,292	(1,751,498)
Unrealized gain/ (loss) on remeasurement of investment property		-	10,316,000	-	10,316,000
Unrealized gain/(loss) on re-measurement of short term investments		(34,613,548)	8,020,629	(98,588,733)	8,461,905
		<u>185,409,751</u>	<u>57,946,151</u>	<u>52,145,228</u>	<u>39,919,909</u>
Administrative and operating expenses		(50,913,861)	(54,104,825)	(26,589,723)	(28,415,964)
Finance costs		(80,702,143)	(30,576,385)	(50,161,010)	(18,388,505)
Other operating income	9	49,526,056	58,245,107	30,444,022	15,064,086
Loss on disposal on investment property		(400,000)	-	-	-
Profit before taxation		<u>102,919,804</u>	<u>31,510,048</u>	<u>5,838,518</u>	<u>8,179,526</u>
Taxation		(18,369,328)	(4,281,774)	(14,224,376)	(3,091,822)
Profit after taxation		<u>84,550,476</u>	<u>27,228,274</u>	<u>(8,385,858)</u>	<u>5,087,704</u>
Earning per share - basic and diluted		<u>1.88</u>	<u>0.61</u>	<u>(0.19)</u>	<u>0.11</u>

The annexed notes 1 to 14 form an integral part of the condensed interim financial information.


Chief Executive Officer


Director


Chief Financial Officer

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 ARIF HABIB
LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011 (UN-AUDITED)

	Half year ended		Second Quarter ended	
	December 31, 2011 Rupees	December 31, 2010 Rupees	December 31, 2011 Rupees	December 31, 2010 Rupees
Profit for the period	84,550,476	27,228,274	(8,385,858)	5,087,704
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>84,550,476</u>	<u>27,228,274</u>	<u>(8,385,858)</u>	<u>5,087,704</u>

The annexed notes 1 to 14 form an integral part of the condensed interim financial information.


Chief Executive Officer


Director


Chief Financial Officer

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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED DECEMBER 31, 2011

	Issued, subscribed & paid up capital (Rupees)	Share premium (Rupees)	Unappropriated profits (Rupees)	Total (Rupees)
Balance as at July 1, 2010	375,000,000	45,000,000	869,429,303	1,289,429,303
Issue of bonus shares	75,000,000	(45,000,000)	(30,000,000)	-
Comprehensive income for the half year ended on December 31, 2010	-	-	27,228,274	27,228,274
Balance as at December 31, 2010	450,000,000	-	866,657,577	1,316,657,577
Balance as at January 01, 2010	450,000,000	-	866,657,577	1,316,657,577
Total comprehensive loss for the half year ended on June 30, 2011	-	-	(586,622,555)	(586,622,555)
Balance as at June 30, 2011	450,000,000	-	280,035,022	730,035,022
Balance as at June 30, 2011	450,000,000	-	280,035,022	730,035,022
Total comprehensive income for the half year ended on December 31, 2011	-	-	84,550,476	84,550,476
Balance as at December 31, 2011	450,000,000	-	364,585,498	814,585,498

The annexed notes 1 to 14 form an integral part of the condensed interim financial information.


Chief Executive Officer


Director


Chief Financial Officer

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CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED DECEMBER 31, 2011 (UN-AUDITED)

