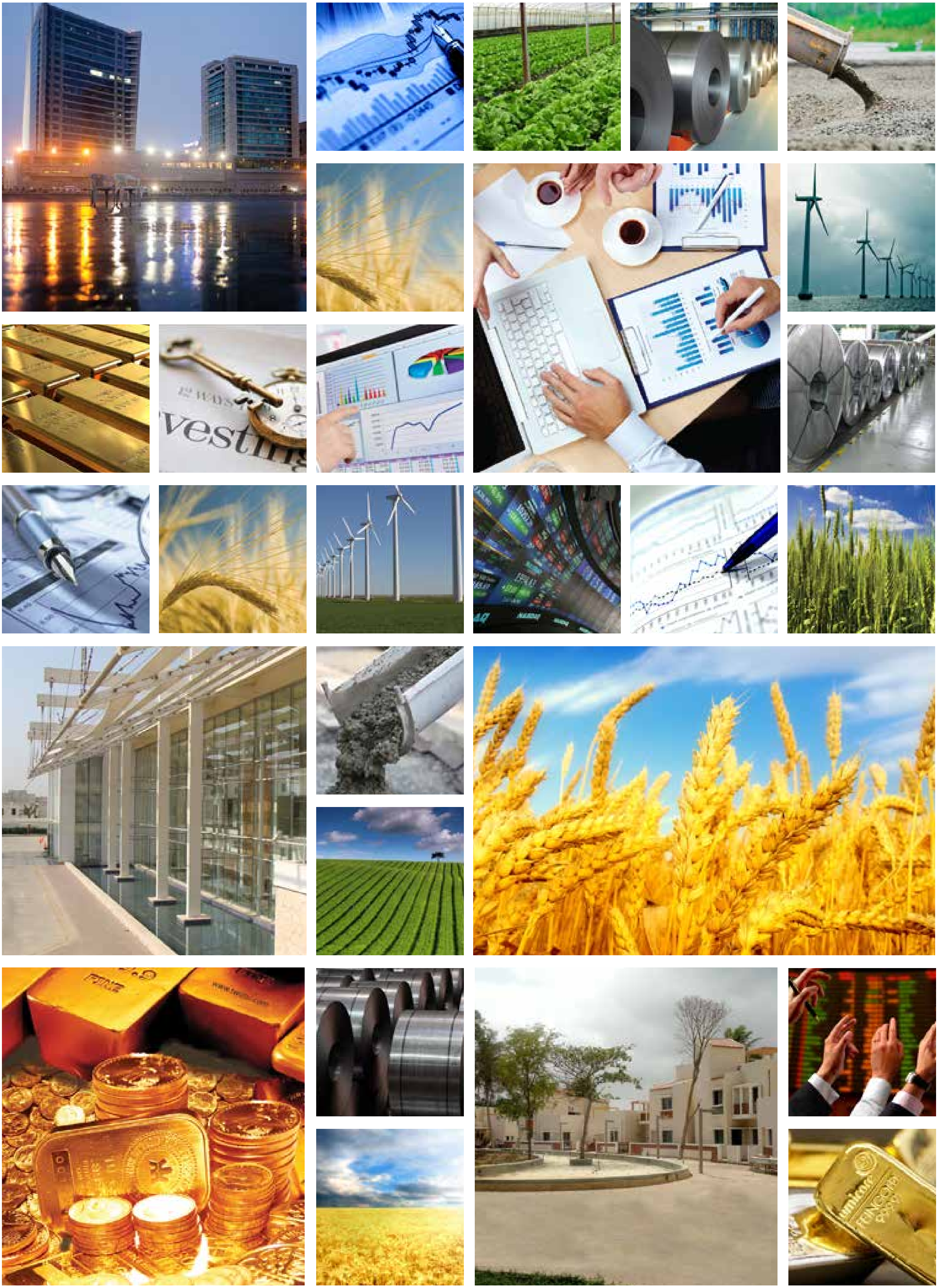
Arif Habib Corp

Arif Habib Corp

Arif Habib Centre
23, M. T. Khan Road
Karach-74000
Tel: (021) 32460717-19
Fax: (021) 32429653, 32468117
Company website: www.arifhabibcorp.com
Group website: www.arifhabib.com.pk

PARTNERING FOR PROSPERITY

Annual Report 2014



Arif Habib Corporation Limited

Arif Habib Group is structured around Arif Habib Corporation Limited (AHCL), a holding company that primarily manages strategic investments of the Group. Whatever we do, we do it with a clear intention to ensure that nature and environment is being taken care of; wherever we manoeuvre, we strive to help society achieve sustainable growth. Our definition of sustainability management is the integrated expansion and escalation of our economic, environmental and social performance in a style that signifies value for all our stakeholders.

Contents

Forward Looking Statements

Statements in this report that are not historical facts are futuristic plans based on the current beliefs, estimates and expectations of management, and includes risks and uncertainties coupled with variation in economic or market conditions, amendments in laws, regulations and policies.

Vision

To be Pakistan's leading Investment Company which delivers both competitive financial returns together with a positive impact on the country's economy and its people through responsible investing.

Mission

Our mission is to excel in perceiving, developing and executing innovative projects across business sectors with the aim of maximizing returns for stakeholders, while playing a significant role in developing Pakistan's economy and its integration into the world markets.

Overall Corporate Strategy

Our Corporate Strategy aims at creating value for stakeholders by maintaining and improving our competitive position in the market.

This is achieved by continuously evaluating and acting in the best interests of our stakeholders in response to the changing market conditions locally and internationally. Towards this end, we optimize our financial and human capital while seeking partnerships with strong management teams to create and expand viable business enterprises.

Objectives

- Maintain Industry Leadership
- Create new businesses to augment profitability for sustained economic growth
- Maintain operational efficiency to achieve synergies

Values

AHCL has always been values-driven. These values continue to direct the growth and business of the Arif Habib Group companies. The core values which reinforce the way we do business are:

- Integrity - We conduct our business fairly, with honesty and transparency. Everything we do stands the test of public scrutiny
- Excellence - We constantly strive to achieve the highest possible standards in our day-to-day work and in the quality of the goods and services we provide
- Unity – We work cohesively with our colleagues across the group and with our customers and partners around the world, building strong relationships based on tolerance, understanding and mutual cooperation
- Responsibility – We continue to be responsible, sensitive to the countries, communities and environments in which we work, always ensuring that what comes from the people goes back to the people many times over

The Arif Habib Group

About the Group

With its entrepreneurial spirit and passion to undertake business projects that are transformational in nature, the Arif Habib Group has built prosperous businesses in the areas of fertilizers, financial services, cement, steel, energy/wind power and real estate amongst others. We are amongst the recognised corporate groups of Pakistan and are in the process of expanding our business collaborations around the world.

Over the past few years, the Group has diversified into emerging business areas contributing notably to the Pakistani economy. What gives us strength is our ability to forge and leverage from strong partnerships. Over the years some leading names such as Mitsubishi, Metal-One Corporation, MCB Bank, Fatima Group and Dolmen have partnered with the Arif Habib Group.

In our Group, quality and excellence are not just corporate slogans to garner business and profits; they are an integral part of our business model because without high standards, we cannot measure up to our own ideals.

Our unconditional commitment to serve our community and stakeholders is what drives us to reach our maximum potential.

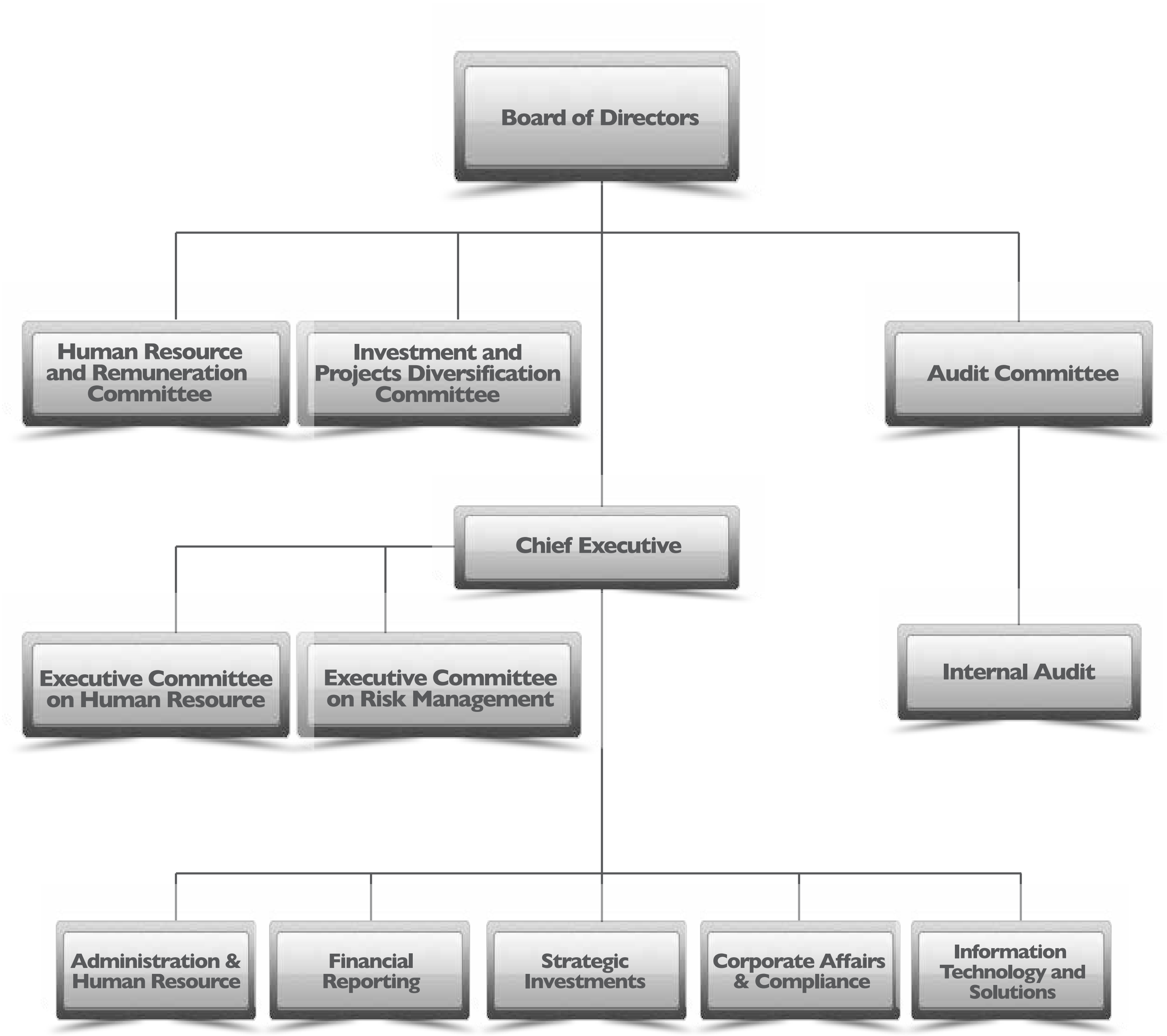
We are driven by innovation and we live by it.

Arif Habib Corporation Limited

Arif Habib Corporation Limited (AHCL) is the flagship company of the Arif Habib Group. The Company was incorporated in 1994 as a public limited company under the Companies Ordinance, 1984 with a paid up capital of Rs.40 million. In 2001, AHCL was listed on all three stock exchanges of the country, with an initial public offering (IPO) of one million shares, targeting to raise Rs.80 million in order to finance different projects. Since its listing in 2001, the Company has distributed Rs.6.44 billion as dividend (including specie dividend) and Rs.720 million by buying back two million shares (having face value of Rs.10 each) at a price of Rs.360 per share from its shareholders. Currently the Company's equity is Rs.25.75 billion built through retained earnings.

The AHCL brand has been built on years of commitment to the best interests of all stakeholders and has a strong record of quality asset selection and decisive market timing but above all, adherence to high standards of best practices.

Organogram



Board of Directors
Human Resource and Remuneration Committee
Investment and Projects Diversification Committee
Audit Committee
Chief Executive
Executive Committee on Human Resource
Executive Committee on Risk Management
Internal Audit
Administration & Human Resource
Financial Reporting
Strategic Investments
Corporate Affairs & Compliance
Information Technology and Solutions

Company Information

Board of Directors

Asadullah Khawaja
Chairman

Arif Habib
Chief Executive Officer

Sirajuddin Cassim
Independent Director

Nasim Beg
Non-Executive Director

Samad A. Habib
Non-Executive Director

Kashif A. Habib
Non-Executive Director

Muhammad Ejaz
Non-Executive Director

Abdul Hamid Bhombal
Chief Financial Officer &
Company Secretary

Audit Committee

Sirajuddin Cassim
Chairman

Kashif A. Habib
Member

Muhammad Ejaz
Member

Management

Arif Habib
Chief Executive Officer

Abdul Hamid Bhombal
Chief Financial Officer

Bankers

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

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

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

Auditors

KPMG Taseer Hadi &
Co., Chartered Accountants

Legal Advisors

Bawaney & Partners
Akhund Forbes

Registered & Corporate Office

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

Registrar & Share Transfer Agent

Central Depository Company of Pakistan
Limited

Share Registrar Department

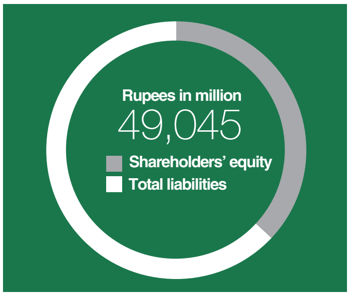
CDC House, 99-B, Block-B, S.M.C.H.S, Main
Shahrah-e-Faisal, Karachi
Phone: (021)111-111-500
Toll Free: 0800-23275
Fax: (021)34326053
URL: www.cdcpakistan.com
Email: info@cdcpak.com

Pakarab Fertilizers Limited

Pakarab Fertilizers Limited (PAFL) was acquired by a consortium of Arif Habib Group and Fatima Group, in 2005 under the Government of Pakistan's privatization programme. 100% shares were acquired from the Government of Pakistan, including 49% held by Abu Dhabi National Oil Company Limited.

Pakarab Fertilizers Limited has a rated capacity of 0.9 million tons and is located in Multan. The site area comprises of 302 acres, which includes area for the factory and the housing colony with all amenities including medical centre, school, management and staff clubs for recreation of employees and their families.

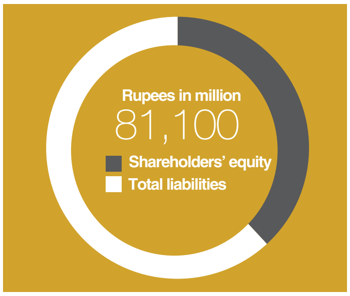
Pakarab Fertilizers Limited has undergone extensive modernization and new improved processes have been introduced to maximize the output while minimizing the negative impacts on the environment. A Clean Development Mechanism (CDM) plant has also been installed which is the first project of its kind in Pakistan, making the company the first local company to earn and sell Carbon Credits in the international market.



Fatima Fertilizer Company Limited

Fatima Fertilizer Company Limited (FFCL) was incorporated in December 2003. The project is a collaboration between the Arif Habib Group and Fatima Group. The fertilizer complex is a fully integrated production facility located at Sadiqabad, Rahim Yar Khan with rated capacity of 1.5 million tons. The natural gas is supplied by the Mari Gas field.

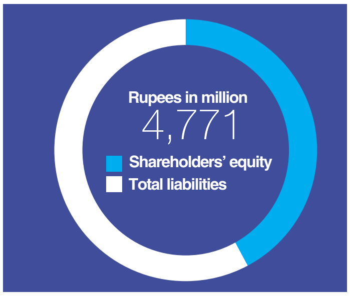
The Company was listed on all stock exchanges of Pakistan through a successful initial public offering (IPO) in February 2010. Fatima Fertilizer has joined the ranks of leading local companies as it has been added to the Morgan Stanley Capital International (MSCI) Pakistan Index and MSCI Frontier Index from November 2011.



Arif Habib Limited

Arif Habib Limited (AHL) commenced securities brokerage in 2005 which was inherited from its holding company Arif Habib Corporation Limited (formerly: Arif Habib Securities Limited). The Group has been in the brokerage business since 1990.

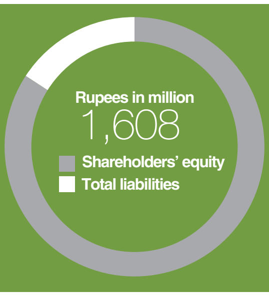
AHL is engaged in providing equity and debt brokerage and corporate finance services to a large number of institutional, corporate, high net worth and retail clients. AHL also provides financial and investment solutions relating to raising of equity and debt through the market, mergers and acquisitions, financial advisory and structured finance. The company is listed at the Karachi Stock Exchange and holds a significant market share.



MCB-Arif Habib Savings and Investments Limited

MCB-Arif Habib Savings and Investments Limited (MCBAH) is an Asset Management, Investment Advisory and Pension Fund Management Company, managing Open-end Mutual Funds, Pension Funds and discretionary and non-discretionary portfolios. MCBAH is an industry leader, setting international standards and bringing innovative products to market.

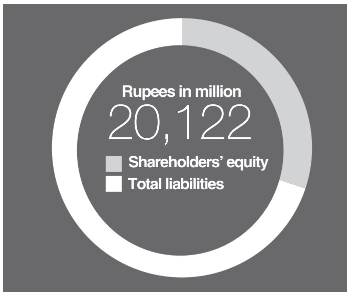
Following the merger between Arif Habib Investments Limited and MCB Asset Management Company Limited, the merged entity enjoys a wide distribution network that is expected to further penetrate and expand the business to retail and high net worth clients.



Aisha Steel Mills Limited

Aisha Steel Mills Limited (ASML) is a joint venture between the Arif Habib Group, Metal One Corporation – Japan (a subsidiary of Mitsubishi) and Universal Metal Corporation – Japan. ASML was incorporated in 2005 to set up a state-of-the-art Cold Rolling mill in the Down-Stream Industrial Estate of Pakistan Steel, Bin Qasim, Karachi to produce high quality Cold Rolled Coils.

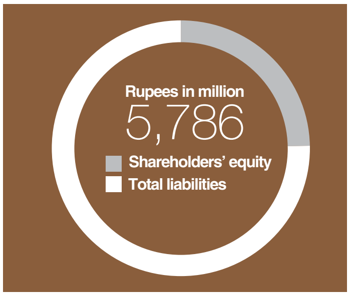
ASML has a production capacity of over 220,000MT per annum and is the only Cold Rolled Coil manufacturer in Pakistan which uses Japanese machinery for all its main processes. The plant achieved Commercial Operation in October 2012.



Power Cement Limited

Power Cement Limited (PCL) (formerly: Al Abbas Cement Industries Limited), is majority owned by Arif Habib Corporation Limited. The Company is engaged in the manufacturing and sale of cement, with the plant site situated in Nooriabad Industrial Area, Jamshoro, Sindh.

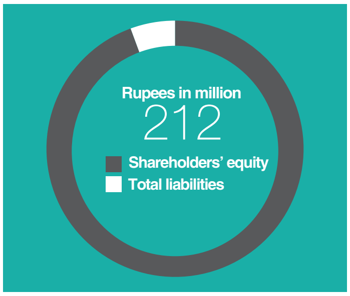
The plant comprises of two production lines and has a total production capacity of 3000 tons of clinker per day. Power Cement's primary target is the domestic market as it caters to the Southern region of Pakistan. Its products are also exported to South and East Africa, India, UAE and Afghanistan.



Sachal Energy Development (Pvt.) Limited

Sachal Energy (SEDPL) will commission and operate a 50 MW wind farm at Jhimpir, Sindh on a "build, own and operate basis". The Group believes that alternate sources of energy are the way forward. SEDPL will contribute to national development by reducing dependence on fossil fuels.

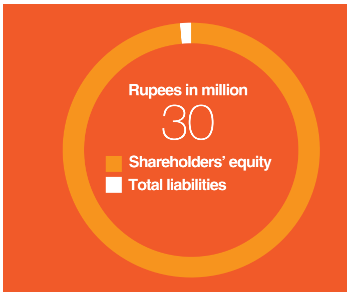
Progress on SEDPL wind farm has gathered momentum; during the year under review, SEDPL has been granted generation license and tariff determination by NEPRA and has received a Letter of Support from the Alternate Energy Development Board. SEDPL is also in the concluding stages of negotiations for finalization of its EPA. The company achieved its Financial close during FY14.



Arif Habib Commodities (Pvt.) Limited

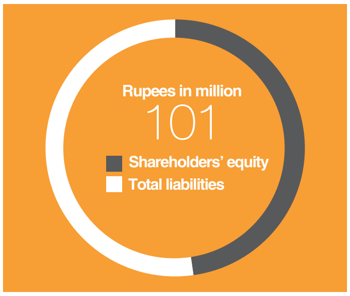
Arif Habib Commodities (Pvt.) Limited (AHC) provides a wide range of financial services to a significant and diversified client base. AHC focuses on a range of commodity markets, from precious metals to tropical soft commodities.

AHC provides premier services to investors with round the clock market updates and advisory services.



Arif Habib DMCC

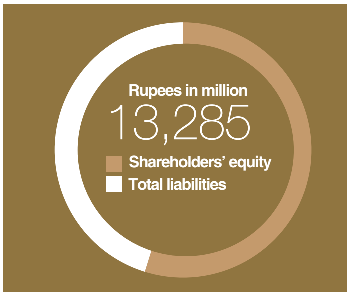
Arif Habib DMCC is a limited liability company registered in Dubai, United Arab Emirates, under the Rules and Regulations of the Dubai Multi Commodities Centre Authority. The principal activity of the company is trading in gold, metals and other commodities on the Dubai Gold and Commodities Exchange.



Javedan Corporation Limited

Javedan Corporation Limited (JCL) owns land measuring over 1300 acres at Manghopir, near SITE, North Nazimabad, North Karachi and New Karachi. The Arif Habib Group has a significant stake in the project and is developing a housing scheme, Naya Nazimabad, on this land.

The project will accommodate the housing demand of the middle income group and is an endeavour not only to alleviate the housing problem of the country but also to provide a quality lifestyle for the target group. At its completion, the project will be able to provide amenities like road network, hospital, mosque, school, commercial area, fitness centre, park and other utilities. The project is envisioned as the largest private sector development initiative in Karachi. Upon completion, it would have up to 30,000 homes accommodating a population of over 100,000 people. After the successful sale of housing units and plots in Naya Nazimabad in 2011, JCL will launch the second phase and will offer housing units and plots to the public in FY15.



Other Companies Having Group's Shareholding

Arif Habib Dolmen REIT Management Limited

The Arif Habib Group formally entered the Real Estate Investment business by becoming the first to incorporate a company under the NBFC Rules to provide REIT Management services and float REIT schemes in Pakistan. With the passage of time the Group partnered with the Dolmen Group to merge their expertise to provide REIT Management Services.

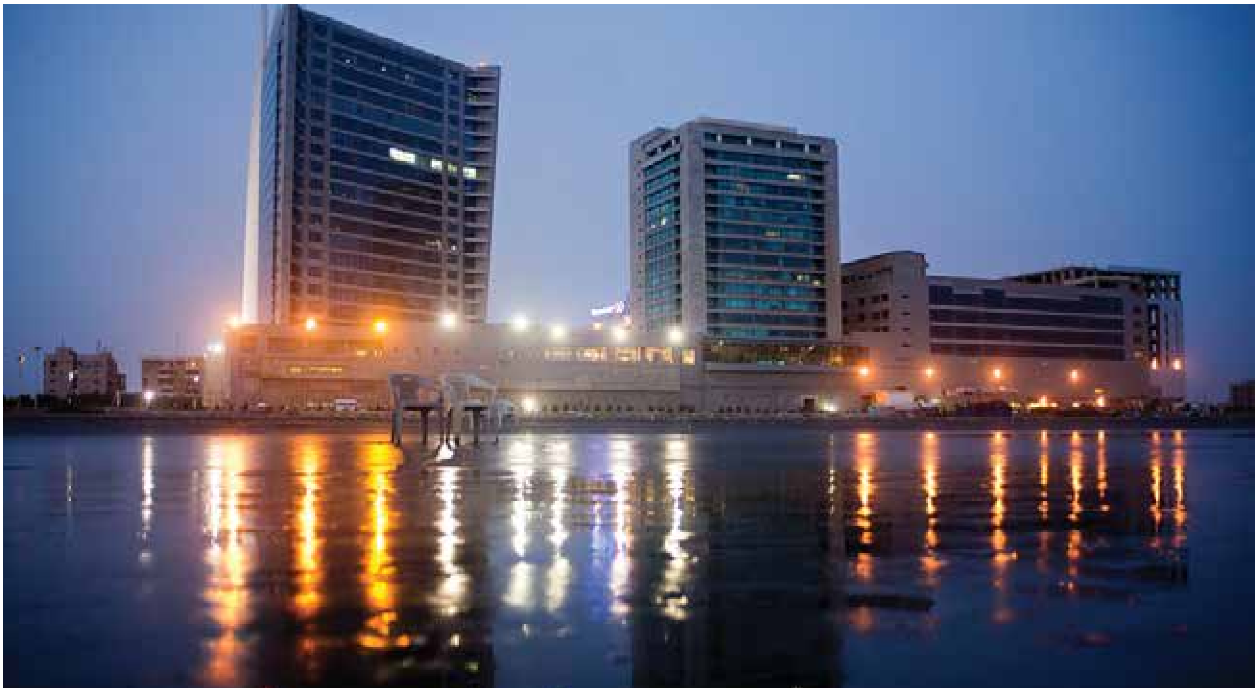
Arif Habib Dolmen REIT Management Limited (formerly: Arif Habib REIT Management Limited) was formed with the primary objective of managing the Real Estate investments of the Group and converting these assets into equity by launching either Rental or Developmental REIT schemes and offering the units to the general public. The Company has the highest number of REIT applications currently filed with SECP.