	Note	Half year ended	
		December 31, 2011 Rupees	December 31, 2010 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		102,919,804	31,510,048
Adjustment for :			
Depreciation		6,690,022	7,455,624
Amortization of intangible assets		240,853	100,056
Dividend income		(9,094,451)	(3,363,980)
Unrealized (gain)/ loss on re-measurement of short term investments		34,613,548	(8,020,629)
Loss / (Gain) on sale of short term investments		(176,332,318)	3,009,789
Unrealized (gain)/ loss on remeasurement of investment property	6	-	(10,316,000)
Loss on disposal of investment property		400,000	-
Gain on disposal of Property, plant and equipment		9,030	-
Finance costs		80,702,143	30,576,385
		(62,771,173)	19,441,245
Cash generated from operating activities before working capital changes		40,148,630	50,951,293
Changes in working capital			
(Increase)/Decrease in current assets			
Trade debts		(1,113,197,937)	(173,520,370)
Short term investments		(511,442,961)	(221,392,169)
Short term loans		205,149	239,218
Proceed receivables		-	257,143,854
Deposits and short-term prepayments		389,793	4,404,380
Other receivables		(14,636,986)	4,568,908
Increase in current liabilities		431,125,497	51,704,256
Trade and other payables		(1,207,557,445)	(76,851,923)
Cash generated from operations		(1,167,408,814)	(25,900,630)
Taxes paid		(4,038,777)	(5,073,673)
Finance costs paid		(47,542,327)	(41,087,342)
Net cash (used in) / generated from operating activities		(1,218,989,919)	(72,061,645)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(388,847)	(628,970)
Proceeds from disposal of property, plant and equipment		328,934	841,565
Acquisition of intangible assets		(2,091,513)	(362,700)
Proceeds from disposal of investment property		6,842,000	-
Dividend received		7,880,870	3,363,980
Net cash generated from / (used in) investing activities		12,571,444	3,213,875
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of finance lease liability		(472,239)	(605,538)
Net cash used in financing activities		(472,239)	(605,538)
Net (Decrease) / increase in cash and cash equivalents during the period		(1,206,890,714)	(69,453,307)
Cash and cash equivalents at beginning of the period		(82,298,006)	(505,203,670)
Cash and cash equivalents at end of the period	12	(1,289,188,720)	(574,656,977)

The annexed notes 1 to 14 form an integral part of the condensed interim financial information.


Chief Executive Officer


Director


Chief Financial Officer

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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED DECEMBER 31, 2011 (UN-AUDITED)

1 STATUS AND NATURE OF BUSINESS

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 (formally Arif Habib Securities Limited) the Parent Company. Subsequently, the Parent Company offered its 25% share holding in the Company to general public. The Company obtained listing on Karachi Stock Exchange (Guarantee) Limited on January 31, 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.

2 BASIS OF PREPARATION

These condensed interim financial statement of the company for the half year ended December 31, 2011 have been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" and provision and directives issued under the Companies Ordinance, 1984 have been followed.

These condensed interim financial statement are being submitted to the shareholders are required under section 245 of the Companies Ordinance, 1984 and the listing regulation of the Karachi Stock Exchange.

These Condensed interim financial statements comprise of the balance sheet as at December 31, 2011 and profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement for the half year ended December 31, 2011 which have been subjected to review but not audit.

The comparative balance sheet presented in these condensed interim financial statements as at June 30, 2011 has been extracted from the audited financial statements of the company for the year ended June 30, 2011, where as the comparative profit and loss account, statement of comprehensive income, statement of changes in equity and the cashflow statement for the half year ended December 31, 2011 which have been subjected to review but not audit.

3 SIGNIFICANT ACCOUNTING POLICIES

These interim financial information 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 June 30, 2011, except for the changes described in note 3.1.

3.1 Adoption of new accounting standards

The company has adopted the following amended IFRS and related interpretations which became effective during the period:

IFRS 7- Financial Instruments: Disclosures

IAS 24- Related Party Disclosures(Revised)

In May 2010, International Accounting Standards Board(IASB) issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wording. These improvements are listed below:

- IFRS 7 - Financial Instruments Disclosures
 - Clarification of disclosures
- IAS 1 - Presentation of Financial Statements
 - Clarification of Statement of changes in equity
- IFRIC 13 - Presentation of Financial Statements
 - Fair Value of award credits

The adoption of the above standards, amendments / improvements and interpretations did not have any material effect on the condensed interim financial information of the company.

4 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the condensed interim financial information in conformity with approved accounting standards require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

In preparing the condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the preceding published annual financial information of the Company as at and for the year ended June 30, 2011.