Arif Habib Consultancy (Pvt.) Limited

Arif Habib Consultancy (Pvt.) Limited (AHCPL) was incorporated in January 2011. AHCPL leverages the group-wide expertise and experience to provide consultancy services and practical on-ground implementation support to a variety of businesses.

In addition, AHCPL has forged strategic alliances with specialist service providers globally to provide a range of services to its clients. The company's key consultancy areas include analysis of business opportunities, business and process re-engineering, financial restructuring, mergers and acquisition amongst others.

Dolmen City Project



Dolmen City, a joint venture project between Dolmen and Arif Habib Group, situated on the tranquil Arabian Sea front at Clifton, is one of the largest and most prestigious mixed-use developments in Pakistan. It is built to serve commercial and corporate clients in an ultra-modern business environment.

The project on completion, will have a total built-up area of approximately four million square feet, comprising four towers and a shopping mall. These four towers are the Executive Tower (seventeen-storey), The Harbour Front (nineteen-storey) and two fourty-storey towers consisting of offices. The shopping mall having a built-up area of approximately one million square feet boasts shopping and entertainment facilities as well as a food court.

Governance & Management

Corporate Governance

As part of AHCL's mission we are committed to maintaining our uncompromising principles while we grow.

In this regard, our Board of Directors has adopted governance principles and policies to lead AHCL's governance practices. Currently, our Board has seven directors effectively representing and safeguarding the interests of shareholders including minority shareholders.

The Board actively participates in key activities including approval of budgets for capital and operational expenditure, investments in new ventures and issuance of further shares.

The Board also monitors Company operations by approval of financial statements and dividends, review of internal and external audit reports regarding internal controls and their effectiveness. For the purpose of ensuring standardization, the Board has devised policies for conducting business and ensures their monitoring and implementation through an independent Internal Audit department, which continuously reports, to the Audit Committee.

Whistle Blowing

There exists a defined code of conduct within the Company which has stipulated a whistle blowing mechanism across the board. Our policies and procedures are mature, enabling employees to raise their concerns in confidence about possible improprieties in all matters, without fear of reprisal. No incidences or concerns were reported during the year.

Succession Planning

A company is only as strong as the people it employs. We believe in nurturing their strengths by empowering our people through challenging opportunities which enhance their potential and develop their abilities. The Group has employed several qualified professionals of varying experience at various levels within the Group companies; this gives the Company a strong ability to draw upon talent and experience so as to ensure smooth succession planning.

Stakeholder Engagement

AHCL interacts with its stakeholders on a regular basis through use of internal and external communication. The frequency of engagements is based on business and corporate requirements with the following:

- Shareholders and Investors
- Banks and other lenders
- Government functionaries and elected representatives
- Media

Profile of Directors and Key Management

Board of Directors

Sitting From Left to Right
Mr. Asadullah Khawaja and Mr. Sirajuddin Cassim

Standing From Left to Right
Mr. Abdul Hamid Bhombal, Mr. Samad A. Habib, Mr. Arif Habib, Mr. Muhammad Ejaz and Mr. Nasim Beg.

Mr. Khashif A. Habib*

***Not in Picture**

Mr. Asadullah Khawaja

Chairman

Mr. Asadullah Khawaja is the Chairman of Arif Habib Corporation Limited. He started his professional career with United Bank Limited and soon switched to investment banking with Investment Corporation of Pakistan (ICP) where he served in various executive positions before taking charge as the Managing Director.

Mr. Khawaja also held the additional charge as Chief Executive of Bankers Equity Limited (BEL) and National Investment Trust Limited (NITL). His foreign assignments include five years at Pakistan Embassy in London as Investment Counsellor. During his professional career he has served as Chairman Packages Ltd., Chairman Pakistan Industrial Credit and Investment Corporation (PICIC) and also the Executive Director of Pakistan Credit Rating Agency. Mr. Khawaja has also served on the Board of Directors of prestigious institutions of domestic and international standings and the list of companies can be termed impressive. He is also the Chairman of the Board of PICIC Asset Management Company.

Mr. Khawaja completed his Bachelor of Arts in 1964 from Forman Christian College, Lahore.

Subsequently, he completed several local and foreign courses on banking, securities, industries management, investment analysis and portfolio management. Moreover, he has participated in various international seminars and workshops on investment oriented issues.

Corporate Responsibilities

PICIC Asset Management Company Limited (Chairman)

As Director

Arif Habib Dolmen REIT Management Limited
Pakistan Private Equity Management Limited
Summit Bank Limited
WorldCall Telecom Limited

Mr. Arif Habib

Chief Executive

Mr. Arif Habib is the Chief Executive of Arif Habib Corporation Limited. He is also the Chairman of Pakarab Fertilizers Limited, Fatima Fertilizer Company Limited, and Arif Habib DMCC Dubai. He also serves as a Director in various companies including Sui Northern Gas Pipelines Limited.

Mr. Arif Habib remained the elected President/Chairman of Karachi Stock Exchange for six times in the past and was a Founding Member and Chairman of the Central Depository Company of Pakistan Limited. He has served as a Member of the Privatization Commission, Board of Investment, Tariff Reforms Commission and Securities & Exchange Ordinance Review Committee. Over the years he has been nominated on the Board of Directors of a number of companies by the Government of Pakistan.

Mr. Habib participates with significant dedication in welfare activities of different organizations. To quote a few, he remains one of the trustees of Fatimid Foundation and Memon Health & Education Foundation as well as a director of Pakistan Centre for Philanthropy and Karachi Education Initiative.

Corporate Responsibilities
As Chairman
Pakarab Fertilizers Limited
Fatima Fertilizer Company Limited
Arif Habib Foundation
Arif Habib DMCC
Sachal Energy Development (Pvt.) Limited
Arif Habib Consultancy (Pvt.) Limited
Aisha Steel Mills Limited

As Director
Pakistan Engineering Company Limited
Sui Northern Gas Pipelines Limited
Pakistan Centre for Philanthropy
International Complex Projects Limited

As Hounourary Trustee/Director
Pakistan Veterans Cricket Association
Fatimid Foundation
Karachi Education Initiative
Memon Health & Education Foundation

Mr. Sirajuddin Cassim

Independent Director

Mr. Sirajuddin Cassim started as a partner in Daudally Siraj & Company, Chartered Accountants and has remained engaged in financial, investment advisory and corporate consultancy services since 1985. He brings with him vast knowledge of accounting, tax laws, corporate law and corporate finance.

He has practical experience of preparing prospectus/offer for sale documents of numerous companies and has successfully listed these companies on all the three stock exchanges of the country.

He was a member of the Karachi Stock Exchange and Islamabad Stock Exchange. He has served on the Board of Directors of the Karachi Stock Exchange in the years 1990 and 1991 and has also held the position of Vice President in 1993 and of President in 1995. He served as the Chairman of the CDC in 1995. He was also the Vice President of Institute of Chartered Secretaries and Managers from 1997 to 2000.

He has also served as the Executive Director at Standard Chartered Mercantile Leasing Company Limited from 1989 to 1998. He has vast experience of serving as member of the Taxation & Fiscal and Banking & Fiscal sub-committees of the Karachi Chamber of Commerce & Industries.

Mr. Nasim Beg

Non-Executive Director

Mr. Nasim Beg, a Fellow Member of the Institute of Chartered Accountants of Pakistan, is the Chief Executive Officer of Arif Habib Consultancy (Pvt.) Limited along with being the Executive Vice Chairman of MCB-Arif Habib Savings & Investments Limited, an Asset Management Company that was conceived and set up by him and which he headed as Chief Executive till June 2011.

With over fourty years of experience in the business world including industry and the financial services (in and outside the country), Mr. Nasim Beg is one of the most highly respected professionals of the country.

Before joining the Arif Habib Group, Mr. Beg served as the Deputy Chief Executive of NIT, which he joined during its troubled period and played an instrumental role in its modernization and turn around. He also served as the acting Chief Executive of NIT for a few months. He has also been associated at top-level positions with other asset management and investment advisory companies.

Mr. Beg has also held senior level responsibilities in the automobile industry. During his tenure as the Chief Executive of Allied Precision (a subsidiary of the Allied Engineering Group), he set up a green field project for the manufacture of sophisticated indigenous components for the automotive industry under transfer of technology licenses with Japanese and European manufacturers. His initiation to the financial services business was with the Abu Dubai Investment Company, UAE, where he was a part of the team that set up the company in 1977. He has also been a member of the Prime Minister's Economic Advisory Council (EAC).

Corporate Responsibilities

MCB-Arif Habib Savings & Investments Limited (Executive Vice Chairman)
Arif Habib Consultancy (Pvt.) Limited (Chief Executive)

As Director

Aisha Steel Mills Limited
Arif Habib Dolmen REIT Management Limited (non-executive Chairman)
Pakarab Fertilizers Limited
Pakistan Private Equity Management Limited
Power Cement Limited (non-executive Chairman)
Safemix Concrete Products Limited (non-executive Chairman)
Serendib Stock Brokers (Pvt.) Limited [Sri Lanka] (non-executive Chairman)
Summit Bank Limited

Mr. Samad A. Habib

Non-Executive Director

Mr. Samad A. Habib is the Chief Executive of Javedan Corporation Limited.
Mr. Samad A. Habib has more than 15 years of experience, including 9 years of working in the financial services industry in various senior management roles.

He began his career with Arif Habib Corporation Limited (the holding company of Arif Habib group) as an Investment Analyst, following which he served the company in various executive positions including Executive Sales and Business Promotions, Company Secretary, Head of Marketing, etc.

In September 2004, he was appointed the Chairman and Chief Executive of Arif Habib Limited. As Chairman he was responsible for the strategic direction of the company and was actively involved in capital market operations and corporate finance activities such as serving corporate clients, institutional clients, high net worth individuals, and raising funds for clients through IPO's, private placements etc. He resigned from that position in January 2011.

Mr. Samad A. Habib holds a Master's degree in Business Administration.

Corporate Responsibilities

Javedan Corporation Limited (Chief Executive)

As Director

Aisha Steel Mills Limited
Arif Habib Equity (Pvt.) Limited
Arif Habib Dolmen REIT Management Limited
MCB-Arif Habib Savings & Investments Limited
International Complex Projects Limited
Nooriabad Spinning Mills (Pvt.) Limited
Pakarab Fertilizers Limited
Pakistan Private Equity Management Limited
Power Cement Limited
Real Estate Modaraba Management Company Limited
Rotocast Engineering Company (Pvt.) Limited
Safemix Concrete Products Limited

Mr. Muhammad Ejaz

Non-Executive Director

Mr. Ejaz is the Chief Executive of Arif Habib Dolmen REIT Management Limited. He has over 20 years of experience in the fields of Treasury, Corporate Finance and Investment Banking. Mr. Ejaz has served in senior positions at leading local and international banks including Faysal Bank, Union Bank and Emirates NBD Bank.

He holds a Master's degree in Business Administration from the Institute of Business Administration where he is also a regular visiting faculty member. He is also a certified Financial Risk Manager.

Corporate Responsibilities

Javedan Corporation Limited (Chairman)
Arif Habib Dolmen REIT Management Limited (Chief Executive)

As Director

Aisha Steel Mills Limited
Dolmen Arif Habib Real Estate Services (Pvt.) Limited
Power Cement Limited
Real Estate Modaraba Management Company Limited
Sachal Energy Development (Pvt.) Limited

Mr. Kashif A. Habib

Non-Executive Director

Mr. Kashif A. Habib is the Chief Executive of Power Cement Limited. Being a member of the Institute of Chartered Accountants of Pakistan (ICAP) he completed his articleship from A.F. Ferguson & Co. (a member firm of Price Waterhouse Coopers), where he gained experience of diverse sectors serving clients spanning the Financial, Manufacturing and Services industries.

He has to his credit four years of experience in Arif Habib Corporation Limited as well as four years' experience as an Executive Director in cement and fertilizer companies of the group.

Corporate Responsibilities

Power Cement Limited (Chief Executive)

As Director

Aisha Steel Mills Limited
Arif Habib Foundation
Dolmen Arif Habib Real Estate Services (Pvt.) Limited
Arif Habib Dolmen REIT Management Limited
Fatima Fertilizer Company Limited
Javedan Corporation Limited
Memon Health and Education Foundation
Pakarab Fertilizers Limited
Real Estate Modaraba Management Company Limited
Rotocast Engineering Company (Pvt.) Limited

Key Management

Mr. Abdul Hamid Bhombal

Chief Financial Officer & Company Secretary

Mr. Abdul Hamid Bhombal is the Chief Financial Officer and Company Secretary of Arif Habib Corporation Limited. In addition, he is also the Chief Financial Officer and Company Secretary of an associated subsidiary company, Power Cement Limited.

Mr. Bhombal is a Fellow of Institute of Chartered Accountants of Pakistan and a Fellow of Cost and Management Accountants of Pakistan. He completed his articleship from A. F. Ferguson & Co. Chartered Accountants in 1980. His previous employment was with Pak Suzuki Motor Company Limited for over 20 years where he served as Chief Financial Officer and Company Secretary.

Corporate Responsibilities

As Chief Financial Officer & Company Secretary
Power Cement Limited

Board & Management Committees

Keeping in view the reporting requirements, the Board of Directors of the Company have constituted committees both at the Board and Management levels. Most of the Board Committees' members are non-executive directors.

Board Committees
Board Audit Committee (AC)

The committee is responsible for assisting the Board of Directors in discharging its responsibilities primarily in terms of:

- evaluating and reporting financial and non-financial information to shareholders;
- reviewing the system of internal controls and risk management; and
- reviewing the business plan and determining that it reconciles with the Company's vision, mission, corporate strategy & objectives.

Additionally, the committee has the authority to obtain any information it requires from the management and to meet directly with external auditors.

The Board of Directors has determined the terms of reference of the Audit Committee and provides adequate resources and authority to enable the Audit Committee to carry out its responsibilities effectively. The Board gives due consideration to the recommendations of the Audit Committee. Among other responsibilities, the terms of reference of the Audit Committee includes the following:

- determination of appropriate measures to safeguard the company's assets
- review of quarterly, half-yearly and annual financial statements of the company
- ensuring coordination between the internal and external auditors of the company
- review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the company
- consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto
- ascertaining that the internal control systems are adequate and effective
- determination of compliance with relevant statutory requirements
- monitoring compliance with the best practices of corporate governance and identification of significant violations thereof

The Chief Financial Officer of the Company regularly attends the Audit Committee meetings to present financial and other information specifically addressed by the Head of Internal Audit. After each meeting, the Chairman of the Committee reports to the Board. During the financial year under review, the Committee met 4 times.

S. No.	Name	Designation	Meetings attended during the year
1.	Mr. Sirajuddin Cassim	Chairman	3
2.	Mr. Kashif Habib	Member/Ex-Chairman	4
3.	Mr. Muhammad Ejaz	Member	4
4.	Mr. Kashif Shah	Ex-Member	1

The Internal Audit Department is currently headed by Mr. Taha Siddiqui, who has the requisite qualification and the relevant experience to execute the duties of the department in line with the Internal Audit Charter.

Human Resource and Remuneration Committee (HR&RC)

The responsibilities of the Committee include recommendation of human resource management policies to the Board, along with the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO, CFO, Company Secretary and Head of Internal Audit to the Board. It also considers and approves recommendations of the CEO on matters of key management positions who report directly to CEO. The HR&RC is committed to develop and take decisions on Human Resource strategy and policy. The Committee meets at least once in every six months. During the financial year under review, the Committee met 2 times.

S. No.	Name	Designation	Meetings attended during the year
1.	Mr. Asadullah Khawaja	Chairman	2
2.	Mr. Nasim Beg	Member	2
3.	Mr. Arif Habib	Member	2

The terms of reference of HR&RC provides an overview of the Committee and outlines the Committee's composition and responsibilities. The document also includes recommendation on human resource management, organizational development, training and development matters, management succession and continuous review of compensation and benefit policies and assessment of corporate culture.

Investments & Projects Diversification Committee (IPDC)

The committee is responsible for assisting the Board of Directors in discharging its responsibilities primarily with regard to:

- Reviewing new investment opportunities keeping in view various factors including risk, return, diversification and growth;
- Continuous monitoring of the investments already made and recommending corrective strategies, if required; and
- Reviewing the Key assumptions used by the management of investee companies to determine Fair values of strategic investments.

The Committee meets on a required/directed basis to discharge its responsibilities and regularly reports to the Board. During the year under review, 6 meetings were held.

S. No.	Name	Designation	Meetings attended during the year
1.	Mr. Arif Habib	Chairman	6
2.	Mr. Nasim Beg	Member	6
3.	Mr. Samad A. Habib	Member	6

Management Committees

Executive Committee on Risk Management (ECRM)

ECRM is headed by the Chief Executive of the Company and includes Group executives. The purpose of the committee is to assist the Board of Directors in developing and continuous monitoring of risk management policies and other business related matters.

The terms of reference of the ECRM are to assist Board of Directors in developing, reviewing and approving risk management policies, instituting special projects and reviewing the adequacy of operational, administration and financial controls. ECRM meets on required/directed basis.

Executive Committee on Human Resource (ECHR)

The objective of ECHR is to review, monitor and make recommendations to the HR&RC committee, oversee the Company's compensation and benefits policies generally, evaluate executive officer performance and review the Company's management succession plan and set compensation for the Company's executive officers. The ECHR is committed to develop and make decisions on Human Resource strategy and policy. The ECHR meets on the advice of Chairman and /or on the request of the members.

Criteria to Evaluate Board's Performance

A company's success is ultimately reflective of the capacity of its directors to provide direction which is in line with the vision in order to expand and flourish. The company, hence, endeavours to develop the capacity of its Board of directors to improve both their personal and collective contributions to the overall development of the company.

A quality Board that really adds value is not just a panel of high performing individuals but a balanced team with harmonizing skill sets and a culture that allows them to function as a single unit to make the most effective decisions for the company. While the guidance from the chair is the key, the participation of every Board member is also vital for its effectiveness.

One of the most significant responsibilities of the Board of Directors is to ensure that the company has a strong leadership and an effective executive management. The Board establishes company policies and then delegates authority and responsibility to the CEO for the organization's smooth operations.

Performance evaluation continues to gain profile and momentum within Boardrooms. Regulators and institutional investors increasingly endorse performance evaluation as a prerequisite for good corporate governance. The Board of Directors acts as a guardian of the shareholders money and translates the same into the Company's mission and goals. In order to uphold the trust of stakeholders, the Board of Directors' performance warrants assessment.

The evaluation of the performance will examine those key areas where the Board requires clarity in order to provide high level oversight, including: the strategic process; key business drivers and performance milestones; the global economic environment and competitive context in which the Company operates; the risks faced by the business; Board dynamics; capability and alignment; reputation; and information flows.

The Board of Directors have set the following evaluation criteria to judge its performance.

- Compliance with the legislative system in which Company operates, including Companies Ordinance, 1984, Listing Regulations of Stock Exchanges, the Memorandum and Articles of Association of the Company.
- Active participation in strategic planning process, enterprise risk management system, policy development, financial structure, monitoring and approval.
- Hiring, evaluating, compensating and supporting the Executive Directors and other key positions including Chief Executive.
- Appropriate constitution of Board Committees with members possessing adequate technical knowhow and experience.
- Establishing adequate system of internal controls in the Company and its regular assessment through self assessment mechanism or/and internal audit activities.
- Ensuring presence of required quorum in Board and Committees' meeting.
- Ensuring orientation and training of Board of Directors to enable them to perform their duties in an effective manner.

The Board undertook a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors conducted by Pakistan Institute of Corporate Governance (PICG), which concluded an overall synergy between the Board Members.

Chief Executive's Performance Review

Successful companies depend on outstanding CEO leadership. Outstanding CEO leadership depends on excellent Board/CEO relations. Excellent Board/CEO relations depend on clear expectations and open communication.

Regular review of CEO performance fosters open communication and clarifies expectations, roles and responsibilities. Effective Boards and CEOs embrace the review process, which is considered as good corporate governance.

The main objective of a review is to bring the CEO and the Board together to discuss how their performance and priorities add to the effectiveness of the company. The focus remains on identifying what works well, and what needs improvement. Given the unique nature of the partnership between the Board and CEO, assessing CEO performance is, in many ways, assessing the performance of the Board as well.

Mr. Arif Habib is the Chief Executive and the primary shareholder of the Company. He has, given his position as primary shareholder, sought out and requested professionals of high standing to join the Board. These include business acquaintances and some executives working for group companies none of whom have any conflicts of i nterest with the company. The Board Members, despite their relationship with Mr. Arif Habib are committed to carrying out an objective assessment of his performance as the Chief Executive.

The Board wishes to report that Mr. Arif Habib is committed to following best practices and the Code of Corporate Governance in true spirit. All Board meetings are attended by Mr. Arif Habib, where he provides details and explanations for each agenda item. The Board meetings have free and open discussion and Mr. Arif Habib acts on consensus and despite his tremendous convincing ability; he abides by the consensus even where the decision goes against his original proposal. Based on the Board's recommendations, Mr. Arif Habib has embarked on a programme of further strengthening the professional team at the Company and the Group. The Board believes that this will further strengthen the Company. Mr Arif Habib continues to play the leadership role at the Company and the Group level to the entire satisfaction of the Board.

Directors' Report

Dear Fellow Shareholders

It is with great pleasure that the Directors present the Annual Report of your Company and the audited financial statements for the financial year ended on 30th June 2014 together with auditors' report thereon.

Principal activities

Arif Habib Corporation Limited (AHCL) is a holding company of diversified businesses consisting of financial services and industries. The Company owns significant interest in fertilizers, securities and commodities brokerage, corporate finance and advisory, asset management, cement, steel, wind power and real estate development. It also continues to manage a securities market portfolio earning satisfactory returns.

Awards

During the current financial year, your Company has been the recipient of a number of esteemed awards. These include two Certificates of Merit awarded by South Asian Federation of Accountants for Corporate Governance Disclosures and Best Presented Financial Statements.

Economy

Pakistan's economy has gone through some turbulent times over the past few years but the outgoing fiscal year has witnessed some remarkable improvements. The visible improvement has also been recognized by international agencies and investors including multilateral and bilateral donors. It is also reflected in Moody's upgrade of Pakistan's sovereign bond rating from negative to stable.

Focused efforts by the government have led to Pakistan achieving its highest GDP growth since financial year 2009 – GDP growth clocked in at 4.1% against 3.7% last year and an average of 2.8% during the financial years 2009 to 2013. Large Scale Manufacturing has also improved with the PBS published index increasing by 4.2% against 3.6% last year.

Several other key indicators have also evidenced economic recovery, as the fiscal deficit has come down significantly to 5.7% from 8.2% last year. Similarly, revenue collection through FBR has increased by 16%, while remittances continue to support the external front - up by 14%. The external front was also supported by a contraction of 2.6% in the trade deficit as exports went up by 2.7% while imports largely remained almost flat, up by 0.3%.

The government has reinitiated the privatization program after eight years and two capital market transactions have already been closed successfully. The tremendous amount of interest shown by investors, both foreign and local, is also evidence of Pakistan's improving economy. It is also encouraging that the government remains focused and committed to privatization of distressed state owned enterprises. Eurobonds of USD 2 billion were also issued during the year after an absence of seven years from international markets, further reflecting strong investor confidence in Pakistan. Moreover, the mobile phones 3G/4G auction was also successfully conducted during April 2014 and the government managed to raise more than USD 1 billion. Consequently, we saw Pakistan's foreign exchange reserves rise to USD 14.1 billion by the end of June 2014 from USD 11.0 billion last year after repayment of debt worth USD 6.825 billion versus USD 5.978 billion last year.

The improving external front is also reflected in the Pakistan Rupee and it has strengthened by more than 9% from its low of over Rs.108 to a US Dollar in December 2013 to its June 2014 close of around Rs.98.6/USD.

The government needs to remain committed to its pledge of implementing key reforms in various sectors. The outgoing year has concluded on a high note as far as key economic indicators are concerned but structural challenges remain unresolved; such as the power sector receivables have not improved.

Financial Results

During the year under review, the Company has earned an after-tax profit of Rs.2.31 billion as compared to Rs.1.37 billion in 2012-13. This translates to an earning of Rs.5.08 per share as compared to Rs.3.01 per share in previous year. A notable contribution towards this performance came from good dividends, realized gain on sale of securities, unrealised gain on remeasurement of investments and reversal of impairment.

Based on the profit during the year under review, the Board has recommended declaration of a final Cash Dividend for the year ended 30th June, 2014 at Rs.2.50 per share i.e. 25%. This entitlement shall be available to those shareholders whose names appear on the shareholders' register at the close of business on Thursday, 16th October 2014.

The Summary of Financial Results is as follows:-

	2014	2013
Profit after tax	2,306,319,472	1,365,744,929
Un-appropriated profit brought forward	15,508,369,949	15,277,000,020
Profit available for appropriation	17,814,689,421	16,642,744,949
Appropriations:		
* Final Cash Dividend at Rs.2.5 per share i.e. 25% for the year ended 30th June 2014 as recommended by the Board of Directors (Rs. .2.5 per share i.e. 25% for the year ended 30th June 2013)	1,134,375,000	1,134,375,000
* Un-appropriated profit carried forward	16,680,314,421	15,508,369,949
Earnings per share – basic and diluted	5.08	3.01

* Subject to the approval by members in the AGM to be held on 25th October 2014

Performance of Subsidiaries and Associates

Your Company has entered into a consolidation phase, focusing on strengthening its position and improving its investment portfolio. We remain ever vigilant to potential opportunities and we are well positioned to capitalize on the improving economic situation of Pakistan. The external auditors have drawn attention to Note Nos. 3.1, 1.5, 30, 11.5 and 25.1 to the consolidated financial statements and the matters ar fully explained in the respective Notes. The opinion of the external auditors is not qualfied in respect of the above-mentioned matters.

Segments at a Glance

Fertilizers

Fatima Fertilizer Company Limited has performed well, recording a profit of Rs.3,400 million after tax during 1H CY14 against Rs.3,364 million in the corresponding period of last year. Pakarab Fertilizers Limited (PAFL) managed to limit its losses to Rs.134 million during the six months ended 30th June 2014 as against a loss of Rs.1,340 million in the corresponding period of last year.

Gas curtailment continues to take a toll on PAFL, operating on supply of gas from SNGPL's network, which received gas supply (the essential raw material) for just 73 days during the entire fiscal year. The Company is continuously engaged with Ministry of Petroleum, seeking fair implementation of the Government's own load management policy and for getting its just and rightful share of gas supply. Moreover, the Company is vigorously following up for the implementation of Economic Coordination Committee's (ECC) decision of supplying gas to fertilizer companies on SNGPL's network through dedicated gas fields approved by ECC.

Financial Services

Capital markets have benefitted from the improving economic situation with the benchmark KSE 100 posting a return of 41%, while liquidity has also substantially improved as average daily volumes went up by 17% to 146 million shares. Arif Habib Limited (AHL), the brokerage business of the Group has capitalized on its paramount positioning and brand recognition to achieve profitability growth of 114% annually, recording a net profit of Rs.819 million during FY14 against Rs.382 million last year.

We also take pride in informing our investors that Arif Habib Limited was appointed as Joint Lead Manager and Book Runner for two of the privatization transactions namely United Bank Limited and Pakistan Petroleum Limited, which have been very successful transactions. Total responses were for equivalent Rs.104.7 billion against total offer of Rs.53.5 billion while approximately Rs.64.7 billion participation was from foreign investors.

The asset management business, MCB-Arif Habib Savings and Investments Limited (MCBAH) has also performed well with assets under management going up by 13% to Rs.45.4 billion. The Company's profitability has also shown double digit growth of 16% to reach Rs.182.64 million against Rs.157.65 million last year.

Arif Habib Commodities (Private) Limited's revenues have gone up by an impressive 49% during FY14.

We are pleased to inform you that arrangements have been made to commence operations of Arif Habib DMCC, a member of Dubai Gold and Commodities Exchange (DGCX), which is an active member of the Dubai Multi Commodities Centre.

Your Company has divested from its brokerage arm in Sri Lanka, Serendib Stock Brokers (Pvt.) Limited (formerly known as SKM Lanka Holdings (Pvt.) Limited). The decision was taken after careful consideration of future prospects of the equity brokerage business in Sri Lanka. The sale of the company is subject to regulatory approvals and concurrences by Securities and Exchange Commission of Sri Lanka, Colombo Stock Exchange and Central Bank of Sri Lanka.

Real Estate

Naya Nazimabad Housing Project on an area of 1300 acres of land owned by Javedan Corporation Limited - an associate of Arif Habib Corporation Limited is progressing well. As per the management acconts for the year ended 30th June 2014, Javedan Corporation Limited has earned an after tax profit of Rs.936 million with an EPS of Rs.16.10 as against previous year's profit of Rs.710.89 million with an EPS of Rs.12.23.

Cement

The cement sector witnessed a growth of 2.5% during FY14 in dispatches. Exports have declined by 2.8% while local dispatches went up by 4.3%. Within local dispatches, the Southern region witnessed a decline of 5.3% while demand in the North went up by 6.6%. An increase in electricity prices had an adverse effect on the margins of those cement producers who do not have captive power facility run on natural gas.

Power Cement Limited's volumetric sales declined by 8.1% during nine months of the financial year 2014, as the company's primary target market is the South where demand was on the decline. The drop in offtake, combined with the effect of higher electricity tariff, the profitability of the company suffered and it incurred a loss of Rs.73.9 million during the financial year ended 30th June 2014 as against a profit of Rs.370.2 million last year.

Wind power

Your Company's investment in the wind sector, Sachal Energy Development (Pvt.) Ltd. (SEDPL), has achieved major milestones, with respect to the project development. SEDPL had been awarded the Generation License by National Electric Power Regulatory Authority (NEPRA) and power tariff of the Company has been determined. SEDPL had also received the Letter of Support from Alternative Energy Development Board (AEDB) in 2013, thereby guaranteeing full support of the Government of Pakistan to SEDPL and its Sponsors till the time the finalized agreements with the Government are in place.

A major milestone has also been achieved recently, as SEDPL has also signed the Energy Purchase Agreement with National Transmission and Dispatch Company during February 2014. The Implementation Agreement of SEDPL has been approved and signed by the AEDB during July 2014. Total financing needs of USD 107 million have been approved by Industrial Commercial Bank of China (ICBC). Signing of loan agreement is expected soon, following which, construction will start.

Steel

Aisha Steels Mills Limited (ASML) is striving to achieve its target capacity utilization and some improvement have been visible. ASML became the largest producer and seller of CRC in Pakistan with total sales volume of over 121,500 MT amounting to over Rs.9,400 million. As domestic CRC manufacturers were facing severe margin pressure due to illegal imports through mis-declaration by the unscrupulous importer mafia. The Government has taken good steps in the Federal Budget of FY2014-15, to curb the unscrupulous activities by imposing 10% import duty on Silicon Steel and Alloy Steel (where normal CRC was being mis-declared under these heads) and took away concessionary import of pipe mills and other users who were abusing their import quotas.

However, Government also imposed a 5% custom duty on HRC, the raw material for CRC manufacturers, after which CRC Manufacturers have strongly presented their case against this ill-advised step. In addition to this, in order to optimize the financial management of the company, ASML has undergone a financial re-profiling of its Long Term loans and has successfully closed agreements with the lenders during January 2014 through which the financial cost has reduced substantially and the tenor of principal payment has been extended to a more manageable level.

Future Outlook

Pakistan's economic problems are largely inherent in nature and the government has shown great willingness to implement difficult decisions. Political noise has recently increased which may delay the process of reforms. The Government needs to remain committed to implementing the reform process, so as to achieve the resolution of power shortages, reduce the fiscal deficit and take measures to significantly improve internal security threats, while at the same time ensure implementation of its privatization program. This will help in keeping Pakistan's economy on track for progress.

Future outlook of AHCL is stable due to its diversified investments. The fertilizers, financial services, real estate and cement businesses are expected to do well whereas the steel business needs more efforts to turn around. Wind power should become operational by the middle of the next financial year.

Risk Management

The risk management system established by the Board comprises of a wide range of finely tuned organizational and procedural components and is capable of identifying events and developments impairing the going-concern status of the Company. The risk management system is designed to promote a balanced approach to risks at all organizational levels, identify and analyse the opportunities and risks at an early stage, their measurement and the use of suitable instruments to manage and monitor risks.

With the Company's key business being that of investing, it has evolved its risk management system as its investment strategy has evolved. Starting with secondary market investments, the Company has always followed a policy of diversification between sectors & companies and at the same time basing individual investment decisions on fundamental analysis and following the golden rule of value investing. The Company manages its risk by applying caution with respect to the stock selection; avoiding concentration risk, ensuring adequate underlying collateral and assessing the capacity of the counterparty. In addition, the Company has played a continuing role through its representatives in the development of basic capital market infrastructure.

Once the Company started making strategic investments, it has developed risk management systems suited to such investing. Business decisions are reached after deliberation of comprehensive project analyses which identifies both potential risks and opportunities. To manage the risk, the Company focuses on core areas like governance by Board and senior management, preparation and implementation of policies and procedures, risk monitoring and management information system, and internal controls.

The Company goes through a systematic process of identifying and evaluating risks and controls and, where necessary, improving the ways in which risks are managed. Each year, the management reviews the financial reporting statements and also statements regarding risk management, corporate social responsibility, integrity and compliance with the code of conduct, the accounting manual, statutory provisions and compliance with other rules and regulations.

For operational risk management, the starting point has always been carrying out an in depth analysis before making the investment, and supplementing that with hiring of qualified and experienced professionals to represent it on the Boards of investee companies, applying budgetary and other internal controls on such companies through the Board members, continuing review of performance of the investee companies and taking corrective measures as and when needed, including the dis-investment from businesses if that became the right option.

The Board has set up an Investments & Projects Diversification Committee and this Committee has the responsibility of vetting and continuous monitoring of all strategic investments. In turn, the Company's management staff responsible for the strategic investments provides the Committee with timely reports.

The detailed Qualitative Reports and Quantitative analysis on Risk management is presented in note 31 to the financial statements.

Capital Management and Liquidity

The Company has a policy to maintain a strong capital base so as to maintain investor, creditor and market confidence, sustain future development of the business, safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. There were no changes in Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

Human Resource

Your Company takes great pride in the commitment, competence and ownership shown by its employees in all realms of the business. The Company continues to take new initiatives to further align its HR policies to meet the growing needs of the business. People development continues to be a key focus area in your Company.

At AHCL, the Human Resource Department, in its business partner role, implements strategies to raise the performance of each team member to their maximum potentials. The primary reason for our success is that our organization is built around the people who are willing to go the extra mile.

Employees are recognized and rewarded based on their performance, which results in enhanced retention and motivation across all levels. All our operational activities are carried out transparently and in lieu with our code of ethics, on which there can be no compromise.

Corporate Social Responsibility

Sustainable and responsible development has remained one of our key concerns since inception. Today, your Company is running a sizeable CSR program in Pakistan covering various sectors requiring foremost attention, with a special focus in the areas of education, healthcare, environment, community welfare, sports and relief work and aims to enhance its scope and contribution in the future.

We, at AHCL are conscious of the well being of our employees as well as community at large. The Company focuses on energy conservation and all departments and employees adhere to the power conservation measures.

Your Company takes its contribution towards national economy seriously and has always discharged its obligations in a transparent, accurate and timely manner. Details of the contributions are presented on page No. 51. Furthermore, Arif Habib Corporation Limited has contributed an amount of Rs.117.8 million towards direct taxes. Additionally, group companies have contributed Rs.7,385 million towards taxes.

It is our vision to continue contributing to the economic growth and stability of Pakistan through actively investing in its economy, its people and the sustainability of its environment.

Corporate Governance

AHCL is listed at the Karachi, Lahore and Islamabad Stock Exchanges. The Company's Board and management are committed to observe the Code of Corporate Governance prescribed for listed companies and are familiar with their responsibilities and monitor the operations and performance to enhance the accuracy, comprehensiveness and transparency of financial and non-financial information.

The Board would like to state that proper books of accounts of the Company have been maintained and appropriate accounting policies have been adopted and consistently applied. Preparation of accounts and accounting estimates are based on reasonable and prudent judgment. International Financial Reporting Standards, as applicable in Pakistan, are followed. The system of internal controls is sound in design and has been effectively implemented and monitored. The financial statements of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity. No material payment has remained outstanding on account of any taxes, duties, levies or charges. The Company has no outstanding obligations under gratuity, pension or provident fund.

In compliance with the Code, the Board hereby reaffirms that there is no doubt whatsoever about the Company's ability to continue as a going concern and that there has been no material departure from the best practices of corporate governance as detailed in the listing regulations and transfer pricing.

During the year under review, two directors attended the directors training course conducted by the Pakistan Institute of Corporate Governance (PICG). One director had already completed this course earlier whereas other directors are exempt from attending the directors training program as they possess a minimum of 14 years of education and 15 years of experience on the board of a listed company. It has always been the Company's endeavor to excel through better Corporate Governance and fair and transparent practices, many of which have already been in place even before they were mandated by law.

Trading in Company's Shares by Directors and Executives

All Directors including the Chief Executive, Chief Financial Officer and Executives of the Company were delivered written notices by the Company Secretary to immediately inform in writing any trading in the Company's shares by themselves or by their spouses and to deliver a written record of the price, number of shares and CDC statement within 4 days of such transaction to the Company Secretary. A statement showing the Company's shares bought and sold by its Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor family members is annexed as Annexure-I.

Attendance at Board Meetings

A statement showing attendance at Board meetings is annexed as Annexure-II.

Pattern of Shareholding

The shares of the Company are listed on Karachi, Lahore and Islamabad Stock Exchanges. There were 5,928 shareholders of the Company as on 30th June 2014. The detailed pattern of shareholding and categories of shareholding of the Company including shares held by directors and executives, if any, are annexed as Annexure-III.

Financial and Business Highlights

The key operating and financial data has been given in summarized form under the caption "Financial & Business Highlights – Six years at a glance" on Page-67 and graphic representation of the important statistics is presented on Page-69.

Investment in Retirement Benefits

The value of investment, made by the staff Provident Fund operated by the Company as per their respective financial statements as of 30th June 2014 amounts to Rs.10.15 million.

Audit Committee

As required under the Code of Corporate Governance, the Audit Committee continued to perform as per its terms of reference duly approved by the Board. The Committee composition and salient features of its terms of reference are also attached with this report.

Auditors

The present external auditors M/s. KPMG Taseer Hadi & Co., shall retire at the conclusion of Annual General Meeting on 25th October 2014 and being eligible, have offered themselves for reappointment for the year ending on 30th June 2015. The external auditors hold satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) as required under their Quality Control Review Program. As suggested by the Audit Committee, the Board recommends reappointment of M/s. KPMG Taseer Hadi & Co., as auditors of the Company for the financial year ending on 30th June 2015 at a fee to be mutually agreed. Approval to this effect will be sought from the shareholders at the forthcoming Annual General Meeting scheduled on 25th October 2014.

Compliance with Secretarial Practices

The Company Secretary furnished a Secretarial Compliance Certificate, in the prescribed form, as required under prevalent listing regulation of Stock Exchanges of Pakistan, as part of the annual return filed with the Registrar of Companies to certify the secretarial and corporate requirements of the Companies Ordinance, 1984 and listing regulations have been duly complied with.

Election of Directors

In accordance with the provisions of Section 180 of the Companies Ordinance, 1984 the three years term of the present seven directors elected in the Annual General Meeting of 2013 will be completed in September 2016.

Post Balance Sheet Events

There have been no material changes since 30th June 2014 to the date of this report except the declaration of a final Cash Dividend of Rs.2.50 per share @ 25 % which is subject to the approval of the Members at the 20th Annual General Meeting to be held on 25th October 2014. The effect of such declaration shall be reflected in next year's financial statements.

Related Party Transactions

In order to comply with the requirements of listing regulations, the Company presented all related party transactions before the Audit Committee and Board for their review and approval. These transactions have been approved by the Audit Committee and Board of Directors in their respective meetings. The details of related party transactions have been provided in note 34 of the annexed audited financial statements.

Acknowledgement

The Directors are grateful to the Company's stakeholders for their continuing confidence and patronage. We wish to place on record our appreciation and thanks for the faith and trust reposed by our Business Partners, Bankers and Financial Institutions. We thank the Federal Government, the Securities & Exchange Commission of Pakistan, the State Bank of Pakistan, the Competition Commission of Pakistan, Central Depository Company of Pakistan and the Managements of Karachi, Lahore, and Islamabad Stock Exchanges for their continued support which has gone a long way in development of the Company.

The results of an organization are greatly reflective of the efforts put in by the people who work for it. The Directors fully recognize the collective contribution made by the employees of the Company for successful operations of the Company. We also appreciate the valuable contribution and active role of the members of the Board Committees in supporting and guiding the management on matters of great importance.

For and on behalf of the Board

Arif Habib
Chief Executive

Karachi: 27th September 2014

Annexure I

Statement showing shares bought and sold by Directors, CEO, CFO, Company Secretary and their Spouses and Minor Children

From 1st July 2013 to 30th June 2014

Name	Designation	Shares bought	Shares sold	Remarks
Mr. Asadullah Khawaja	Chairman	29,000	-	-
Mr. Arif Habib	Chief Executive & Former Chairman	-	-	-
Mr. Nasim Beg	Director	-	-	-
Mr. Samad Habib	Director	8,000	8,000	-
Mr. Kashif Habib	Director	-	-	-
Mr. Muhammad Ejaz	Director	-	-	-
Mr. Sirajuddin Cassim	Director	-	-	-
Mr. Kashif Shah	Former Director	-	-	-
Mr. Abdul Hamid Bhombal	CFO & Company Secretary	-	-	-
Mr. Basit	Former CFO & Company Secretary	-	-	-
Mr. Navid Farooq	Former Head of Internal Audit	-	-	-
Mrs. Zetun Arif	Spouse of Mr. Arif Habib	-	-	-
Minor children	-	-	-	-

Annexure II

Statement showing attendance at Board Meetings

From 1st July 2013 to 30th June 2014

Name	Designation	Total	Eligible to attend	Attended	Leaves granted	Remarks
Mr. Asadullah Khawaja	Chairman	6	6	6	-	Chaired 5 meetings
Mr. Arif Habib	Chief Executive & Former Chairman	6	6	6	-	Chaired 1 meeting
Mr. Nasim Beg	Director	6	6	6	-	-
Mr. Samad Habib	Director	6	6	5	1	-
Mr. Kashif Habib	Director	6	6	5	1	-
Mr. Muhammad Ejaz	Director	6	6	5	1	-
Mr. Sirajuddin Cassim	Director	6	5	3	2	-
Mr. Kashif Shah	Former Director	6	1	1	-	-

* Election of directors were held in 19th Annual General Meeting of the Company on 21st September 2013.

Annexure III
Pattern of Shareholding

Categories of Shareholders as at 30th June 2014

Category	Number of shareholders	Number of shares held	Holding %
Directors, Chief Executive, and their Spouses and minor children	8	338,911,299	74.69
Executives	-	-	-
NIT and ICP	2	951,792	0.21
Associated Companies, Undertakings and Related Parties	3	22,328,395	4.92
Public Sector Companies and Corporations	4	5,725,281	1.26
Bank, Development Finance Institutions, Non-Banking Finance Institutions	8	6,232,254	1.37
Insurance Companies	6	1,286,257	0.28
Modaraba	1	121,000	0.03
Mutual Funds	10	2,916,859	0.64
Others	99	13,633,102	3.00
General Public - Local	5,779	54,802,440	12.08
General Public - Foreign	8	6,841,321	1.51
	5,928	**453,750,000**	**100.00**

Pattern of Shareholding

Categories of Shareholders as at 30th June 2014

Category	Number of shareholders	Number of shares held	Holding %
Directors, Chief Executive, and their Spouses and minor children			
Mr. Arif Habib	1	261,772,967	57.69
Mr. Asadullah Khawaja	1	46,506	0.01
Mr. Nasim Beg	1	22,078	0.00
Mr. Samad A. Habib	1	1,006	0.00
Mr. Kashif A. Habib	1	35,290	0.01
Mr. Muhammad Ejaz	1	121	0.00
Mr. Sirajuddin Cassim	1	101,331	0.02
Mrs. Zetun Arif	1	76,932,000	16.95
	8	**338,911,299**	**74.69**
Executives	-	-	-
Associated Companies, Undertakings and Related Parties			
Summit Bank Limited	1	5,885,049	1.30
Nooriabad Spinning Mills (Pvt.) Limited	1	500,000	0.11
Rotocast Engineering Company (Pvt.) Limited	1	15,943,346	3.51
	3	**22,328,395**	**4.92**
NIT and ICP			
CDC - Trustee National Investment (Unit) Trust	1	889,292	0.20
CDC - Trustee NIT Income Fund - Mt	1	62,500	0.01
	2	**951,792**	**0.21**
Joint Stock Companies			
Public Sector Companies and Corporatons	4	5,725,281	1.26
Bank, Development Finance Institutions, Non-Banking Finance Institutions	8	6,232,254	1.37
Insurance Companies	6	1,286,257	0.28
Modarabas	1	121,000	0.03
	19	**13,364,792**	**2.95**
Mutual Funds			
Golden Arrow Selected Stocks Fund Limited	1	210,000	0.05
CDC - Trustee AKD Index Tracker Fund	1	26,437	0.01
CDC - Trustee AKD Opportunity Fund	1	150,000	0.03
CDC - Trustee NAFA Stock Fund	1	420,000	0.09
CDC - Trustee ABL Stock Fund	1	1,789,000	0.39
CDC - Trustee PICIC Income Fund - Mt	1	17,500	0.00
CDC - Trustee KASB Income Opportunity Fund - Mt	1	47,500	0.01
CDC - Trustee Faysal Savings Growth Fund - Mt	1	160,000	0.04
CDC - Trustee Faysal Income & Growth Fund - Mt	1	9,000	0.00
Trustee- Khyber Pakhtunkhwa -Pension Fund	1	87,422	0.02
	10	**2,916,859**	**0.64**
Others	99	13,633,102	3.00
Genral Public			
Local	5,779	54,802,440	12.08
Foreign	8	6,841,321	1.51
	5,787	61,643,761	13.59
	5,928	**453,750,000**	**100**

Share holders holding 5% or more			
Mr. Arif Habib	1	261,772,967	57.69
Mrs. Zetun Arif	1	76,932,000	16.95

Pattern of Shareholding

Categories of Shareholders as at 30th June 2014

Number of Shareholders	Shareholdings' Slab			Holding
770	1	to	100	26,424
1181	101	to	500	347,867
887	501	to	1,000	684,958
1890	1,001	to	5,000	4,542,944
465	5,001	to	10,000	3,521,168
191	10,001	to	15,000	2,345,045
116	15,001	to	20,000	2,024,352
81	20,001	to	25,000	1,854,395
46	25,001	to	30,000	1,283,733
21	30,001	to	35,000	673,859
27	35,001	to	40,000	1,018,325
18	40,001	to	45,000	775,163
36	45,001	to	50,000	1,748,831
13	50,001	to	55,000	678,306
10	55,001	to	60,000	579,777
12	60,001	to	65,000	743,469
6	65,001	to	70,000	411,537
7	70,001	to	75,000	516,107
4	75,001	to	80,000	308,250
7	80,001	to	90,000	617,355
3	90,001	to	95,000	277,660
11	95,001	to	100,000	1,091,520
4	100,001	to	105,000	407,831
2	105,001	to	110,000	216,500
6	110,001	to	115,000	674,846
3	115,001	to	120,000	355,895
5	120,001	to	125,000	617,000
5	125,001	to	130,000	638,519
3	130,001	to	135,000	397,500
2	135,001	to	140,000	278,600
4	140,001	to	145,000	567,360
5	145,001	to	150,000	748,500
1	150,001	to	155,000	155,000
4	155,001	to	160,000	638,500
2	160,001	to	165,000	327,079
2	165,001	to	170,000	339,691
1	170,001	to	175,000	175,000
2	175,001	to	180,000	355,625
1	180,001	to	185,000	181,500
3	185,001	to	195,000	577,358
3	195,001	to	200,000	600,000
3	200,001	to	205,000	611,500
2	205,001	to	210,000	420,000
1	210,001	to	220,000	220,000
1	220,001	to	225,000	222,640
1	225,001	to	230,000	226,875
3	230,001	to	245,000	725,500
2	245,001	to	250,000	500,000
1	250,001	to	265,000	260,692
1	265,001	to	270,000	270,000
1	270,001	to	280,000	277,500
1	280,001	to	305,000	302,500
1	305,001	to	320,000	315,500

Pattern of Shareholding

Categories of Shareholders as at 30th June 2014

Number of Shareholders	Shareholdings' Slab			Holding
1	320,001	to	325,000	324,500
1	325,001	to	345,000	341,000
1	345,001	to	355,000	352,000
1	355,001	to	365,000	360,048
1	365,001	to	420,000	420,000
1	420,001	to	430,000	427,023
1	430,001	to	440,000	440,000
2	440,001	to	465,000	924,975
1	465,001	to	485,000	483,300
1	485,001	to	490,000	489,307
2	490,001	to	495,000	983,693
1	495,001	to	500,000	500,000
1	500,001	to	505,000	504,165
1	505,001	to	520,000	516,879
1	520,001	to	570,000	565,500
1	570,001	to	575,000	575,000
1	575,001	to	580,000	577,218
1	580,001	to	690,000	685,250
1	690,001	to	765,000	762,500
1	765,001	to	820,000	819,500
1	820,001	to	825,000	820,400
1	825,001	to	850,000	847,000
1	850,001	to	890,000	889,292
2	890,001	to	930,000	1,854,500
1	930,001	to	935,000	930,500
1	935,001	to	955,000	950,867
1	955,001	to	970,000	968,000
1	970,001	to	1,005,000	1,000,500
1	1,005,001	to	1,125,000	1,122,330
1	1,125,001	to	1,200,000	1,200,000
1	1,200,001	to	1,305,000	1,300,465
1	1,305,001	to	1,790,000	1,789,000
1	1,790,001	to	1,815,000	1,815,000
1	1,815,001	to	1,855,000	1,851,148
1	1,855,001	to	1,925,000	1,925,000
1	1,925,001	to	2,115,000	2,110,500
1	2,115,001	to	2,280,000	2,275,500
1	2,280,001	to	2,420,000	2,420,000
1	2,420,001	to	2,590,000	2,588,722
2	2,590,001	to	2,655,000	5,303,000
1	2,655,001	to	4,000,000	4,000,000
1	4,000,001	to	5,530,000	5,527,000
1	5,530,001	to	5,890,000	5,885,049
1	5,890,001	to	15,945,000	15,943,346
1	15,945,001	to	76,935,000	76,932,000
1	76,935,001	to	261,775,000	261,772,967
5,928				**453,750,000**

Corporate Social Responsibility (CSR)

Sustainability Report - Investing in Pakistani Economy, Society and Environment

CEO's Message

Our work at the Arif Habib Group Companies touches business, industry, society and people worldwide. As such, we are committed to doing business in a responsible way. A key part of our commitment is the pledge to care for the development of our own colleagues as well as the communities and business sectors in which we operate. This is core to our corporate social responsibility (CSR) philosophy.