5 ADDITIONS TO AND DELETIONS FROM PROPERTY, PLANT AND EQUIPMENT

During the half year ended December 31, 2011, additions to property, plant and equipment amounted to Rs.0.388 million (December 31, 2010: Rs. 0.628 million) which mainly comprised computers and allied accessories. Further, assets costing Rs.0.868 million (December 31, 2010: Rs. 1.672 million) having book value of Rs. 0.319 million were sold for Rs.0.329 million (December 31, 2010: Rs. 0.841 million).

6 INVESTMENT PROPERTY

During the half year ended December 31, 2011, investment property costing Rs.6.549 million (December 31, 2010: Rs.Nil million) having carrying value of Rs.7.3 million were sold for Rs. 6.842 million (December 31, 2010: Rs.Nil million).

7 LOAN FROM ASSOCIATE

	December 31, 2011 Rupees	June 30, 2011 Rupees
Present value of loan as at July 01	229,157,211	-
Loan received	-	450,000,000
Imputed income on remeasurement of loan liability at fair value	-	(220,842,789)
Imputed Interest for the period	16,556,609	-
	<u>245,713,820</u>	<u>229,157,211</u>

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

8 CONTINGENCIES AND COMMITMENTS

- 8.1 No provision for Workers' Welfare Fund has been made in these financial statements in the light of judgment laid down by High Court of Lahore in the case of E.P.C.T. (Pvt.) Ltd. Versus Federation of Pakistan, etc. (W.P. No.8763/2011). The Court has held that amendments made in Workers' Welfare Fund Ordinance, 1971 through Finance Acts, 2006 and 2008 were unconstitutional. Had the provision been made, the same would have been recorded at Rs.3.528 million.
- 8.2 There are no material contingency and commitments except as disclosed above at December 31,2011(June 30, 2011: Nil).

9 OTHER OPERATING INCOME

Included therein is an amount of Rs. 42 million representing late payment charges for the period 1st July 2010 to-date on delayed settlement of balances outstanding from certain debtors, which were recovered and recognized as income during the current period.

10 RELATED PARTY TRANSACTIONS

Significant transactions with the related parties during the half year ended are as follows:

Brokerage commission and other services to:

	Half year ended	
	December 31, 2011 Rupees	December 31, 2010 Rupees
Parent	3,859,661	7,698,839
Group companies	2,163,041	2,579,803
Key management personnel	3,438,624	9,167
Other related parties	30,359	5,935,592
Capital Gain earned on related parties securities	104,277,256	-
Capital loss incurred on related parties securities	15,777	-
Advances given to associate companies	65,880,206	-
Advances recovered from associate companies	48,968,046	-
Finance income on advances made to associated companies	667,551	-
Rent paid to associated company	11,865,723	11,044,081
Remuneration to Chief Executive Officer	3,264,570	3,839,751
Remuneration to Key Management Personnel	4,596,382	7,504,663
Contribution to staff provident fund	859,009	1,027,899

Balances with related parties at the end of the period are as follows:

	December 31, 2011 Rupees	June 30, 2011 Rupees
Advances to / receivable from related parties		
Group companies	17,150,952	76,131
Key management personnel	304,128,718	18,024,889
Other related parties	42,283,039	18,986,432
Investment in related parties	143,658,272	527,973,080
Loan payable to related party	450,000,000	450,000,000
Payable to related parties:		
Parent	95,683,642	-
Group companies	73,932,405	751
Key management personnel	509,876	2,137,319
Other related parties	91,661,012	1,525,397

11 FINANCIAL RISK MANAGEMENT

The companies financial risk management objectives and policies are consistent with that disclosed in the financial statements for the year ended June 30, 2011.

12 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:

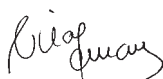
	December 31, 2011 Rupees	December 31, 2010 Rupees
Cash and bank balances	50,357,986	58,420,552
Short term borrowings	(1,339,546,707)	(633,077,529)
	<u>(1,289,188,720)</u>	<u>(574,656,977)</u>

13 DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial information have been authorized for issue on February 2, 2012 by the Board of Directors of the company.

14 GENERAL

Figures have been rounded off to the nearest rupee.


Chief Executive Officer


Director


Chief Financial Officer



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CORPORATE