Our practice of returning to society what we earn, evokes trust among partners, employees, shareholders and the community. We are committed to protecting this heritage of leadership with trust through the manner in which we conduct our business.

Our Vision for Sustainability

The last decade has seen some persistent economic concerns in Pakistan. Exponentially rising inflation, consumer price index and unemployment; coupled with decreasing economic growth and investment has led to a significant part of our population currently living below the poverty line without access to basic commodities and services. Yet despite the alarming socio-economic trends, the Pakistani economy can recover, through effective management, good governance, transparency and sincerity to purpose. However, it is up to the people of the country and this includes the private sector.

We believe that investment with the spirit to create economic activity is a key service to the economy. Creating job opportunities, improving production of essential commodities, containing inflation and increasing competition will all be decisive factors in the future performance of our markets and finding long-term solutions to our sustainable development challenges. Accordingly, as one of the largest multi-sector groups in Pakistan, the Arif Habib Group has invested in fertilizers, financial services, real estate as well as cement, steel and energy production.

We have strived to ensure that we maximize positive impacts and minimize negative impacts on the communities and environment. It is our vision to continue contributing to the economic growth and stability in Pakistan through actively investing in its economy, its people and the sustainability of its environment.

Our Approach

At the Arif Habib Group we believe that Corporate Social Responsibility is more than just philanthropy. It is a philosophy that aims at maximizing the positive impacts and minimizing the negative impacts of our business operations on internal and external stakeholders.

This is done through strategic engagement in sustainable, responsible business practice by embedding sustainability in our core activities and through active stakeholder engagement. Within our core business we are continuously striving to guarantee equal opportunity, diversity, on going training, and occupational health and safety to our people. In the marketplace we are on the forefront of maintaining standards, product quality and customer relations. We furthermore try to ensure that our supply chain also shares these values.

For external initiatives we work in partnership with other sectors to find lasting solutions to some of our economy's most persistent sustainable development challenges. To ensure impact we work closely with our partners to identify appropriate monitoring and evaluation procedures.

Some of the major themes we actively engaged with through our initiatives include:

Investing in Education

Investing in the Enabling Environment

Investing in the Health Sector

Investing in Culture and Diversity

Investing in the Environment

Investing in Education

In our pledge to support the Pakistani economy, the Arif Habib Group is dedicated to contributing towards the improvement and development of local educational institutions in order to produce the future leaders of Pakistan.

The Group companies have collectively pledged almost Rs.250 million to Institute of Business Administration (IBA), Karachi School for Business & Leadership (KSBL), Habib University Foundation (HUF) and Lahore University of Management Sciences (LUMS).

We believe that improving institutions and providing better access to higher education will be a critical factor in further developing Pakistan's economy in the coming years. Arif Habib Corporation Limited (AHCL) and Fatima Fertilizers, a group company, have been supporting IBA, one of the highest ranked Business & IT institutes in Pakistan and the oldest business school in the world outside of North America. In 2012, the Group committed to donate a total of Rs.100 million to IBA.

Fatima Fertilizer signed a MoU with Ghulam Ishaq Khan Institute of Engineering Sciences and Technology (GIKI) in 2013, pledging to donate Rs.70 million to set up multiple laboratories for its newly launched Faculty of Chemical Engineering. GIKI is one the most prestigious engineering institutes of Pakistan and is known the world over for setting a standard of excellence in the field of engineering. Over the years, the institute has produced brilliant graduates employed by some of the most respectable organizations all over the world. Furthermore, in line with its mission of contributing towards building national talent, Fatima Fertilizer contributed Rs.6 million to LUMS and almost Rs.200,000 to University of Engineering and Technology (UET).

During the year, AHCL has donated an amount of Rs.10 million, being the second instalment of the Groups' committed contribution towards the cause of setting up an educational institution of international standard to HUF. HUF is a not-for-profit organization which supports educational initiatives, research and innovation and was established in October 2007 by the House of Habib. The foundation develops and supports a diverse portfolio of programs which aim at establishing dynamic learning spaces. Some of HUF's major initiatives include; establishing a world-class Habib University, enhancing marketable skills for the youth (Institute for Advancing Careers and Talents - iACT), and various other philanthropic projects that facilitate in improving access to quality education.

In order to further encourage and recognise the hard work and efforts of the youth of Pakistan, AHCL sponsored the Dhoraji Youth Services Foundation 23rd Academic Excellence Awards.

To demonstrate our commitment to continuously work for improvement in access to primary and secondary education for local communities, AHCL has signed an agreement in with Pakistan Centre for Philanthropy and Idara-e-Taleem-o-Aagahi (ITA) for the adoption of two Government Secondary Schools in Sindh. Under the agreement, AHCL will bear all expenses these Schools, which will include both infrastructure development and running expenses. Fatima Fertilizer also runs Fatima Fertilizer School. The Company also donated Rs.6 million to CARE Foundation which is a charitable organization established in 1988 with the goal of providing quality marketable education to every child in Pakistan.

Javedan Corporation Limited (JCL) will be establishing a Health & Education City at its housing project, Naya Nazimabad. The Board has allocated 7 acres of land for schools, vocational training centres, universities and hospitals to facilitate easy access and quality services to Naya Nazimbad's as well as the surrounding vicinity's residents. The vocational training centre is in the advance stages of design.

JCL sponsored "Mashal-e-Sabooq", a fund raiser by The Citizens Foundation to support education in Balochistan. It has also provided support to The Citizens Foundation for setting up a school at Naya Nazimabad for the benefit of children from the vicinity.

Fatima Fertilizer contributed to the Khawaja Muhammad Safdar Medical College (Formerly Sialkot Medical College), a public medical college in Sialkot, Pakistan. The Fatima Group also makes an annual donation to the Progressive Education Network in order to assist in the provision of quality education to underprivileged children all over Pakistan.

In addition, employees of MCB-Arif Habib Savings and Investments Limited made donations to the Kashmir Education Foundation, an NGO spreading quality education and teacher training in Azad Jammu Kashmir & Pothohar region. Other group efforts include Sachal Energy Development (Pvt.) Ltd. (SEDPL) which plans to build a school for the local community in Jhimpir.

Investing in the Enabling Environment

A supportive operating environment for business and industry is essential in creating a healthier economy. At the Arif Habib Group we believe that engagement with media and dialogue, capacity building, contributing to professional development and supporting networking opportunities for business is part of our responsibility to the country.

During the year under review, Arif Habib Limited (AHL) contributed and participated in a number of initiatives in order to help create this environment. AHL also contributed in the way of sponsorship to the Institute of Chartered Accountants of Pakistan's (ICAP) annual CFO Conference. The CFO Conference acts as a resilient platform where professionals in business and industry meet to explore and discuss the challenges and issues of modern business era. AHL also sponsored the Chartered Financial Analyst (CFA) Awards organized by South Asian Federation of Exchange. In addition, AHL sponsored the Capital Market Road Show and Conference held in London, jointly organized by the Karachi Stock Exchange and the Lahore Stock Exchange Limited, to create awareness amongst participants about the Pakistani stock market and its operations. Additionally, AHL has invested in various news publications as part of its "Investor Awareness Initiative". In order to further aid the creation of superior future business leaders of Pakistan, AHCL sponsored the 7th CEO Summit, a yearly event which attracts notable CEOs, business leaders and numerous participants including students to share ideas and learn from the experiences of others.

The concept of Philanthropy over time has evolved from mere charity to social investing for building social and human capital for development. Pakistan is amongst the high ranking countries of the "World Giving", with the philanthropic impulse that is essential for organised social development.

Given the evidence that philanthropy generates an immense pool of resources that includes monetary, in-kind, and volunteering-time as different forms of giving, the Pakistan Centre of Philanthropy (PCP) undertook a national level study to obtain updated information on the volume, trends and patterns of individual indigenous philanthropy in Pakistan; AHCL supported this intiative by donating Rs.2.5 million.

Several group companies also actively donated to World Memon Organisation.

Investing in the Health Sector

We believe that a healthy population is essential to a healthy economy, thus over the past year, the Group has played its role in contributing to better health for our human resource and the communities in which we work.

AHL and Fatima Fertilizer donated Rs.2.5 million and Rs.1.2 million respectively to the Memon Medical Institute (a project of the Memon Heath & Education Foundation) to assist it in achieving its vision of providing accessible and affordable quality healthcare and education to all with dignity, respect and empathy. Fatima Fertilizer also allocated Rs.1.5 million to support the Shaukat Khanum Memorial Cancer Hospital and Research Centre providing comprehensive free of cost care to thousands of indigent cancer patients, while JCL sponsored a Family Festival organized by Shaukat Khanum to support the building of a Cancer Hospital in Peshawar.

Several group companies also donated to Lahore Businessman Association for Rehabilitation of the Disabled during the financial year. Pakarab Fertilizers and Fatima Fertilizer collectively support a number of organisations which are dedicated towards improving Pakistani health standards including Patients Behbud Society (Agha Khan University), Multan Diabetic Foundation, Sindh Institute of Urology and Transplantation (SIUT), Layton Rehmatullah Benevolent Trust (LRBT), Patients Welfare Society.

Fatima Fertilizer in collaboration with the Government of Punjab is also working on making the FFL Trust Hospital, which is to be established in Sadiqabad District, Rahim Yar Khan. The hospital's conceptual design is based on Level III Trauma Centre and Hepatitis Treatment Centre. To turn this vision into a reality, Fatima Fertilizer has donated 4 acres land and submitted Rs.300 million in the Trust Account.

Fatima Fertilizer, through its Medical Centre has been facilitating neighbouring communities as well as third party employees at the plant, who are not eligible for medical coverage. The Centre provides awareness, screening and diagnostic facility for Hepatitis B and C along with vaccination for Hepatitis B. The Company has contributed Rs.1.2 million towards its Vaccination Centre. The company also made a contribution of over Rs.3 million to Mian Mukhtar A. Sheikh Trust for the construction of a 200 bed Worker Welfare Board Hospital, Multan.

The Full General Services Hospital at Naya Nazimabad's Health & Education City is also in advance stages of its design phase.

SEDPL as part of its anticipated activities plans to contribute to community health by aiding the provision of basic health services and safe drinking water through financing a dispensary and Water Filtration Plant which will serve both onsite staff and the nearby villages.

Aisha Steel Mills Limited (ASML) carried out an awareness drive on No Smoking Day to inform its employees of the detrimental health effects of smoking.

Investing in Culture and Diversity

The Arif Habib Group is committed to encouraging and supporting a vibrant local culture, as we believe that it is essential to building identity and national pride.

As a Group operating across the country we have the opportunity to support various cultural and sporting events. AHL sponsored "Pawnay Chauda August", a play by Anwar Maqsood to promote arts and culture. Remaining true to its spirit of encouraging and reviving sports, JCL supported a number of events through sponsorships in the areas of hockey, taekwondo and cricket. To lead by example, JCL's housing project, Naya Nazimabad organised and hosted the Ramzan Peace Cup Tournament at Naya Nazimabad Lawai Cricket Stadium. JCL has also started a Horse Riding Club in Naya Nazimabad.

AHCL made a donation to Pakistan Veterans Hockey Club to participate in the 2nd FIH Masters World Cup Hockey Tournament, which was hosted by Netherlands.

ASML, another group company, celebrated their female staff on International Women's Day held on March 8, 2014. ASML by arranging a programme exclusively for females, where they were appraised for their hard work and contribution towards the success of ASML.

Investing in the Environment

We believe that sustainable use of resources lies at the heart of maintaining a healthy environment. The Group continuously endeavours to support initiatives to reduce resource consumption and encourage research into renewable energy.

Renewable energy is the future of energy in this country and around the world. The Pakistani economy has been in persistent crisis due to ineffective energy policies and reliance on imported oil. We believe that in order to address the issue indigenous sources of power generation must be enabled and invested in. SEDPL is a special-purpose company that has been acquired to commission and operate a 50 MW wind farm at Jhimpir, Sindh on a "build, own and operate basis". SEDPL is a wholly owned subsidiary of AHCL and with it we hope to contribute to a more sustainable future for the country's energy needs.

Raising awareness around environmental issues and sustainable resource allocation is critical to environmental sustainability. Demonstrating the Group's commitment to this purpose ASML celebrated Earth Day, held on April 22, 2014.

Targets for the Coming Year

- Continue to support our ongoing projects and commitments
- Management systems and structures put in place to ensure implementation of the strategy
- Comprehensive embedded policy across the group of companies
- Ensure a more robust monitoring and evaluation system for assessing impacts
- Engage with international partnerships and initiatives
- Ensure a more robust partnering practice

Notice of Annual General Meeting

Notice of Twentieth Annual General Meeting

Notice is hereby given that the Twentieth Annual General Meeting of the Shareholders of Arif Habib Corporation Limited ("the Company") will be held on Saturday, 25th October, 2014 at 05.00 p.m. at the Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi to transact the following business:

Ordinary Business

1) To confirm minutes of the Nineteenth Annual General Meeting held on 21st September 2013.

2) To receive, consider and adopt annual audited financial statements of the Company together with the Directors' and the Auditors' Reports thereon for the year ended 30th June 2014 together with the Audited Consolidated Financial Statements of the Company and the Auditors' Reports thereon for the year ended 30th June 2014.

3) To appoint the Auditors for the year ending 30th June 2015 and fix their remuneration. The Board of Directors have recommended for reappointment of M/s. KPMG Taseer Hadi & Co., Chartered Accountants as external auditors.

4) To consider and approve final Cash Dividend for the year ended 30th June 2014 at Rs.2.50 per share i.e. 25% as recommended by the Board of Directors.

Special Business

5) To consider and if deemed fit to pass the following Special Resolutions with or without modification(s):

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 and Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012" for the following limit of investments/additional investments in associated companies and associated undertakings subject to the terms and conditions mentioned in the annexed statement under Section 160(1)(b)."

		Rupees in million	
	Name of Companies & Undertakings	**Proposed amount for Equity**	**Proposed amount for Loan/Advance**
1	Summit Bank Limited	250	-
2	Dolmen City REIT (Proposed Fund of Arif Habib Dolmen REIT Management Limited (formerly: Arif Habib REIT Management Limited))	1,000	-
3	Javedan Corporation Limited	-	200
4	Aisha Steel Mills Limited	-	1,500
5	Power Cement Limited	-	500

"FURTHER RESOLVED THAT the consent and approval be and is hereby accorded under Section 208 of the Companies Ordinance, 1984 and "Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012" for renewal of equity investments limit upto unutilized portion for which approval had been sought in previous general meeting, in associated companies and associated undertakings as mentioned in the annexed statement under Section 160(1)(b)."

"FURTHER RESOLVED THAT the consent and approval be and is hereby accorded under Section 208 of the Companies Ordinance, 1984 and "Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012" for renewal of sanctioned limits of loans and advances for which approval has been sought in previous general meeting, in associated companies and associated undertakings as mentioned in the annexed statement under Section 160(1)(b) whereas the renewal of limits will be in the nature of running finance for a period of one year and shall be renewable in next general meeting(s) for further period(s) of one year."

"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 resolutions 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."

Any Other Business

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

A Statement under Section 160(1)(b) of the Companies Ordinance 1984 pertaining to the special business is given from page No. 211 to 232.

By order of the Board

Karachi: 3rd October 2014

Mohsin Madni
Company Secretary

Notes:

1. Share transfer books of the company will remain closed from 17th October, 2014 to 25th October, 2014 (both days inclusive). Transfers received in order at the office of our registrar: M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi, by the close of business on Thursday, 16th October, 2014 will be treated in time for the determination of entitlement of shareholders to cash dividend and to attend and vote at the meeting.

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 26th 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, NIC 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 submit copies of their CNICs and promptly notify any change in address by writing to the office of the registrar.

Availability of Audited financial statements

The audited financial statements of the Company for the year ended June 30, 2014 have been made available on the Company's website (http://www.arifhabibcorp.com) in addition to annual and quarterly financial statements for the prior years.

Important:

Please note that pursuant to the provisions of Finance Act 2014 effective from 1st July 2014, new criteria for withholding of tax on dividend income has been introduced by Federal Board of Revenue (FBR). As per this criteria, 'Filer' and 'Non-Filer' shareholders will pay tax @ 10% and 15% respectively. The 'Filer' shareholders will be determined by matching their CNIC/Passport number available in Active Tax Payers list (ATL) at FBR website (http://www.fbr.gov.pk) from the CNIC/Passport number maintained by their respective Participant/CDC Investor Account Services or by the Company's Share Registrar (in case of physical shareholding). In the same manner, the 'Filer' status of Non-Individual shareholders will be determined by matching their National Tax Numbers (NTN).

Shareholders are therefore advised to ensure that they have provided their CNIC/Passport/NTN to their respective Participant/CDC Investor Account Services/Company's Share Registrar and their names are appearing in ATL available at FBR website.

Abstract under section 218(2) of the Companies Ordinance, 1984
Appointment of Executive Director

Mr. Nasim Beg was elected as director of Arif Habib Corporation Limited ("The Company") in election of directors held in 19th Annual General Meeting on 21st September 2013.

The Board of Directors of the Company, in its meeting held on 27th September 2014 has appointed Mr. Nasim Beg as Executive Director of the Company with effect from 1st September 2014 in accordance with the provisions of Company's Articles of Association.

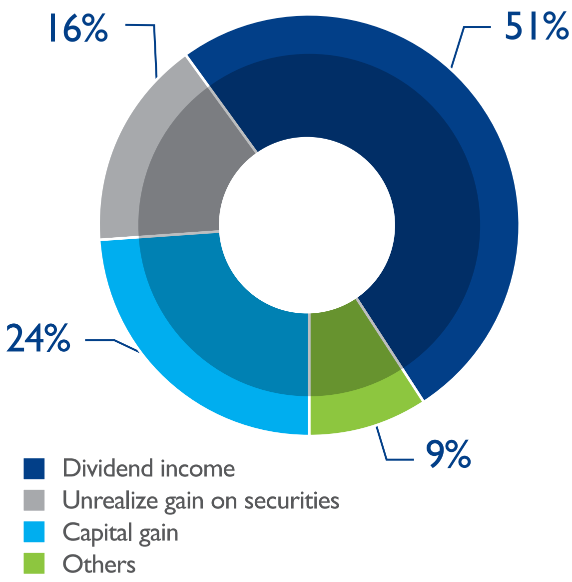
He will be paid a monthly gross salary of Rs,500,000/- as the remuneration.

No other director was interested or concerned in the above referred contract.

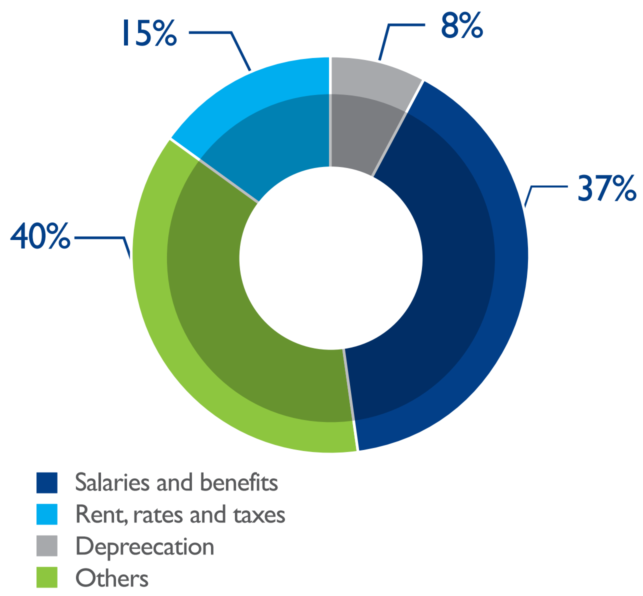
Financial Highlights

AHCL at a Glance

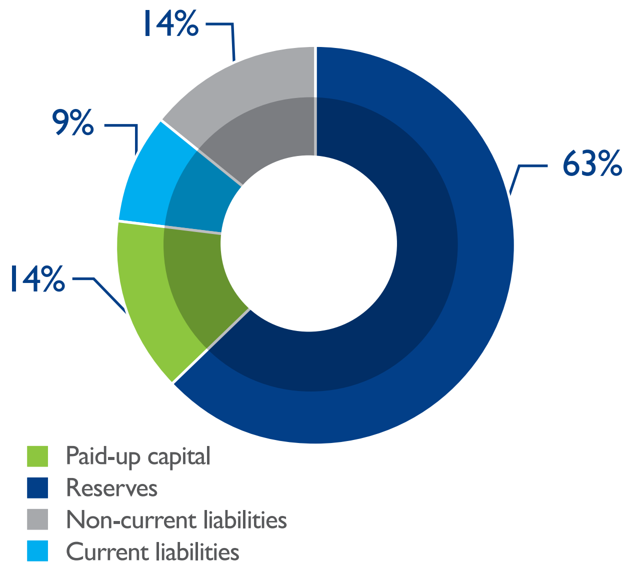
Operating Revenue



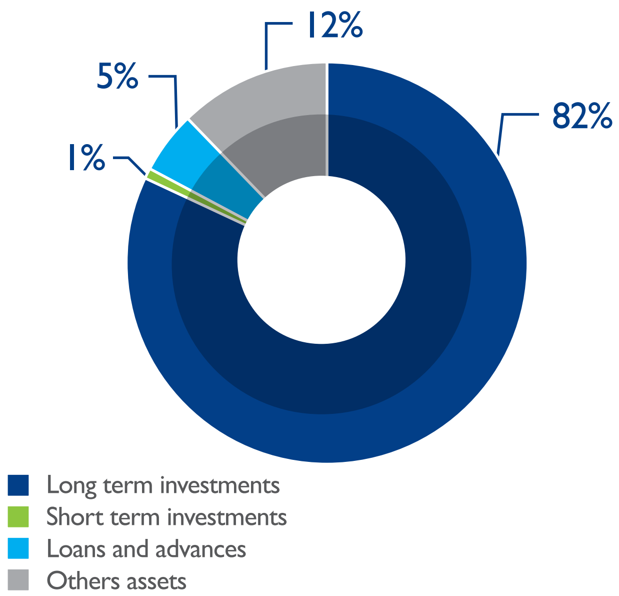
Operating and Administrative Expenses



Equity and Liabilities



Assets



Key Figures & Highlights

Total revenue
Rs. in mllion

2014
2,032.91

2013
2,033.22

Profit after tax
Rs. in mllion

2014
2,306.32

2013
1,365.74

EBITDA
Rs. in mllion

2014
2,484.06

2013
1,813.11

Total assets
Rs. in mllion

2014
33,510.68

2013
29,970.12

Total Equity
Rs. in mllion

2014
25,750.58

2013
24,684.53

Net assets per share
Rs. in mllion

2014
56.75

2013
54.40

Return on equity
(%)

2014
9.15%

2013
5.58%

Dividend payout ratio
(%)

2014
49.19%

2013
83.06%

Market capitalization
Rs. in mllion

2014
12,632.40

2013
10,055.10

Number of shareholders

2014
5,928

2013
7,198

Market price per share (year end)
Rs. in mllion

2014
27.84

2013
22.16

Earnings per share
Rs. in mllion

2014
5.08

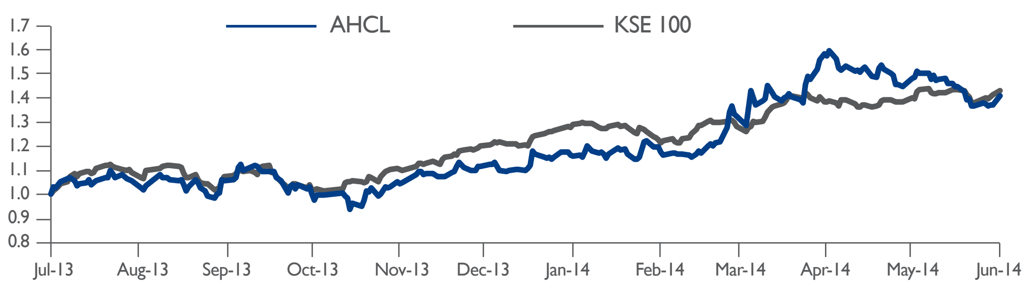
2013
3.01

Financial & Business Highlights
Six Years at a Glance

Year ended 30 June	2014	2013	2012	2011	2010	2009
Profit and Loss Account						
Total revenue	**2,032.91**	2,033.22	4,417.37	4,318.49	4,189.37	(498.42)
Operating & administrative expenses	**451.14**	(226.99)	(122.38)	(993.30)	(129.99)	(1,180.05)
Finance cost	**(208.40)**	(292.03)	(300.76)	(177.12)	(229.46)	(456.11)
Operating profit	**2,484.06**	1,806.23	4,295.00	3,303.12	3,961.96	(1,678.47)
Profit / (Loss) before tax	**2,275.65**	1,514.20	3,994.23	3,148.07	3,732.50	(2,134.59)
Profit / (Loss) after tax	**2,306.32**	1,365.74	4,254.31	2,840.48	3,798.47	(2,768.93)
EBITDA	**2,484.06**	1,813.11	4,302.87	3,334.17	3,972.39	(1,676.73)
Balance Sheet						
Share capital	**4,537.50**	4,537.50	4,125.00	3,750.00	3,750.00	3,750.00
Reserves	**21,213.08**	20,147.03	20,120.02	17,361.65	16,034.15	12,385.32
Property and equipment	**57.42**	39.59	46.21	53.33	61.15	72.16
Long term investments	**27,407.13**	26,649.85	26,596.46	23,840.73	19,535.27	16,544.54
Current assets	**3,381.29**	2,777.40	3,424.82	1,787.87	3,791.01	5,302.27
Current liabilities	**3,117.82**	2,375.15	2,336.02	1,480.77	720.69	2,833.46
Deferred liabilities	**2,747.68**	2,910.45	2,832.88	3,092.02	2,883.40	2,950.23
Total assets	**33,510.68**	29,970.12	30,070.46	25,684.45	23,388.23	21,919.00
Total liabilities	**7,760.10**	5,285.59	5,825.44	4,572.80	3,604.08	5,783.69
Ratios						
Performance						
Return on equity (%)	**9.15%**	5.58%	18.76%	13.89%	21.15%	(15.74%)
Return on Assets (%)	**7.27%**	4.55%	15.26%	11.58%	16.77%	(12.25%)
Return on capital employed (%)	**8.17%**	6.55%	15.49%	13.74%	17.48%	(13.57%)
Income/expense ratio (x)	**11.19**	5.77	36.09	1.92	12.59	1.88
Earning Asset/Total Asset Ratio (%)	**95.99%**	96.24%	97.17%	96.96%	97.83%	88.39%
Leverage						
Financial leverage ratio (%)	**30.14%**	21.41%	24.03%	21.66%	18.22%	38.84%
Weighted average cost of debt (%)	**11.55%**	11.25%	12.32%	14.67%	15.93%	18.07%
Debt to equity ratio (%)	**7.36%**	2.66%	2.71%	-	-	-
Interest cover ratio (x)	**11.92**	6.19	14.28	18.77	17.27	(3.68)

Year ended 30 June	2014	2013	2012	2011	2010	2009
Liquidity						
Current ratio (x)	**1.08**	1.17	1.47	1.21	5.26	1.87
Cash to current liabilities (%)	**0.74%**	4.09%	0.48%	0.58%	1.03%	0.66%
Valuation						
Price earning ratio (x)	**5.48**	7.36	3.30	3.82	3.28	(3.64)
Break-up value per share (PKR)	**56.75**	54.40	58.78	56.30	52.76	43.03
Cash dividend per share (PKR)	**2.5***	2.5	2.0	2.0	-	-
Specie dividend per share (PKR)	**-**	-	1.0	-	3.00	-
Dividend Declared (%)	**25%***	25%	40%	30%	30%	-
Dividend yield (%)	**8.98%**	11.28%	12.93%	11.41%	9.02%	-
Dividend payout ratio (%)	**49.19%**	83.06%	38.78%	39.61%	34.59%	-
Dividend cover ratio (x)	**2.03**	1.20	2.58	2.52	2.89	-
Bonus shares issued (%)	**-**	-	10.00%	10.00%	-	-
Market value per share (end of year) (PKR)	**27.84**	22.16	30.93	26.30	33.27	26.88
High (during the year) (PKR)	**32.00**	29.11	36.09	35.65	54.80	160.40
Low (during the year) (PKR)	**19.16**	22.01	20.72	18.84	26.01	17.64
Earnings Per Share (PKR)	**5.08**	3.01	9.38	6.89	10.13	(7.38)
*Proposed						
Shareholders' Return						
Arif Habib Corporation Limited						
- annual total return (%)	**39.67%**	(16.01%)	36.43%	(10.15%)	20.15%	(78.27%)
Karachi Stock Exchange 100 Index						
- annual return (%)	**41.20%**	52.20%	22.41%	28.53%	35.74%	(37.97%)
Shareholders' return differential:						
AHCL-KSE-100 Index (%)	**(1.53%)**	(68.26%)	14.02%	(38.68%)	(15.59%)	(40.30%)

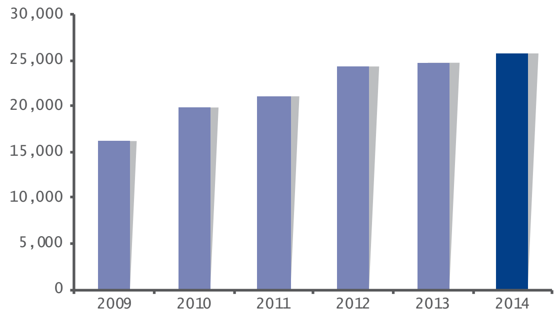
Graph for the year ended on 30th June 2014



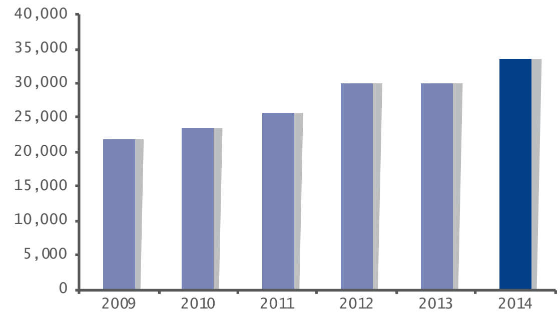
Source: Bloomberg, Arif Habib Limited, Equity Research Division

Graphical Representation

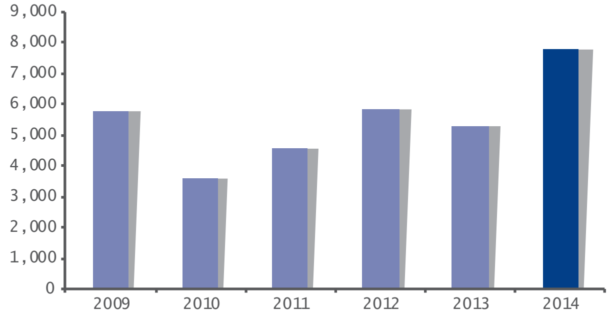
Share holders equity
Rupees in million



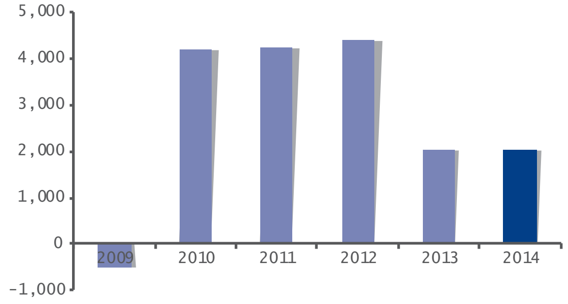
Total assets
Rupees in million



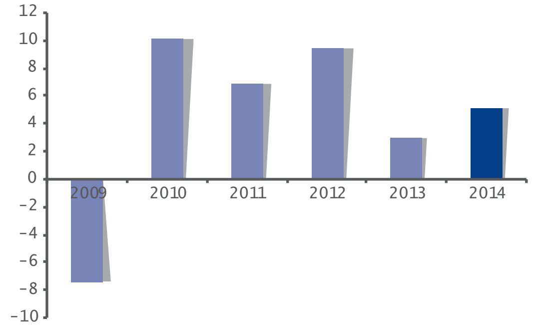
Total liabilities
Rupees in million



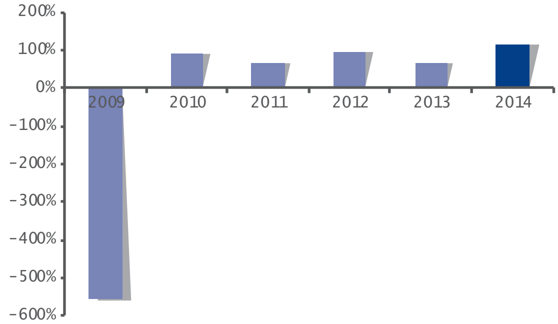
Net turnover
Rupees in million



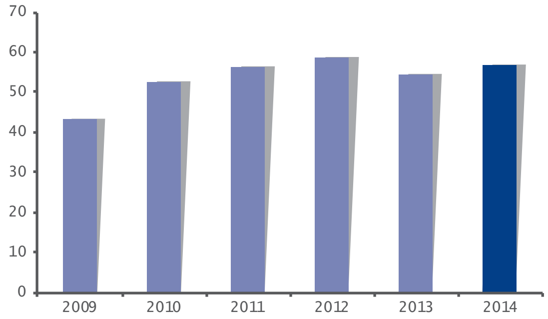
Earnings per share
Rupees



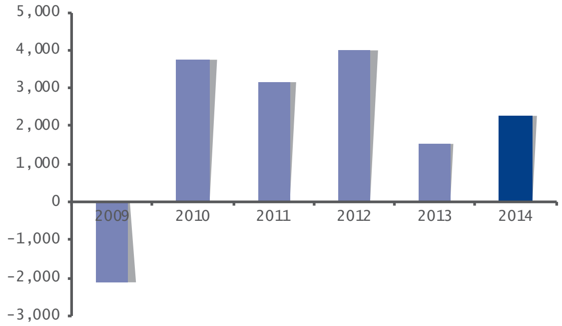
Net margin
Percentage



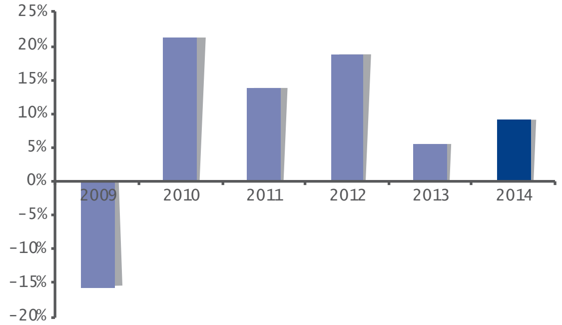
Break-up value per share
Rupees



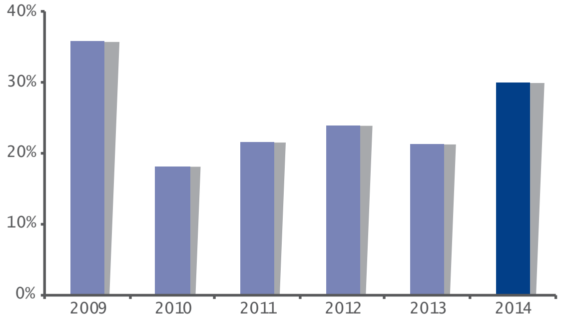
Profit after tax
Rupees in million



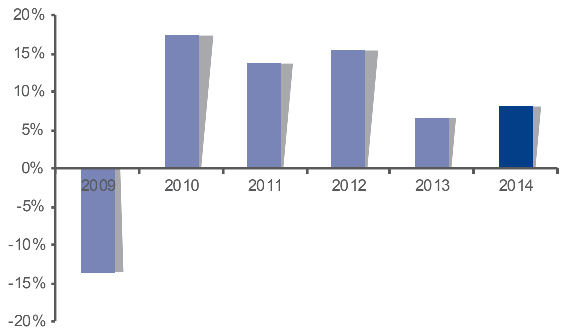
Return on equity
Percentage



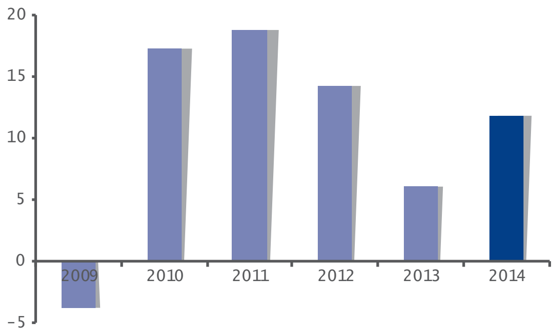
Financial leverage ratio
Percentage



Return on capital employed
Percentage



Interest cover ratio times



Horizontal Analysis of Financial Statements

	2014	**%Δ YoY 2014-13**	2013	%Δ YoY 2013-12	2012	%Δ YoY 2012-11
Balance Sheet						
Total equity	**25,750.58**	**4.3**	24,684.5	1.8	24,245.0	14.8
Total non-current liabilities	**4,642.27**	**59.5**	2,910.4	(16.6)	3,489.4	12.9
Total current liabilities	**3,117.82**	**31.3**	2,375.1	1.7	2,336.0	57.7
Total equity and liabilities	**33,510.7**	**11.8**	29,970.1	(0.3)	30,070.5	17.1
Total non-current assets	**30,129.39**	**10.8**	27,192.7	2.1	26,645.6	11.5
Total current assets	**3,381.29**	**21.7**	2,777.4	(18.9)	3,424.8	91.5
Total assets	**33,510.7**	**11.8**	29,970.1	(0.3)	30,070.5	17.1
Profit and Loss Account						
Total revenue	**2,032.91**	**(0.0)**	2,033.0	(54.0)	4,417.0	1.1
Operating and administrative expenses	**(99.37)**	**4.5**	(95.1)	11.4	(85.3)	22.9
Impairment reversal/(loss) on investments	**632.82**	**404.6**	125.4	-	-	-
Operating (loss)/profit	**2,566.4**	**24.4**	2,063.4	(52.4)	4,331.6	31.1
Other incomes/(charges) - net	**(82.31)**	**(68.0)**	(257.2)	601.8	(36.6)	(266.0)
Finance cost	**(208.40)**	**(28.6)**	(292.0)	(2.9)	(300.8)	69.8
Profit / (Loss) before tax	**2,275.7**	**50.3**	1,514.2	(62.1)	3,994.2	26.9
Taxation	**30.67**	**(120.7)**	(148.5)	(157.1)	260.1	(184.6)
Profit / (Loss) after tax	**2,306.3**	**68.9**	1,365.7	(67.9)	4,254.3	49.8

	2011	%Δ YoY 2011-10	2010	%Δ YoY 2010-09	2009
Balance Sheet					
Total equity	21,112.0	6.7	19,784.2	22.6	16,135.3
Total non-current liabilities	3,092.0	7.2	2,883.4	(2.3)	2,950.2
Total current liabilities	1,481.0	105.5	720.7	(74.6)	2,833.5
Total equity and liabilities	25,685.0	9.8	23,388.2	6.7	21,919.0
Total non-current assets	23,897.0	21.9	19,597.2	17.9	16,616.7
Total current assets	1,788.0	(52.8)	3,791.0	(28.5)	5,302.3
Total assets	25,685.0	9.8	23,388.2	6.7	21,919.0
					-
Profit and Loss Account					
Total revenue	4,368.1	4.3	4,189.4	(940.5)	(498.4)
Operating and administrative expenses	(69.4)	(46.6)	(130.0)	(23.0)	(168.9)
Impairment reversal/(loss) on investments	(995.5)	-	-	-	(1,011.2)
Operating (loss)/profit	3,303.1	(18.6)	4,059.4	(341.8)	(1,678.5)
Other incomes/(charges) - net	22.1	-	-	-	-
Finance cost	(177.1)	(22.8)	(229.5)	(49.7)	(456.1)
Profit / (Loss) before tax	3,148.1	(17.8)	3,829.9	(279.4)	(2,134.6)
Taxation	(307.6)	(566.3)	66.0	(110.4)	(634.3)
Profit / (Loss) after tax	2,840.5	(27.1)	3,895.9	(240.7)	(2,768.9)

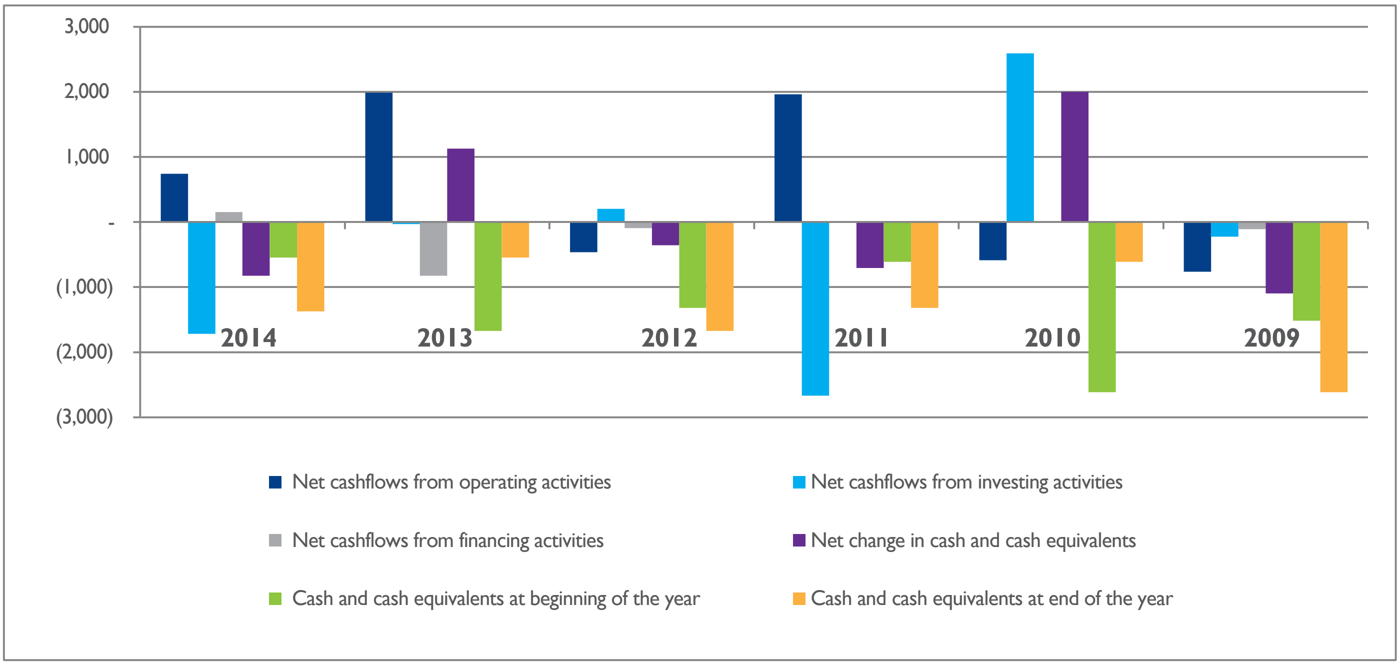
Vertical Analysis of Financial Statements

	2014		2013		2012	
	Rupees in million	**%**	Rupees in million	%	Rupees in million	%
Balance Sheet						
Total equity	**25,750.6**	**76.8**	24,684.5	82.4	24,245.0	80.6
Total non-current liabilities	**4,642.3**	**13.9**	2,910.4	9.7	3,489.4	11.6
Total current liabilities	**3,117.8**	**9.3**	2,375.1	7.9	2,336.0	7.8
Total equity and liabilities	**33,510.7**	**100.0**	29,970.1	100.0	30,070.5	100.0
Total non-current assets	**30,129.4**	**89.9**	27,192.7	90.7	26,645.6	88.6
Total current assets	**3,381.3**	**10.1**	2,777.4	9.3	3,424.8	11.4
Total assets	**33,510.7**	**100.0**	29,970.1	100.0	30,070.5	100.0
Profit and Loss Account						
Total revenue	**2,032.9**	**100.0**	2,033.0	100.0	4,417.0	100.0
Operating and administrative expenses	**(99.4)**	**(4.9)**	(95.1)	(4.7)	(85.3)	(1.9)
Impairment (loss)/reversal on investements	**632.8**	**31.1**	125.4	6.2	-	-
Operating profit/(loss)	**2,566.4**	**126.2**	2,063.4	101.5	4,331.6	98.1
Other incomes/(charges) - net	**(82.3)**	**(4.0)**	(257.2)	(12.6)	(36.6)	(0.8)
Finance cost	**(208.4)**	**(10.3)**	(292.0)	(14.4)	(300.8)	(6.8)
Profit / (Loss) before tax	**2,275.7**	**111.9**	1,514.2	74.5	3,994.2	90.4
Taxation	**30.7**	**1.5**	(148.5)	(7.3)	260.1	5.9
Profit / (Loss) after tax	**2,306.3**	**113.4**	1,365.7	67.2	4,254.3	96.3

	2011		2010		2009	
	Rupees in million	%	Rupees in million	%	Rupees in million	%
Balance Sheet						
Total equity	21,112.0	82.2	19,784.2	84.6	16,135.3	73.6
Total non-current liabilities	3,092.0	12.0	2,883.4	12.3	2,950.2	13.5
Total current liabilities	1,481.0	5.8	720.7	3.1	2,833.5	12.9
Total equity and liabilities	25,685.0	100.0	23,388.2	100.0	21,919.0	100.0
Total non-current assets	23,897.0	93.0	19,597.2	83.8	16,616.7	75.8
Total current assets	1,788.0	7.0	3,791.0	16.2	5,302.3	24.2
Total assets	25,685.0	100.0	23,388.2	100.0	21,919.0	100.0
Profit and Loss Account						
Total revenue	4,368.1	100.0	4,189.4	100.0	(498.4)	100
Operating and administrative expenses	(69.4)	(1.6)	(130.0)	(3.1)	(168.9)	33.9
Impairment (loss)/reversal on investements	(995.5)	(22.8)	-	-	(1,011.2)	202.9
Operating profit/(loss)	3,303.1	75.6	4,059.4	96.9	(1,678.5)	336.8
Other incomes/(charges) - net	22.1	0.5	-	-	-	-
Finance cost	(177.1)	(4.1)	(229.5)	(5.5)	(456.1)	91.5
Profit / (Loss) before tax	3,148.1	72.1	3,830.0	91.4	(2,134.6)	428
Taxation	(307.6)	(7.0)	66.0	1.6	(634.3)	127.3
Profit / (Loss) after tax	2,840.5	65.0	3,895.9	93.0	(2,768.9)	555.5

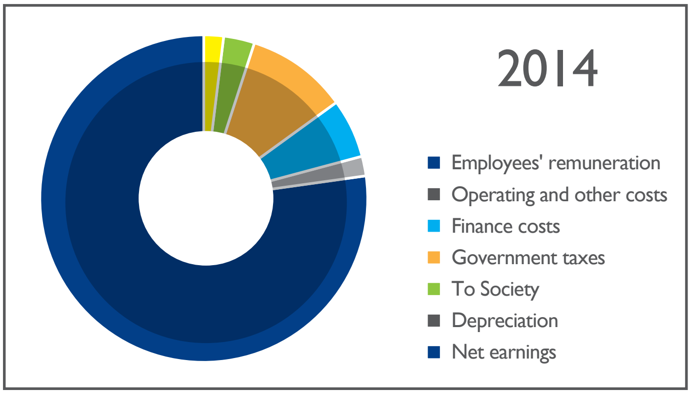
Summary of Cashflow Statement

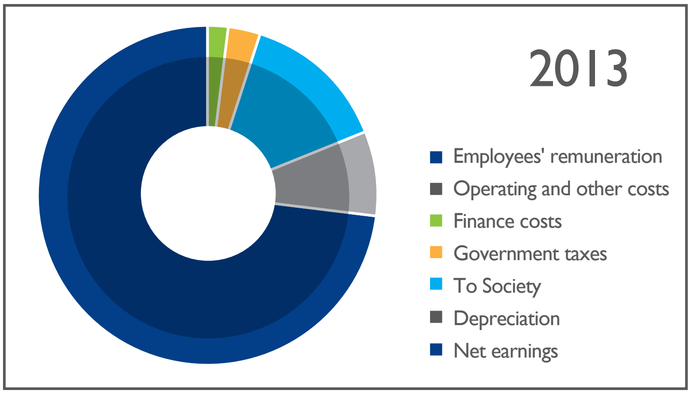
Year ended June 30



	2014	2013	2012	2011	2010	2009
			Rupees in million			
Net cashflows from operating activities	**740.87**	1,981.72	(464.90)	1,963.26	(588.84)	(763.37)
Net cashflows from investing activities	**(1,719.28)**	(34.08)	202.74	(2,669.35)	2,589.89	(223.84)
Net cashflows from financing activities	**152.28**	(825.00)	(93.45)	-	-	(110.21)
Net change in cash and cash equivalents	**(826.14)**	1,122.64	(355.61)	(706.08)	2,001.05	(1,097.43)
Cash and cash equivalents at beginning of the year	**(545.39)**	(1,674.50)	(1,318.89)	(612.81)	(2,613.86)	(1,516.43)
Cash and cash equivalents at end of the year	**(1,371.53)**	(551.86)	(1,674.50)	(1,318.89)	(612.81)	(2,613.86)

Statement of Value Added and its Distribution



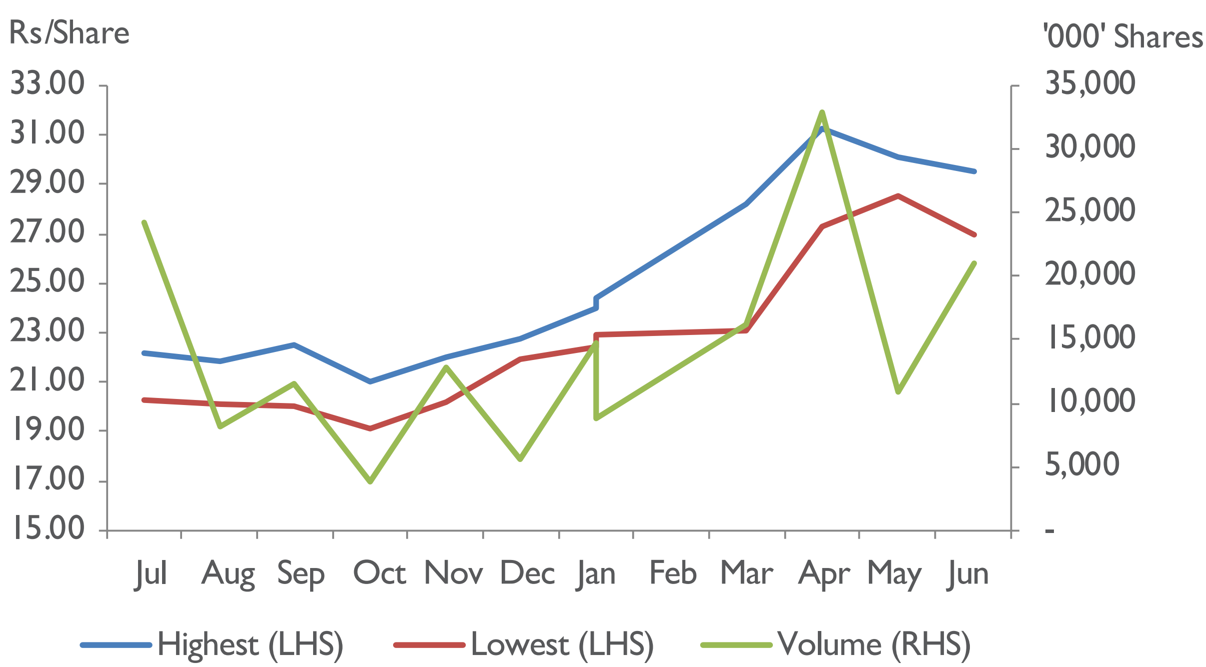


	2014		2013	
Value Additions	**Rupees in million**	**%**	Rupees in million	%
Operating revenue	**2,032.91**	**100.00**	2,033.02	100.00
Distributed As Follows				
Employees' remuneration	**36.95**	**1.82**	31.14	1.53
Operating and other costs	**54.83**	**2.70**	57.03	2.81
Finance costs	**208.40**	**10.25**	292.03	14.36
Government taxes	**117.76**	**5.79**	154.72	7.61
To Society	**35.75**	**1.76**	2.80	0.14
Retained within the business:				
Depreciation	**7.59**	**0.37**	6.88	0.34
Net earnings	**1,571.62**	**77.31**	1,488.42	73.21
	1,579.21	**77.68**	1,495.30	73.55
	2,032.91	**100.00**	2,033.02	100.00

Share Price / Volume Analysis

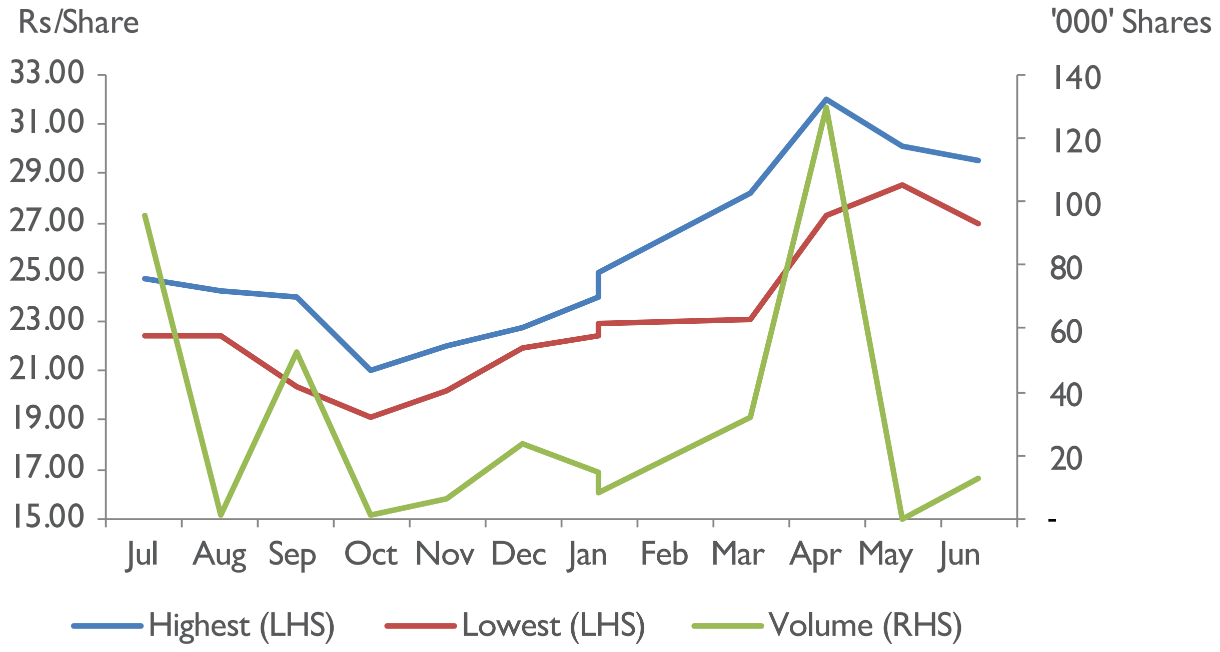
Month	Highest (LHS)	Lowest (LHS)	Volume (RHS)
AHCL Share Price on the KSE			
Jul-13	22.15	20.31	24,209,000
Aug-13	21.81	20.15	8,243,000
Sep-13	22.54	20.01	11,539,000
Oct-13	21.01	19.16	3,812,000
Nov-13	22.04	20.19	12,748,000
Dec-13	22.74	21.92	5,549,000
Jan-14	23.98	22.46	14,811,000
Jan-14	24.39	22.93	8,736,000
Mar-14	28.18	23.11	16,139,000
Apr-14	31.26	27.28	32,891,000
May-14	30.13	28.51	10,954,000
Jun-14	29.52	27.00	21,044,000

Share price movement at KSE during FY14



Month	Highest (LHS)	Lowest (LHS)	Volume (RHS)
AHCL Share Price on LSE			
Jul-13	24.70	22.40	96,000
Aug-13	24.25	22.40	1,000
Sep-13	24.01	20.38	53,000
Oct-13	21.01	19.16	2,000
Nov-13	22.04	20.19	7,000
Dec-13	22.74	21.92	24,000
Jan-14	24.00	22.46	15,000
Jan-14	25.00	22.93	8,000
Mar-14	28.18	23.05	32,000
Apr-14	32.00	27.28	130,000
May-14	30.13	28.51	-
Jun-14	29.52	27.00	13,000

Share price movement at LSE during FY14



Comments on the Results of Financial Performance

Comments on six years Profitability

Post capital market crises in 2008-09, the return on equity fluctuated from 5.5% to 18.8%. The variation is mainly attributable to Company's nature of business and dependence on performance of its investee companies and capital market.

Comments on six years Liquidity

The company has maintained its current ratio to more than 1.0x throughout the previous five years demonstrating sufficient capacity to pay its short term obligations.

Comments on six years Investment / Market

Consequent to the satisfactory profits after 2009, the company has made consistent annual distributions to its shareholders including cash dividends, bonus shares and specie dividends. Except for in 2009, the EPS of the Company did not fall below Rs.3 per share during the six years.

Comments on six years Capital Structure

With a successful investment history, the company exhibited a healthy equity base. Approximately 90% of the assets of the Company contributed towards the earnings of the Company during the preceding five years indicating the efficient use of assets. Owing to the nature of the business, the Company endeavors to maintain a diversified portfolio.

Comments on six years Cash Flows

The company efficiently manages its cash flows which is reflected in its summary of cashflow statement. The nature of business requires the company to inject cash through equity and loan in some of its strategic investments which is usually resourced from the dividends received from stable investee companies and financing from banks.

Comments on six years Balance sheet analysis

Currently, total asset base of the company stands at Rs. 33.5 billion, growing from Rs. 22 billion in the last 5 years. This translated in to average growth rate of 8.9% during the same period.

Shareholders' equity grew on average by 9.8% during the last five years. Reiteratively, the growth rate in equity is in addition to earnings distributed the shareholders as dividends.

Sound balance sheet strategy of the company has been witnessed in optimal use of financial leverage. Financial leverage ratio of the company hovered in the range of 20-30%. At the end of current year, the ratio stands at 30.1%.

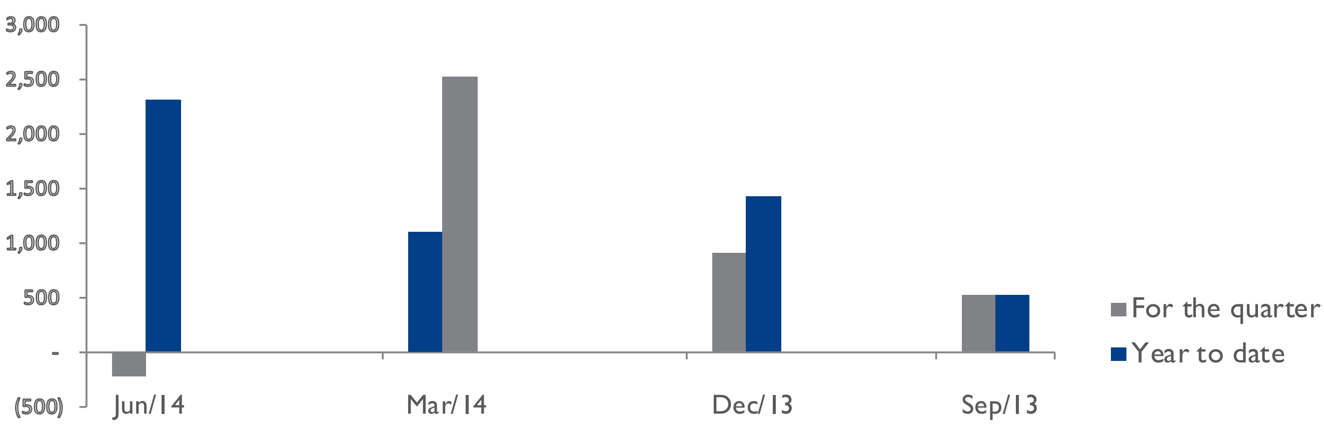
Comments on six years Profit and Loss analysis

The factors contributing to the earnings of the company are volatile in nature. Consequently, the net results from 2009 to 2014 varied from a loss of Rs.2,769 million to profit of Rs.4,254 million. 2009 was the only loss making year where the capital market crises was the main reason for loss. Apart from that, dividends and capital appreciation in value of strategic investments are the main contributors for revenues of the company whereas impairment loss and finance cost remained the major expenses in most of the years.

Analysis of Quarterly Results

	Jun/14	Mar/14	Dec/13	Sep/13
For the quarter	(219,463,015)	1,100,512,060	904,508,049	520,762,378
Year to date	2,306,319,472	2,525,782,487	1,425,270,427	520,762,378

Net profit / (Loss) - Rs. in million



Analysis of quarterly results

Significant portion of the Company's strategic investments are marked to market; and the interim operating results of the Company reflect the fluctuation in the capital market. Moreover, dividend income is essentially seasonal as dividend announcements are generally made periodically and accrued as income by AHCL through a consistently followed accounting policy.

Operating revenues:

During the 1st quarter of the year under review, the company earned Rs. 628 million of its operating revenue for the year. This was primarily due to dividend income and mark to market gains. Emphasis of the 2nd quarter was on gain of re-measurement of investments, which constituted 91% of the operating revenue for the quarter, leading to a contribution of Rs. 1 billion to the top line of the year. The 3rd quarter saw the best contribution of Rs. 1.2 billion to the operating revenues of the year, arising from gains on re-measurement contributing 75% to the quarter's top line. Despite the fact that 85% of the year's dividend income was earned during the 4th quarter, mark to market losses led to revenues sinking in red and the quarter's operating revenues stood at a negative Rs. 827 million. The overall contribution of gain on re-measurement of investments during the 9MFY14 was offset in the last quarter with re-measurement losses of Rs. 1.95 billion.

Operating & other expenses:

Operating expenses were more uniformly distributed throughout the four quarters where the 1st quarter emerged as the most efficient, contributing 20% to operating expenses for the year while the 4th quarter had the highest contribution of 34%. Other charges, which were largely incurred during the 4th quarter, stood at Rs. 82 million as compared to Rs. 257 million of the previous year.

Finance costs:

Finance costs incurred in the first quarter were relatively lower as compared to the rest of the year while due to the interest rate increase in 2QFY14 led to the financial charges increasing. While throughout the rest of the year the interest rate remained stable leading to sustained financial costs.

Profit after tax:

The company's profitability principally followed the quarterly trends observed in operating revenues with Rs. 520 million of net income earned during the 1st quarter. The 3rd quarter emerged as the best performing; contributing Rs. 1.1 billion to profitability as the major share of operating revenues were recorded in the said quarter.

Shareholders' Information

Registered & Corporate Office

Arif Habib Centre
23, M.T. Khan Road
Karahi-74000
Tel: (021)32460717-9 Fax No: (021)32429653, 32468117
Email: info@arifhabibcorp.com
Website: www.arifhabibcorp.com

Share Registrar Office

Central Depository Company of Pakistan
Share Registrar Department
CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi
Tel: (021) 111-111-500 Toll Free:0800-23275
Fax: (021)34326053
URL: www.cdcpakistan.com
Email: info@cdcpak.com

Listing on Stock Exchanges

AHCL equity shares are listed on all stock exchanges of Pakistan i.e. Karachi Stock Exchange (KSE), Lahore Stock Exchange (LSE) and Islamabad Stock Exchange (ISE).

Stock Code

The stock code for dealing in equity shares of the Company at the stock exchanges is AHCL.

Investor Service Centre

AHCL share department is operated by Central Depository Company of Pakistan (CDC) Registrar Services. It also functions as an Investor Service Centre and has been servicing nearly 6,000 shareholders. The Investor Service Centre is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registration function. Team is headed by Mr. Abdus Samad at Registrar Office and Company Secretary at AHCL Registered Office.

For assistance, shareholders may contact either the Registered Office or the Share Registrar Office.

Contact Persons:

Mr. Manzoor Raza
Tel: (021)32467456
Email:manzoor.raza@arifhabibcorp.com

Mr. Hasnain Ather
Tel: (021) 111-111-500
Email: hasnain_athar@cdcpak.com

Statutory Compliance

During the year the Company has complied with all applicable provisions, filed all returns/forms and furnished all the relevant information as required under the Companies Ordinance, 1984 and allied laws and rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the Listing Regulations.

Cash Dividend Announcement

A final Cash Dividend for the year ended 30th June 2014 at Rs. 2.50 per share i.e. 25% has been recommended by the Board of Directors.

Book Closure Dates

The Share Transfer Books of the Company will be closed from 17th October, 2014 to 25th October, 2014 (both days inclusive). Transfers received in order at the office of our Share Registrar M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi at the close of the business on Thursday, 16th October, 2014, will be considered in time for the determination of entitlement of shareholders to cash dividend and to attend and vote at the meeting

Dispatch of dividend warrants / Allotment of bonus shares

Subject to the approval by members in the AGM, the company expects to dispatch the final dividend warrants on or before 24th November 2014, being the statutory limit of 30 days from the date of General Meeting in which the dividend is approved.

Legal Proceedings

No case has ever been filed by shareholders against the Company for non-receipt of share/dividend.

General Meetings & Voting Rights

Pursuant to Section 158 of the Companies Ordinance, 1984, AHCL holds a General Meeting of Shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all the shareholders at least 21 days before the meeting and also published in at least one English and one Urdu newspaper having circulation in all provinces.

Proxies

Pursuant to Section 161 of the Companies Ordinance, 1984 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote a General Meeting of the Company can appoint another member as his/her proxy to attend and vote at the meeting. Every notice calling a General Meeting of the Company contains a statement that shareholder entitled to attend and vote is entitled to appoint a proxy.

The instrument appointing proxy, duly signed by the shareholder should be deposited at the office of the Share Registrar of the Company not less than 48 hours before the meeting.

Web Presence

The website of the company has been redesigned to give an investor friendly look. Further, the website has been updated in accordance with SRO 25(I)/2012 of SECP dated 16th January 2012. Updated information about the Company and its affiliates can be accessed at AHCL web site, www.arifhabibcorp.com

Shareholding Pattern

The shareholding pattern of the equity share capital of the Company as on 30th June 2014 alongwith categories of shareholders are given on page 47 to 50 of this report.

Corporate Memberships

Enjoying the status of being one of the most diversified Corporate entities, AHCL has associated itself with some well-reputed professional bodies to further strengthen its management practices. These institutions include:

Pakistan Institute of Corporate Governance

Good corporate governance is an essential pre-requisite for the integrity and credibility of any company. It builds greater confidence and trust by ensuring transparency, fairness and accountability with respect to shareholders and other stakeholders. Giving due importance to this objective, AHCL has obtained corporate membership of the Pakistan Institute of Corporate Governance (PICG). The PICG aims to becoming the leading provider of knowledge about best practices in corporate governance to all key stakeholders involved in or affected by corporate governance with the objective of bringing about national economic and social transformations by improving the quality of corporate governance in Pakistan that are comparable with the best global practices in good governance. PICG is involved in training and education, creating awareness, undertaking research, publishing guidelines and other resource material. It also serves as a platform to provide value-added services and regular activities that in addition to other benefits also offer networking opportunities.

Being an associate member of the PICG, AHCL aims to take full advantage of these resources at PICG to implement best practices and good corporate governance throughout the Company.

Management Association of Pakistan

Management Association of Pakistan (MAP) was formed in 1964 by a small group of dedicated entrepreneurs and senior professional managers, who were keenly aware of the demands that were likely to be made on managerial talent within the country, as a result of the rapid increase in the tempo of industrial activity.

MAP offers the opportunity to network, learn and get involved with an objective to improve the effectiveness of individuals and organizations in product development and management. Since its inception the Association has established itself as a major forum for training and communication of ideas in the field of management in Pakistan. Its status and contribution are widely recognized.

The Association organizes programmes covering a wide range of management principles and practices. Being an associate member of the MAP, AHCL aims to take full advantage of these resources at MAP to implement best practices of corporate excellence and good corporate governance throughout the Company.

Pakistan Centre for Philanthropy

Pakistan Centre for Philanthropy (PCP) is an independent nonprofit support organization registered under the Companies Ordinance, 1984 with a vision "to link the three sectors of society i.e government, business and civil society organizations in a synergistic partnership for development" and mission "to promote the volume and effectiveness of philanthropy for social development in Pakistan". PCP is led by an active and effective Board, comprising of eminent citizens, representatives of civil society organizations and business leaders.

Giving due importance to this objective, AHCL has obtained corporate membership of the PCP. Furthermore, the Board of Directors of PCP has invited the CEO of AHCL to be part of their Board.

Report of the Audit Committee on Adherence to the Best Practices of Code of Corporate Governance

The audit committee has concluded its annual review of the conduct and operations of the Company during financial year ended on 30th June 2014, and reports that:

- The Company has adhered in full, without any material departure, with provisions of the listing regulation of Karachi, Lahore and Islamabad Stock Exchanges of Pakistan, Company's statement of ethics and values and the international best practices of Governance throughout the year.

- Compliance has been confirmed from the members of the Board, the Management and employees of the Company individually. Equitable treatment of shareholders has also been ensured.

- The Company has issued a "Statement of Compliance with the Best Practices of Code of Corporate Governance" which has also been reviewed by the auditors of the Company.

- Appropriate accounting policies have been consistently applied. Applicable accounting standards were followed in preparation of financial statements of the Company and consolidated financial statements on a going concern assumption basis, for the financial year ended 30th June 2014, which present fairly the state of affairs, results of operations, profits, cash flows and changes in equities of the Company and it's subsidiaries for the year under review.

- The Chief Executive Officer and the Chief Financial Officer have reviewed the financial statements of the Company, consolidated financial statements and the Directors' Report and presented the financial statements, duly endorsed under their respective signatures, for consideration and approval of the Board of Directors. They acknowledge their responsibility for true and fair presentation of the financial statements, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and system of the Company.

- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with Companies Ordinance, 1984.

- The financial statements comply with the requirements of the Fourth Schedule to the Companies Ordinance, 1984 and applicable "International Accounting Standards/International Financial Reporting Standards (IFRS)" notified by SECP.

- All direct and indirect trading and holdings of the Company's shares by Directors & Executives or their spouse were notified in writing to the Company Secretary along with the price, number of shares, form of share certificate and nature of transaction which were notified by the Company Secretary to the Board with in the stipulated time. All such holdings have been disclosed in the pattern of Shareholdings.

Internal Audit

- The internal control framework has been effectively implemented through an independent in-house Internal Audit function established by the Board.
- The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy.
- The Audit Committee has ensured the achievements of operational, compliance and financial reporting objectives, safeguarding of the assets of the Company and the shareholders wealth through effective financial operational and compliance controls and risk management at all levels with in the Company.
- The Head of Internal Audit has direct access to the Chairman of the Audit Committee and the Committee has ensured staffing of personnel with sufficient internal audit acumen.
- Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

External Auditors

- The statutory Auditors of the Company, M/s. KPMG Taseer Hadi & Co., Chartered Accountants, have completed their audit assignments of the "Company's Separate Financial Statements", the "Consolidated Financial Statements" and the "Statement of Compliance with the Code of Corporate Governance" for the financial year ended 30th June 2014 and shall retire on the conclusion of the 20th Annual General Meeting.
- The Audit Committee has reviewed and discussed Audit observation and Draft Audit Management Letter with the External Auditors. Final Management Letter is required to be submitted within 45 days of the date of Auditors' Report on financial statements under the listing regulations and shall thereof accordingly be discussed in the next Audit Committee Meeting.
- The Audit Firm has been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully complaint with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by the ICAP. The Auditors attended the general meetings of the Company during the year and have confirmed attendance of the Annual General Meeting scheduled on 25th October 2014.
- Being eligible for re-appointment as Auditors of the Company, the Audit Committee recommends reappointment of M/s. KPMG Taseer Hadi & Co., Chartered Accountants for the financial year ending on 30th June 2015.

Karachi: 27th September 2014

Chairman – Audit Committee

Statement of Compliance with the Code of Corporate Governance

Arif Habib Corporation Limited
For The Year Ended 30th June 2014

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.35(xl) of listing regulations of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a 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 CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Director	Mr. Sirajuddin Cassim
Executive Director	Mr. Arif Habib
Non-Executive Directors	Mr. Asadullah Khawaja Mr. Nasim Beg Mr. Samad A. Habib Mr. Kashif A. Habib Mr. Muhammad Ejaz

The independent director meets the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies).

3. 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.

4. No casual vacancy has occurred on the board during the reporting period.

5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. 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, other executive and non-executive directors, have been taken by the board/shareholders.

8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Except for the emergency meetings where the notice period was waived or reduced, written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. Two directors attended the directors training course conducted by the Pakistan Institute of Corporate Governance (PICG) this year. One director had already completed this course earlier. Other directors are exempt from attending the directors training program as per criteria approved under Code of Corporate Governance.

10. The board has approved appointment of CFO and Company Secretary, including his remuneration and terms and conditions of employment.

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

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

13. 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.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises 3 members, of whom all are non-executive directors and the chairman of the committee is an independent director.

16. 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 CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed an HR and Remuneration Committee. It comprises 3 members, of whom 2 are non-executive directors and the chairman of the committee is a non-executive director.

18. The board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, 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 the ICAP.

20. 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.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

23. We confirm that all other material principles enshrined in the CCG have been complied with.

ARIF HABIB
Chief Executive Officer

Karachi, 27th September 2014

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

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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 Corporation Limited ("the Company") to comply with the Listing Regulations of 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 our 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 Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, the Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges require the Company to place before the Board of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevailed in arm's length transactions and transaction 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 the 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 30 June 2014.

Date: 27th September 2014

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Moneeza Usman Butt

Audited Financial Statements
For the year ended 30th June, 2014

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

Telephone + 92 (21) 3568 5847
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Auditors' Report to the Members

We have audited the annexed balance sheet of Arif Habib Corporation Limited ("the Company") as at 30 June 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity 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 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 account 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;
  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 and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform 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 2014 and of the profit, other comprehensive income, its cash flows and changes in equity for the year then ended; and

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d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Date: 28th August 2014

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Moneeza Usman Butt

Balance Sheet

As At 30th June, 2014

	Note	2014	2013 (Restated)
		(Rupees)	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital		**10,000,000,000**	10,000,000,000
Issued, subscribed and paid up share capital	4	**4,537,500,000**	4,537,500,000
Reserves		**21,213,079,440**	20,147,031,615
		25,750,579,440	24,684,531,615
Non-current liabilities			
Deferred taxation	5	**2,747,677,107**	2,910,445,107
Long term loan	6	**194,417,162**	-
Long term payable	13	**1,700,179,646**	-
		4,642,273,915	2,910,445,107
Current liabilities			
Trade and other payables	7	**1,332,920,961**	841,953,991
Mark-up accrued on borrowings		**58,312,389**	64,734,006
Short term borrowings	8	**1,394,632,677**	649,062,344
Current maturity of long term loan	6	**48,604,290**	656,550,000
Provision for taxation		**283,354,607**	169,316,957
		3,117,824,924	2,381,617,298
		33,510,678,279	29,976,594,020
Contingencies and commitments	9		

Balance Sheet
As At 30th June, 2014

	Note	2014	2013 (Restated)
		(Rupees)	
ASSETS			
Non-current assets			
Property and equipment	10	**57,424,607**	39,593,712
Intangible assets	11	**778,272**	-
Long term investments	12	**27,407,132,914**	26,649,847,252
Investment properties	13	**2,661,504,400**	-
Loan to subsidiary		**-**	500,000,000
Long term deposits	14	**2,551,390**	3,280,290
		30,129,391,583	27,192,721,254
Current assets			
Loans and advances	15	**1,682,818,863**	1,357,838,113
Prepayments		**2,063,062**	14,308,813
Advance tax		**347,177,583**	247,474,296
Mark-up receivable	16	**50,916,916**	130,497,326
Other receivables	17	**854,225,478**	579,492,974
Short term investments	18	**393,089,358**	238,778,546
Cash and bank balances	19	**23,103,533**	103,669,829
Assets held for sale	20	**27,891,903**	111,812,869
		3,381,286,696	2,783,872,766
		33,510,678,279	29,976,594,020

The annexed notes from 1 to 36 form and integral part of these financial statements.

Chief Executive Officer

Director

Profit and Loss Account

For the year ended 30th June 2014

	Note	2014	2013
		(Rupees)	
Operating revenue	21	**2,032,913,630**	2,033,021,478
Reversal of impairment on subsidiary	12.1.1	**716,627,289**	125,420,286
Operating and administrative expenses	22	**(99,369,296)**	(95,059,292)
Impairment loss on investments	12.4	**(83,807,982)**	-
Other income		**-**	194,924
Finance cost	23	**(208,404,709)**	(292,026,868)
Other charges	24	**(82,308,451)**	(257,349,451)
Profit before tax		**2,275,650,481**	1,514,201,077
Taxation	25	**30,668,991**	(148,456,148)
Profit after tax		**2,306,319,472**	1,365,744,929
Earnings per share - basic and diluted	26	**5.08**	3.01

The annexed notes from 1 to 36 form an integral part of these financial statements.

Chief Executive Officer

Director

Statement of Comprehensive Income

For the year ended 30th June 2014

	2014	2013
	(Rupees)	
Profit for the year	**2,306,319,472**	1,365,744,929
Other comprehensive income		
Items that are or may be reclassified subsequently to profit and loss account		
Unrealized diminution during the year on remeasurement of investments classified as 'available for sale'	**(202,400,919)**	(63,702,893)
Reclassification adjustments relating to disposal of investments	**96,504,272**	(38,924,959)
Related tax	**-**	1,396,474
Other comprehensive income - net of tax	**(105,896,647)**	(101,231,378)
Total comprehensive income	**2,200,422,825**	1,264,513,551

The annexed notes from 1 to 36 form an integral part of these financial statements.

Chief Executive Officer

Director

Cash Flow Statement

For the year ended 30th June 2014

	Note	2014	2013 (Restated)
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	28	(277,461,586)	726,221,676
Income taxes paid		(117,764,647)	(154,718,369)
Dividend received		1,027,278,437	1,525,298,953
Interest received		323,641,356	195,766,544
Finance cost paid		(214,826,326)	(304,381,237)
Net cash generated from operating activities		740,867,234	1,988,187,567
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(26,347,951)	(567,570)
Proceeds from sale of property and equipment		868,478	96,922
Purchase of intangible assets		(849,024)	-
Acquisition of investment properties		(2,661,504,400)	-
Acquisition of long term investments		(1,778,191,248)	(360,270,852)
Proceeds from sale of long term investments		2,246,015,284	826,981,580
Repayment from / (payment to) subsidiary of long term loan		500,000,000	(500,000,000)
Long term deposits		728,900	(322,200)
Net cash used in investing activities		(1,719,279,961)	(34,082,120)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of long term loan		243,021,452	-
Repayment of current maturity of long term loan		(656,550,000)	-
Long term payable		1,700,179,646	-
Dividend paid		(1,134,375,000)	(825,000,000)
Net cash generated from / (used in) financing activities		152,276,098	(825,000,000)
Net (decrease) / increase in cash and cash equivalents		(826,136,629)	1,129,105,447
Cash and cash equivalents at beginning of the year		(545,392,515)	(1,674,497,962)
Cash and cash equivalents at end of the year	29	(1,371,529,144)	(545,392,515)

The annexed notes from 1 to 36 form an integral part of these financial statements.

Chief Executive Officer

Director

Statement of Changes in Equity

For the year ended 30th June 2014

	Issued, subscribed and paid up share capital	Revenue reserves: Unrealized appreciation / (diminution) on remeasurement of investments classified as 'available for sale'	Revenue reserves: General reserve	Revenue reserves: Unappropriated profit	Revenue reserves: Sub total	Total
			(Rupees)			
Balance as at 1 July 2012	4,125,000,000	(394,481,956)	4,000,000,000	16,514,500,020	20,120,018,064	24,245,018,064
Total comprehensive income for the year						
Profit for the year	-	-	-	1,365,744,929	1,365,744,929	1,365,744,929
Unrealized diminution during the year on remeasurement of investments classified as 'available for sale'	-	(63,702,893)	-	-	(63,702,893)	(63,702,893)
Reclassification adjustments relating to disposal of investments - net of tax	-	(37,528,485)	-	-	(37,528,485)	(37,528,485)
Total comprehensive income for the year	-	(101,231,378)	-	1,365,744,929	1,264,513,551	1,264,513,551
Transactions with owners recorded directly in equity - distributions						
Issue of 41.25 million bonus shares (1 share for every 10 shares held) for the year ended 30 June 2012	412,500,000	-	-	(412,500,000)	(412,500,000)	-
Final cash dividend at the rate of Rs. 2 per share for the year ended 30 June 2012	-	-	-	(825,000,000)	(825,000,000)	(825,000,000)
Total transactions with owners - distributions	412,500,000	-	-	(1,237,500,000)	(1,237,500,000)	(825,000,000)
Balance as at 30 June 2013	**4,537,500,000**	**(495,713,334)**	**4,000,000,000**	**16,642,744,949**	**20,147,031,615**	**24,684,531,615**
Total comprehensive income for the year						
Profit for the year	-	-	-	2,306,319,472	2,306,319,472	2,306,319,472
Unrealized diminution during the year on remeasurement of investments classified as 'available for sale'	-	(202,400,919)	-	-	(202,400,919)	(202,400,919)
Reclassification adjustments relating to disposal of investments - net of tax	-	96,504,272	-	-	96,504,272	96,504,272
Total comprehensive income for the year	-	(105,896,647)	-	2,306,319,472	2,200,422,825	2,200,422,825
Transactions with owners recorded directly in equity - distributions						
Final cash dividend at the rate of Rs. 2.5 per share for the year ended 30 June 2013	-	-	-	(1,134,375,000)	(1,134,375,000)	(1,134,375,000)
Balance as at 30 June 2014	**4,537,500,000**	**(601,609,981)**	**4,000,000,000**	**17,814,689,421**	**21,213,079,440**	**25,750,579,440**

The annexed notes from 1 to 36 form an integral part of these financial statements.

Chief Executive Officer

Director

Notes to the Financial Statements

For the year ended 30th June 2014

1. STATUS AND NATURE OF BUSINESS

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

These financial statements are separate financial statements of the Company in which investments in subsidiaries and associates are accounted for on the basis of direct equity interest rather than on the basis of reported results. Consolidated financial statements are prepared separately.

The Company has following long term investments:

Name of Company

Subsidiaries	*Shareholding*
- Arif Habib Limited, a brokerage house	69.00%
- Power Cement Limited, a cement manufacturing company	64.34%
- Arif Habib DMCC, a UAE incorporated member company of Dubai Gold and Commodities Exchange	100.00%
- Pakistan Private Equity Management Limited, a venture capital company	85.00%
- Sachal Energy Development (Private) Limited, a wind power generation company	99.99%
Associates	
- MCB - Arif Habib Savings and Investments Limited	30.09%
- Pakarab Fertilizers Limited	30.00%
- Fatima Fertilizer Company Limited	16.67%
- Aisha Steel Mills Limited*	14.24%
- Javedan Corporation Limited*	22.14%
Others	
- Takaful Pakistan Limited	10.00%
- Khabeer Financial Services (Private) Limited	5.00%
- Sunbiz (Private) Limited	4.65%

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded to the nearest rupee.

2.4 Use of estimates and judgments

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

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about 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 judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements, estimates and assumptions with a significant risk of material adjustment in future periods are included in the following notes:

- Provision for taxation (note 3.2)
- Useful lives and residual values of property and equipment (note 3.3)
- Useful lives and residual values of intangible assets (note 3.4)
- Impairment of investments (note 3.5)
- Classification of investments (note 3.6 - 3.6.4)
- Fair value of investments (note 3.6 - 3.6.4)
- Investment property (note 3.7)
- Derivative financial instruments (note 3.9)

2.5 Amendments / interpretation to existing standard and forthcoming requirements

Standards, amendments or interpretations which became effective during the year

During the year certain amendments to Standards or new interpretations became effective, however, the amendments or interpretation did not have any significant impact on the Company's financial statements.

New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2014. The Company either does not expect to have any effect or any material / significant effect on its accounting policy due to their application when become effective other than increase in disclosures, if any.

- IAS 19 'Employee Benefits' Employee contributions – a practical approach (effective for annual periods beginning on or after July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria.

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out the criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event, that gives rise to a liability, to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) - (effective for annual periods beginning on or after January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

- Amendments to IAS 39 Financial Instruments: 'Recognition and Measurement', Continuing hedge accounting after derivative novation (effective for annual periods beginning on or after January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria.

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less cost to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.

- Amendments to IAS 27 'Separate Financial Statements' (effective for annual period beginning on or after 1 January 2016). The amendments to IAS 27 allow entities to use equity method to account for its investment in subsidiaries, joint ventures and associates in the Separate Financial Statements. Management is currently evaluating the implication of the amendment.

- Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

    - IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition & a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.

    - IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further, IFRS 3 also has all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.

    - IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.

- Amendments to IAS 16 'Property, Plant and Equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.

- IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a "management entity that provides key management personnel services to the reporting entity," either directly or through a group entity.

- IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

- Securities and Exchange Commission of Pakistan (SECP) vide SRO 633(1)/2014 dated 10 July 2014 has approved the below IFRSs to be effective for annual period beginning on or after 1 January 2015:

  - IFRS 10 'Consolidated Financial Statements'
  - IFRS 11 'Joint Arrangements'
  - IFRS 12 'Disclosure of interests in other entities'
  - IFRS 13 'Fair Value Measurement'

  The Company is currently evaluating the implication of the aforementioned Standards in its financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented except for adoption of policy with respect to intangible assets and investment property as stated in note 3.4 and 3.7 respectively.

3.1 Staff retirement benefits

Defined contribution plan

The Company operates a recognized provident fund for all its eligible permanent employees. Equal monthly contributions are made by the Company and employees to the fund at the rate of 12.50% of basic salary.

3.2 Taxation

Income tax expense comprises of current, prior year and deferred tax. Income tax expense is recognized in the profit and loss account except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of prior years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the balance sheet date between the tax base and carrying amount of assets and liabilities for financial reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carry forward unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carried forward unused tax losses can be utilized. Carrying amount of all deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

3.3 Property and equipment

Owned

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and its cost can be measured reliably. Cost incurred to replace a component of an item of property and equipment is capitalized, the asset so replaced is retired from use and its carrying amount is derecognized. Normal repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

Depreciation on all property and equipment is charged to the profit and loss account using the reducing balance method over the asset's useful life at the rates stated in note 10.

The depreciation on property and equipment is charged full in the month of acquisition and no depreciation is charged in the month of disposal.

Further, when the written down value of the asset falls below Rs.10,000 the same is charged directly to the profit and loss account.

Gains or losses on disposal of an item of property and equipment are recognized in the profit and loss account.

The assets' residual value and useful life are reviewed at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of residual value of property and equipment as at 30 June 2014 did not require any adjustment.

Leased

Leased assets which are obtained under Ijarah agreement are not recognized in the Company's balance sheet and are treated as operating lease based on Islamic Financial Accounting Standard (IFAS) 2 issued by the Institute of Chartered Accountants of Pakistan and notified by Securities and Exchange Commission of Pakistan vide S.R.O. 43(1) / 2007 dated 22 May 2007. Payments made under operating lease are charged to the profit and loss account on a straight line basis over the lease term.

3.4 Intangible assets

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged using the straight line method over assets estimated useful life at the rates stated in note 11, after taking into account residual value, if any. The residual values, useful lives and amortization methods are reviewed and adjusted, if appropriate, at each balance sheet date.

Amortization on additions is charged from the month the assets are put to use while no amortization is charged in the month in which the assets are disposed off.

Gain and losses on disposal of such assets, if any, are included in the profit and loss account.

3.5 Impairment

A financial asset, other than that carried at fair value through profit or loss, is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred and that the loss event has a negative effect on the estimated future cash flows of that asset.

In case of investment in equity securities classified as available for sale and measured at fair value, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists, the cumulative loss measured as a difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized, is transferred from other comprehensive income to the profit and loss account. Such impairment losses are not subsequently reversed through the profit and loss account.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in the profit and loss account.

The carrying amount of the Company's non-financial assets and investments carried at cost are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Impairment losses are recognized in the profit and loss account.

3.6 Investments

All investments are initially recognized at fair value, being the cost of the consideration given including transaction costs associated with the investment, except for those classified as fair value through profit or loss, in which case the transaction costs are charged to the profit and loss account.

All purchases and sales of securities that require delivery within the time frame established by regulation or market conventions such as 'T+2' purchases and sales are recognised at the trade date. Trade date is the date on which the Company commits to purchase or sell the financial assets.

The management determines appropriate classification of investment in accordance with the requirements of approved accounting standards as applicable in Pakistan.

The Company classifies its investments in the following categories:

3.6.1 Subsidiaries and associates

The Company considers its subsidiary companies to be such enterprises in which the Company has control and / or ownership of more than half or fifty percent, of the voting power.

The Company considers its associates to be such entities in which the Company has ownership, of not less than twenty percent but not more than fifty percent, of the voting power and / or has significant influence through common directorship, but not control.

Investment in subsidiaries are carried at cost in accordance with IAS 27 - 'Consolidated and Separate Financial Statements'.

Investments in associates are accounted for under 'IAS 39 - Financial instruments Recognition and Measurement' considering each investment individually.

The Company manages its investment in associates classified at fair value through profit or loss upon initial recognition, with an intention to sell them in the future upon receiving its fair value in accordance with the Company's documented investment strategy.

Associates classified as at fair value through profit or loss are measured at fair value, and changes therein are recognized in the profit and loss account. Whereas, in the case of available for sale, such gain or loss is recognized directly in equity. Where an active market of the quoted investment exists, fair value is determined through Karachi Stock Exchange daily quotation. In case of unquoted investment, where an active market does not exist, fair value is determined using valuation techniques. The investment in equity instruments that do not have a market / quoted price in an active market and whose fair value cannot be reliably measured are carried at cost.

3.6.2 At fair value through profit or loss - held for trading

Investments which are acquired principally for the purpose of selling in the near term or the investments that are part of a portfolio of financial instruments exhibiting short term profit taking are classified at fair value through profit or loss - held for trading. These are stated at fair values with any resulting gains or losses recognized in the profit and loss account. The fair value of such investments, representing listed equity securities are determined on the basis of prevailing market prices at the Karachi Stock Exchange or on market based redemption / repurchase prices, whichever is applicable, in case of other securities.

3.6.3 Available for sale

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity.

At each balance sheet date, these investments are remeasured at fair value and the resulting gains or losses are recognized directly in equity until the investment is disposed off or impaired, at which time these are transferred to the profit and loss account.

Where active market of the quoted investment exists, fair value of quoted investments is determined using quotations of Karachi Stock Exchange. The investments for which a quoted market price is not available, are measured at cost, unless fair value can be reliably measured. Such fair value estimates are subjective in nature, and therefore, cannot be determined with precision.

3.6.4 Assets held for sale

Assets and groups of assets & liabilities which comprise disposal groups are classified as 'held for sale' when all of the following criteria are met: a decision has been made to sell, the assets are available for sale immediately, the assets are being actively marketed, and a sale has been or is expected to be concluded within twelve months of the balance sheet date.

3.7 Investment property

Investment property comprises land and building, held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the supply of services or for administrative purposes.

Investment property is measured initially at cost. Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the profit and loss accounts in the period in which they arise.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the profit and loss account.

3.8 Purchase under resale agreement

Transactions of purchase under resale (Reverse-repo) of marketable securities are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resale at a specified future date (Reverse-repo) are not recognized in the balance sheet. Amounts paid under these agreements in respect of reverse repurchase transactions are included in assets. The difference between purchase and resale price is treated as income from reverse repurchase transactions in marketable securities and accrued on a time proportion basis over the life of the reverse repo agreement.

3.9 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value with resulting fair values changes recognized in the profit and loss account. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

3.10 Trade and other receivables

Trade and other receivables are carried at cost, which is the fair value of the consideration to be received, less provision for doubtful debts, if any.

3.11 Trade and other payables

Trade and other payables are carried at cost, which is the fair value of the consideration to be paid, in the future for goods and services received.

3.12 Short term borrowings

Mark-up bearing borrowings are recognized initially at fair value, less any directly attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the profit and loss account over the period of the borrowings on an effective interest basis.

3.13 Revenue recognition

- Gain / loss on sale of investments are recognized on the date of transaction and charged to the profit and loss account in the period in which they arise.

- Dividend income is recognized when the Company's right to receive such dividend is established.

- Put Option fee is recognized on time proportion basis over the period of its tenor.

- Interest income on bank deposits and loans are recognized on time proportion basis that takes into account the effective yield.

3.14 Provisions

Provision is recognized when, as a result of past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Subsequently, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.15 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value. Financial assets are derecognized when the contractual right to the cash flow from the financial assets expires or is transferred. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expire. Financial instruments carried on the balance sheet include investments, trade debts and other receivables, loans and advances, cash and bank balances, deposits, borrowings, trade and other payables and accrued and other liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet only when the Company has a legally enforceable right to offset the recognized amount and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

When available, the Company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, the Company establishes fair value using a valuation technique. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Company, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The Company calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

3.16 Foreign currency

Foreign currency transactions are translated into Pakistan Rupees using the exchange rates prevailing at the date of the transactions. All monetary assets and liabilities in foreign currencies, at the balance sheet date, are translated into Pakistan Rupees at the exchange rates prevailing on that date. Foreign exchange gains and losses on translation are recognized in the profit and loss account. Non-monetary assets and liabilities, denominated in foreign currency that are measured at fair value are translated using the exchange rate prevailing at the date the fair values are determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3.17 Borrowing costs

Borrowing costs incurred on short term and long term borrowing are recognized as an expense in the period in which these are incurred.

3.18 Cash and cash equivalents

Cash and cash equivalent for the purpose of cash flow statement comprises of cash in hand, share transfer stamps, cash at bank and short term running finance.

3.19 Dividend and appropriation to reserve

Dividend distribution to the Company's shareholders and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

The Company measures the liability to distribute non-cash assets as a dividend to the shareholders at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date. On settlement of the transaction, the Company recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in the profit and loss account.

3.20 Expenses

All expenses are recognized in the profit and loss account on an accrual basis.

Notes to the Financial Statements

For the year ended 30th June 2014

4. SHARE CAPITAL

4.1 Authorized share capital

2014	2013			2014	2013
(Number of shares)				(Rupees)	
1,000,000,000	1,000,000,000	Ordinary shares of Rs. 10 each		**10,000,000,000**	10,000,000,000

4.2 Issued, subscribed and paid up share capital

5,000,000	5,000,000	Ordinary shares of Rs. 10 each fully paid in cash		**50,000,000**	50,000,000
450,750,000	450,750,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares		**4,507,500,000**	4,507,500,000
455,750,000	455,750,000			**4,557,500,000**	4,557,500,000
(2,000,000)	(2,000,000)	Ordinary shares of Rs. 10 each bought back at Rs. 360 per share	4.2.1	**(20,000,000)**	(20,000,000)
453,750,000	453,750,000			**4,537,500,000**	4,537,500,000

4.2.1 During financial year 2005-2006, the Company bought back two million shares of Rs. 10 each from its shareholders through tender notice at a price of Rs. 360 per share in accordance with section 95-A of the Companies Ordinance, 1984 and Companies (Buy-back of shares) Rules, 1999. The acquisition resulted in reduction of capital and unappropriated profit by Rs. 20 million and Rs. 700 million respectively, in the relevant year.

4.2.2 At year end, Mr. Arif Habib and Mrs. Zaitun Arif held 57.69% and 16.95% of ordinary shares in the Company respectively.

5. DEFERRED TAXATION - net

Deferred tax liability comprises of taxable / (deductible) temporary differences in respect of the following:

	2014	2013
	(Rupees)	
Taxable temporary differences		
- Accelerated tax depreciation	**2,770,795**	2,673,399
- Investment in associates classified as at fair value through profit or loss	**2,885,808,360**	3,078,812,350
Deductible temporary differences		
- Unused tax credits	**(102,339,060)**	(89,093,708)
- Investment in associates classified as at fair value through profit or loss	**-**	(65,856,789)
- Impairment loss on long term investment - unquoted	**(38,562,988)**	(16,090,145)
	2,747,677,107	2,910,445,107

Notes to the Financial Statements
For the year ended 30th June 2014

6. LONG TERM LOAN

	Note	2014	2013
		(Rupees)	
Term finance loan	6.1	**243,021,452**	656,550,000
Less: current portion of term finance loan		**(48,604,290)**	(656,550,000)
		194,417,162	-

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

The market value of pledged shares as collateral amounts to Rs. 251.821 million (2013: Rs. 1,281.228 million) at balance sheet date.

7. TRADE AND OTHER PAYABLES

	Note	2014	2013 (Restated)
		(Rupees)	
Creditors	7.1	**169,893,267**	-
Accrued liabilities	7.2	**1,332,727**	1,777,927
Other liabilities		**674,496**	3,676,431
Provision for Workers' Welfare Fund	7.3	**300,997,236**	254,553,451
Fair value of written put option	21.4	**851,312,000**	575,476,652
Unclaimed dividend	7.4	**8,711,235**	6,469,530
		1,332,920,961	841,953,991

7.1 This represents amount payable to Arif Habib Limited, a subsidiary of the Company, for purchase of listed securities from the stock exchange under T + 2 settlement and payable under Margin Trading System (MTS). The purchase or sale value of the securities traded has not been treated as transaction with connected person as the ultimate counterparties are not connected person.

7.2 This includes sum of Nil (2013: Rs. 0.278 million) accrued on account of utilities and maintenance and is payable to Rotocast Engineering Company (Private) Limited, a related party.

7.3 During the year ended 30th June 2011, the Honourable High Court of Lahore vide their order in respect of writ petition No. 8763/2011, has declared amendments introduced through Finance Acts 2006 and 2008 in Workers' Welfare Ordinance, 1971 as unconstitutional. Further, the Company has also filed a writ petition in the High Court of Sindh at Karachi to impugn the amendments made to the Workers' Welfare Ordinance 1971, vide Finance Act 2008. Moreover, the Appellate Tribunal Inland Revenue, Islamabad has also settled issue of WWF in the favour of taxpayers and against the Inland Revenue Service Department in ITA No. 38/IB/2012 (Tax year 2009), ITA No. 136/IB/2012 (Tax year 2009) and ITA No. 137/IB/2012 (Tax year 2010) dated 21 May 2012. During the third quarter ended March 31, 2013, the Honourable High Court of Sindh (SHC) vide their order in respect of Constitutional Petition bearing No. D-2753/2009 has declared that amendments to the Workers Welfare Fund through Finance Act 2006 and 2008 do not suffer from any constitutional or legal infirmity. On the basis of the aforementioned order of SHC, the Company's writ petition was disposed off on the same grounds.

Being aggrieved by the decision of SHC, the Company has filed a constitutional petition challenging the order of SHC before the Supreme Court of Pakistan. The management of the Company is contesting the case vigorously and as per the legal counsel, the Company has a reasonable case and the management is confident that the petition will be decided in favor of the Company. However, based on prudence the Company has provided for Workers' Welfare Fund in these financial statements.

7.4 This represents unclaimed dividend placed in different bank accounts, opened by the Company specifically for distribution of dividend to shareholders for issue of dividend. In previous years, the Company was not presenting the related bank accounts and the corresponding liability in the financial statements as it was considered that placing funds in separate special bank accounts extinguishes the Company's liability for the same. During the year, the management has decided to report their balances with corresponding liability, the effect of which is immaterial.

8. SHORT TERM BORROWINGS - secured

	2014	2013
	(Rupees)	
Short term running finance from banking companies	1,394,632,677	649,062,344

8.1 Short term running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 3,550 million (2013: Rs. 3,830 million), including Rs. 250 million (2013: Rs. 250 million) from related party, Summit Bank which represents the aggregate of sale prices of all mark-up agreements between the Company and the banks. These facilities have various maturity dates upto 30 June 2015. These arrangements are secured against pledge of marketable securities with minimum 30% margin (2013: 30% margin). These running finance facilities carry mark-up ranging from 1 month KIBOR + 1% to 3 month KIBOR + 2.5% per annum (2013: 1 month KIBOR + 1% to 3 month KIBOR + 2.5% per annum) calculated on a daily product basis, that is payable quarterly. The aggregate amount of these facilities which have not been availed as at the balance sheet date amounts to Rs. 2,155.289 million (2013: Rs. 3,180.938 million).

8.2 The fair value of shares of associated companies, shares held for trading and other securities pledged as collateral against short term borrowings amount to Rs. 3,150.495 million (2013: Rs. 2,223.875 million).

9. CONTINGENCIES AND COMMITMENTS

9.1 The Company is contesting along with other defendants four suits filed by M/s. Diamond Industries Limited, Mr. Iftikhar Shafi, M/s. Shafi Chemicals Industries Limited and Mr. Nisar Elahi (The Plaintiffs) in the year 2002-2003 for damages jointly against Mr. Saleem Chamdia, Mr. Arif Habib, Mr. Aqeel Karim Dedhi, Mr. A. Ghaffar Usman Moosani, Mr. Shahid Ghaffar, the Karachi Stock Exchange Limited (KSE), the Securities and Exchange Commission of Pakistan (SECP), the Central Depository Company of Pakistan Limited (CDC), Saleem Chamdia Securities (Private) Limited, Arif Habib Corporation Limited, Moosani Securities Limited and Aqeel Karim Dedhi Securities Limited.

The suits are for recovery of damages amounting to Rs. 10,989,948,199, Rs. 5,606,611,760, Rs.1,701,035,843 and Rs. 428,440,971 respectively against the decision of the KSE in respect of Risk Management System of its Clearing House during the year 2000. The Chief Executive of the Company was the Chairman of the Board of Directors of KSE during 2000. The Company has been made party to the suits by the plaintiffs. All the suits at present are pending before the Honorable Sindh High Court, Karachi. Individual liability of respective individuals and undertakings is not quantifiable.

The legal advisor of the Company is of the opinion that there are reasonable grounds for a favorable decision and that the suits are likely to be dismissed as these are not based on factual or legal basis and no financial liability is expected to accrue as a consequence of the said suits against the Company. Accordingly, no provision has been recognised thereagainst.

9.2 During the year ended 30 June 2012, the Securities and Exchange Commission of Pakistan ("SECP") issued an order under section 22 of the Securities and Exchange Ordinance, 1969 ("the Ordinance") regarding non compliance of orders passed by the SECP under section 18A of the Ordinance for depositing confiscated subscription money amounting to Rs. 3.14 million relating to fictitious applications received by the Company for subscription of shares of Summit Bank Limited that were offered to the general public by the Company in 2007. On 2 November 2012, Appellate bench of the SECP dismissed the appeal filed by the Company against the order. The Company has filed a constitutional petition challenging the orders passed by the SECP before Honourable High Court of Sindh which has granted an interim stay. The petition is being contested vigorously and the management is confident that the petition will be decided in the Company's favour.

9.3 There were no significant commitments at the balance sheet date except as otherwise disclosed in these financial statements.

10. PROPERTY AND EQUIPMENT

	Vehicles	Furniture and office equipment	Computer and allied equipment	Leasehold improvements	Total
			(Rupees)		
Cost					
Balance as at 01 July 2012	3,208,179	994,264	3,455,725	67,750,472	75,408,640
Additions during the year	120,000	53,640	393,930	-	567,570
Disposals	(67,500)	-	(466,455)	-	(533,955)
Written off	-	(283,875)	(1,158,553)	-	(1,442,428)
Balance as at 30 June 2013	3,260,679	764,029	2,224,647	67,750,472	73,999,827
Balance as at 01 July 2013	3,260,679	764,029	2,224,647	67,750,472	73,999,827
Additions during the year	26,096,393	-	251,558	-	26,347,951
Disposals	(1,913,679)	(86,000)	(228,300)	-	(2,227,979)
Balance as at 30 June 2014	**27,443,393**	**678,029**	**2,247,905**	**67,750,472**	**98,119,799**
Depreciation					
Balance as at 01 July 2012	1,252,913	361,441	2,368,531	25,211,677	29,194,562
Charge for the year	375,388	90,650	456,552	5,959,912	6,882,502
Disposals	(6,475)	-	(437,033)	-	(443,508)
Written off	-	(207,388)	(1,020,053)	-	(1,227,441)
Balance as at 30 June 2013	1,621,826	244,703	1,367,997	31,171,589	34,406,115
Balance as at 01 July 2013	1,621,826	244,703	1,367,997	31,171,589	34,406,115
Charge for the year	1,938,818	68,684	443,493	5,135,041	7,586,036
Disposals	(1,173,368)	(19,129)	(104,462)	-	(1,296,959)
Balance as at 30 June 2014	**2,387,276**	**294,258**	**1,707,028**	**36,306,630**	**40,695,192**
Written down value as at 30 June 2013	1,638,853	519,326	856,650	36,578,883	39,593,712
Written down value as at 30 June 2014	**25,056,117**	**383,771**	**540,877**	**31,443,842**	**57,424,607**
Annual rates of depreciation	**20%**	**15%**	**33%**	**15%**	

10.1 During the year Vehicles having an aggregate cost of Nil (2013: 0.0375 million) and accumulated depreciation of Nil (2013: 0.0375 million), Computer and Allied Equipment having a cost of Rs. 0.535 million (2013: Rs. 0.146 million) and accumulated depreciation of Rs. 0.410 million (2013: Rs. 0.146 million) and Furniture and Office equipment having a cost of Nil (2013: Rs. 0.005 million) and accumulated depreciation of Rs. Nil (2013: Rs. 0.005 million) have been fully charged to the profit and loss account as their written down value falls below Rs. 10,000 as per Company's Policy.

10.2 Particulars of the assets disposed off during the year

Particulars of the assets	Cost	Accumulated depreciation	Written down value	Sale proceeds	Mode of disposal	Particulars of buyer
			(Rupees)			
Vehicles						
Mercedes Benz	1,808,679	1,129,580	679,099	679,099	Company policy	Mr.Arif Habib - CEO
Assets having written down value of less than Rs. 50,000 individually	105,000	43,788	61,212	61,212	Company policy	Various employees
	1,913,679	**1,173,368**	**740,311**	**740,311**		
Computer and allied equipments						
Assets having written down value of less than Rs. 50,000 individually	**228,300**	**104,462**	**123,838**	**118,667**	Company policy and insurance claim	Various employees and others
Furniture and office equipment						
Assets having written down value of less than Rs. 50,000 individually	**86,000**	**19,129**	**66,871**	**9,500**	Scrapped	Various
Total	**2,227,979**	**1,296,959**	**931,020**	**868,478**		

11. INTANGIBLE ASSETS - computer software

	2014	2013
	(Rupees)	
Additions during the year	**849,024**	-
Amortization for the year	**(70,752)**	-
Written down value as at 30 June 2014	**778,272**	-
Annual rate of amortization	**25%**	-

12. LONG TERM INVESTMENTS

		2014	2013
Subsidiaries - at cost	12.1	**3,637,122,178**	3,351,878,288
At fair value through profit or loss	12.2	**21,706,832,045**	22,053,934,621
Available for sale	12.3	**2,063,178,691**	1,244,034,343
		27,407,132,914	26,649,847,252

Notes to the Financial Statements

For the year ended 30th June 2014

12.1 Subsidiaries - at cost

	Note	Cost	Provision for impairment	Carrying amount 2014	Carrying amount 2013
		(Rupees)			
Arif Habib Limited (AHL)	12.1.1	**2,375,720,796**	**-**	**2,375,720,796**	1,900,385,082
Arif Habib DMCC (AHD)	12.1.2	**29,945,898**	**-**	**29,945,898**	29,945,898
Pakistan Private Equity Management Limited (PPEML)	12.1.3	**42,500,000**	**(42,500,000)**	**-**	17,000,000
Serendib Stock Brokers (Private) Limited (SBPL)	20	**-**	**-**	**-**	70,294,749
Power Cement Limited (PCL)	12.1.4	**921,455,424**	**-**	**921,455,424**	999,778,831
Sachal Energy Development (Private) Limited (SEDPL)	12.1.5	**310,000,060**	**-**	**310,000,060**	250,000,060
Sweetwater Dairies Pakistan (Private) Limited (SDPL)	12.1.6	**-**	**-**	**-**	84,473,668
		3,679,622,178	**(42,500,000)**	**3,637,122,178**	3,351,878,288

12.2 At fair value through profit or loss - designated on initial recognition

	Note	Cost	Unrealized appreciation / (diminution) on remeasurement investments	Carrying amount 2014	Carrying amount 2013
		(Rupees)			
Associates:					
MCB - Arif Habib Savings and Investments Limited (MCB-AH)	12.2.1	**477,694,882**	**(125,868,810)**	**351,826,072**	349,226,372
Pakarab Fertilizers Limited (PFL)	12.2.2	**1,324,332,073**	**9,880,667,927**	**11,205,000,000**	12,150,000,000
Fatima Fertilizer Company Limited (FFCL)	12.2.3	**3,854,149,559**	**6,295,856,414**	**10,150,005,973**	9,339,412,334
Crescent Textile Mills Limited (CTML)		**-**	**-**	**-**	215,295,915
		5,656,176,514	**16,050,655,531**	**21,706,832,045**	22,053,934,621

12.3 Available for sale

	Note	Cost	Unrealized appreciation on remeasurement of investments	Provision for impairment	Carrying amount 2014	Carrying amount 2013
		(Rupees)				
Associates:						
Aisha Steel Mills Limited (ASML)	12.3.1	**142,213,500**	**(19,909,890)**	-	**122,303,610**	723,274,580
Aisha Steel Mills Limited - Preference shares (ASML- PS)	12.3.1	**340,408,966**	**(95,763,742)**	-	**244,645,224**	349,441,913
Javedan Corporation Limited (JCL)	12.3.2	**1,703,247,312**	**(179,317,680)**	-	**1,523,929,632**	-
Javedan Corporation Limited - Preference Shares (JCL- PS)	12.3.2	**92,620,761**	**79,579,464**	-	**172,200,225**	155,317,850
		2,278,490,539	**(215,411,848)**	-	**2,063,078,691**	1,228,034,343
Other investments:						
Takaful Pakistan Limited (TPL)	12.3.3	**30,000,000**	**-**	(30,000,000)	**-**	15,000,000
Sun Biz (Private) Limited (SBL)	12.3.4	**1,000,000**	**-**	(1,000,000)	**-**	-
Al-Khabeer Financial Services (Private) Limited (AKFS)	12.3.5	**1,000,000**	**-**	(900,000)	**100,000**	1,000,000
		32,000,000	**-**	(31,900,000)	**100,000**	16,000,000
		2,310,490,539	**(215,411,848)**	(31,900,000)	**2,063,178,691**	1,244,034,343

12.1.1 Investment in AHL (quoted) represents 37.94 million (2013: 39.52 million) fully paid ordinary shares of Rs. 10 each, representing 69.00% (2013: 79.03%) of AHL's paid up share capital as at 30 June 2014. During the year, the Company purchased Nil ordinary shares (2013: Rs. 1.35 million) at an average price of Nil (2013: Rs. 35.2) per share and disposed off 5.01 million (2013: 0.175 million) shares at an average price of Rs. 43.02 (2013: Rs. 41.40). The Company also received 3.4 million (2013: 3.8 million) bonus shares during the year. Market value per share as at 30 June 2014 is Rs. 64.06 (2013: Rs. 38.93), whereas book value based on net assets as per audited financial statements as at 30 June 2014 is Rs. 36.58 per share (as per audited financial statements, as at 30 June 2013: Rs. 26.87 per share).

During the year, the market value of underlying investment has increased significantly. Resultantly, the Company has assessed the indicators for reversal of impairment and ascertained an amount of Rs. 716.63 million for reversal of previously recognised impairment, by considering market value of underlying investment. As at 30 June 2014, the amount of reversal is included in the profit and loss account.

12.1.2 Investment in AHD (unquoted) represents 1,836 (2013: 1,836) fully paid ordinary shares of Rs. 16,310.40 (2013: Rs. 16,310.40) each (equivalent UAE Dirham 1,000 each), representing 100% (2013: 100%) of AHD's paid up share capital as at 30 June 2014. Book value based on net assets, as per audited financial statements, as at 31 December 2013 is Rs. 27,517 per share (31 December 2012: Rs. 28,656 per share based on audited financial statements).The Subsidiary is expected to start its commercial operations at the Dubai Gold and Commodities Exchange within the next twelve months.

12.1.3 Investment in PPEML (unquoted) represents 4.25 million (2013: 4.25 million) fully paid ordinary shares of Rs. 10 each, representing 85% (2013: 85%) of PPEML's paid up share capital as at 30 June 2014. Book value based on net assets, as per audited financial statements, as at 30 June 2013 is Rs. 0.63 per share.

During the year, the Company has assessed the indicator of impairment against its investment as currently no business activity is carried out by the investee company and its license to carry out private equity and venture capital fund management expired on 3 July 2013. Management has recognized further impairment of Rs. 17 million against the said investment (2013: Rs. 25.5 million in aggregate). Consequently, the investment is carried at Nil value in these financial statements.

12.1.4 Investment in PCL (quoted) represents 235.29 million (2013: 255.29 million) fully paid ordinary shares of Rs. 10 each, representing 64.34% (2013: 69.81%) of PCL's share capital as at 30 June 2014, having historical cost of Rs. 1,307.65 million (2013: Rs. 1,558.39 million). Before acquisition of control, PCL was classified as 'available for sale' category in accordance with IAS 39 Financial Instruments: Recognition and Measurement. On control acquisition date, previously held equity interest was remeasured and resulting fair value was made as deemed cost. During the year, the Company purchased Nil (2013: 17.50 million) ordinary shares from market at an average cost of Nil per share (2013: Rs. 7.43 per share) and has disposed off 20 million ordinary shares (2013: Nil) at an average market price of Rs. 7.23 (2013: Rs. Nil). Market value per share as at 30 June 2014 is Rs. 5.6 per share (2013: Rs. 8.74 per share), whereas book value based on net assets, as per unaudited financial statements as at 31 March 2014 is Rs. 3.58 per share (audited financial statements as at 30 June 2013: Rs. 4.12 per share).

On disposal of shares of underlying investee, the Company has reclassified Rs. 32.83 million (2013: Rs. Nil) from other comprehensive income to the profit and loss account representing portion of gain attributable to shares sold which were earlier recognised in other comprehensive income on date of remeasurement of its interest on acquisition of control over investee company.

12.1.5 Investment in SEDPL (unquoted) represents 31 million (2013: 25 million) fully paid ordinary shares of Rs.10 each, representing 99.99% (2013: 99.99%) of SEDPL's paid up share capital as at 31 May 2014. Book value based on net assets, as per unaudited management accounts, as at 30 June 2014 is Rs. 6.46 per share (audited financial statements, as at 30 June 2013: Rs.7.1 per share). During the year the Company subscribed 6.0 million (2013: 6.5 million) right shares of Rs. 10 (2013: Rs. 10) each.

12.1.6 During the year, the Company has disposed of its entire investment in Sweetwater Diaries Pakistan (Private) Limited for the total consideration of Rs. 112.718 million (i.e Rs. 1.81 per share) to Rotocast Engineering Company (Private) Limited, a related concern. The Company has realised gain of Rs. 21.81 million on its disposal which was recognised in the profit and loss account.

12.2.1 Investment in MCB-AH (quoted) represents 21.66 million (2013: 21.66 million) fully paid ordinary shares of Rs. 10 each, representing 30.09% (2013: 30.09%) of MCB-AH's paid up share capital as at 30 June 2014, having historical cost of Rs. 81.95 million (2013: Rs. 81.95 million). However, during 2011, the Company lost control over MCB-AH and designated the investment 'at fair value through profit or loss' and accordingly fair value on the date of loss of control was considered as deemed cost. Market value per share as at 30 June 2014 was Rs. 16.24 (2013: Rs. 16.12), whereas book value based on net assets, as per audited financial statements, as at 30 June 2014 is Rs. 18.8 per share (audited financial statements, as at 30 June 2013: Rs. 17.68 per share).

12.2.2 Investment in PFL (unquoted) represents 135 million (2013: 135 million) fully paid ordinary shares of Rs. 10 each, representing 30% (2013: 30%) of PFL's paid up share capital as at 30 June 2014, having cost of Rs. 1,324.33 million (2013: Rs. 1,324.33 million). Fair value per share as at 30 June 2014 is Rs. 83 (2013: Rs. 90). Book value based on net assets, as per audited financial statements, as at 31 December 2013 is Rs. 40.19 per share (audited financial statements, as at 31 December 2012: Rs. 44.21 per share). Fair value of underlying investment was carried out by valuation techniques using assumptions stated in note 12.5 to these financial statements.

12.2.3 Investment in FFCL (quoted) represents 350.26 million (2013: 376.13 million) fully paid ordinary shares of Rs. 10 each, representing 16.67% (2013: 17.91%) of FFCL's paid up share capital as at 30 June 2014. During the year, the Company disposed off 26.13 million (2013: 26.5 million) shares at an average price of Rs. 25.26 (2013: Rs.25.06). The Company also received Nil (2013: 13.5 million) shares as specie dividend from Pakarab Fertilizers Limited. Fair value per share as at 30 June 2014 is Rs. 29.00 (2013: Rs. 24.83). Book value based on net assets as per audited financial statements as at 31 December 2013 is Rs. 15.6 per share (audited financial statements, as at 31 December 2012: Rs. 13.78 per share).

12.3.1 Investment in ASML (quoted) represents 14.22 million (2013: 80.01 million) fully paid ordinary shares of Rs. 10 each and 34.75 million (2013: 43.63 million) listed, cumulative, irredeemable and convertible preference shares of Rs. 9.80 each carrying preferential dividend at 6 month KIBOR + 3%, representing in aggregate 14.24% (2013: 35.96%) of ASML's total paid up share capital as at 30 June 2014. Book value based on net assets, as per un-audited financial statements, as at 31 March 2014 is Rs. 4.39 per share (audited financial statements, as at 30 June 2013: Rs. 6.54 per share). During the year, the Company purchased Nil (2013: 9.06 million) preference shares at average price of Nil (2013: Rs. 9.02). Further, during the year, the Company sold 65.78 million ordinary shares and 8.87 million preference shares respectively at an average price of Rs. 10 to a related concern. However, the underlying shares will be transferred to the buyer upon completion of required formalities in due course.

As the underlying investee Company currently has accumulated losses and has not accrued any dividend on underlying preference shares in its financial statements, consequently management has not accounted for cumulative dividend on preference shares amounting to Rs. 171.739 million (2013: Rs. 158.188 million) in aggregate. The preference shares are non-redeemable but converted into Ordinary Shares at face value at any time after Commercial Operation Date of the underlying investee. The conversion price shall be Rs. 10 per Ordinary Share and for the purpose of conversion, accumulated dividend not paid to the preference shareholders, if any accrued up to the date of announcement of conversion by the investee company shall be taken into account for determining the number of ordinary shares to be issued upon conversion.

12.3.2 Investment in JCL (quoted) represents 24.33 million fully paid ordinary shares of Rs. 70.00 each and 13.51 million (2013: 13.51 million) non-voting, listed, cumulative, convertible, redeemable and non-participatory 12% preference shares of Rs. 6.86 (2013: Rs. 6.86) each, representing 22.14% (2013: 7.90%) of JCL's total share capital as at 30 June 2014. The Company disposed off Nil (2013: 1.076 million) preference shares through offer for sale at the price of Rs. Nil (2013: Rs. 10 per share). Book value based on net assets, as per unaudited financial statements, as at 31 March 2014 is Rs. 40.82 per share (audited financial statements, as at 30 June 2013: Rs. 31.91 per share). During the year the Company purchased 24.33 million ordinary shares (2013: Nil) at an average price of Rs. 68.52 (2013: Rs. Nil).

As the underlying investee Company currently has accumulated losses and has not accrued any dividend on underlying preference shares in its financial statements, consequently management has not accounted for cumulative dividend on preference shares amounting to Rs. 3.241 million (2013: Rs. 2.469 million) in aggregate. The preference shares are convertible at the option of the holders into ordinary shares of the Company at 80% of the weighted average of closing quoted price of the ordinary shares (adjusted for any subsequent bonus or right shares issue) during three months immediately prior to the relevant conversion date.

12.3.3 Investment in TPL (unquoted) represents 3 million (2013: 3 million) fully paid ordinary shares of Rs.10 each, representing 10% (2013: 10%) of TPL's paid up share capital as at 30 June 2014. Book value based on net assets, as per audited financial statements, as at 31 December 2013 is Rs. 5.23 per share (31 December 2012 - restated: Rs. 4.71 per share). During the year, the Company has recognised full provision against underlying investee based on its assessment of impairment as the underlying investee is in continuous operating losses. The impairment loss amounting to Rs. 15 million (2013: Rs. Nil) has been recognised in profit and loss account.

12.3.4 Investment in SBL (unquoted) represents 0.01 million (2013: 0.01 million) fully paid ordinary shares of Rs. 100 each, representing 4.65% (2013: 4.65%) of SBL's paid up share capital as at 30 June 2014. The Company has recognized full impairment against its investment in SBL.

12.3.5 Investment in Al-Khabeer Financial Services (Private) Limited represents 5,000 (2013: 5,000) fully paid ordinary shares of Rs. 1 million (2013: Rs 1 million), representing 5% of the total share capital of the Company as at 30 June 2014. During the year the Company has recognized provision amounting to Rs. 0.9 million (2013: Rs. Nil) against its investment as no business activity is currently being carried out by the investee company. The impairment loss has been recognized in profit and loss account.

12.3.6 Fair value of long term investments pledged with banking companies against various financing facilities amounts to Rs. 2,586.35 million (2013: Rs.2,861.91 million).

12.4 Movement in provision for impairment

	Note	2014 (Rupees)	2013
Balance as at 1 July		**(883,949,153)**	(1,013,547,974)
Reversal during the year		**716,627,289**	125,420,285
Reversal on sale of investment		**104,223,256**	4,178,536
Provision made during the year		**(83,807,982)**	-
Transferred to asset classified as held for sale	20	**72,506,590**	-
Balance as at 30 June		**(74,400,000)**	(883,949,153)

12.4.1 Subsidiaries - at cost

	Note	2014	2013
Balance as at 1 July		**(867,949,153)**	(997,547,974)
Reversal during the year		**716,627,289**	125,420,285
Reversal on sale of investment		**104,223,256**	4,178,536
Provision made during the year		**(67,907,982)**	-
Transferred to asset classified as held for sale	20	**72,506,590**	-
Balance as at 30 June		**(42,500,000)**	(867,949,153)

12.4.2 Available for sale - Other investments

	2014	2013
Balance as at 1 July	**(16,000,000)**	(16,000,000)
Provision during the year	**(15,900,000)**	-
Balance as at 30 June	**(31,900,000)**	(16,000,000)

12.5 The Company measures unquoted equity instruments, which are the Company's strategic investment, at fair value using valuation techniques under the guidelines of IAS 39 - 'Financial Instruments: Recognition and Measurement'. The investments in other unquoted equity instruments that do not have a market / quoted price in an active market and whose fair value cannot be measured reliably, due to non availability of market specific inputs and other related factors are measured at cost.

Valuation techniques and key assumptions used for the remeasurement of following unquoted investments at fair value are as under. Management estimates that changing any such assumptions to a reasonably possible alternative, would not result in significantly different fair values:

Name of investee company	Year	Key assumptions: Long term growth rate	Long term return on equity	Weighted average cost of capitalt	Projection period (years)	Valuation techniques	Other assumptions used
Pakarab Fertilizer Limited	**2014**	**5% (per annum)**	**18.69% (per annum)**	**12.88% (per annum)**	**7**	**Discounted cash flows (DCF)**	**Market based operational assumptions**
	2013	5% (per annum)	15.88% (per annum)	10.44% (per annum)	7	Discounted cash flows (DCF)	Market based operational assumptions

13. INVESTMENT PROPERTIES

During the year, Company purchased certain plots from Javedan Corporation Limited (JCL), an associate and classified it as an investment property. Management considers that the consideration paid for the purchase of underlying plots approximates its current fair value as at balance sheet date. The Company has already made part payment to JCL and the remaining balance will be paid subsequent to 2015.

14. LONG TERM DEPOSITS - non interest bearing, unsecured

	2014 (Rupees)	2013
Security deposit with Central Depository Company of Pakistan Limited	**4,090**	4,090
Security deposits with cellular phone companies	**58,500**	58,500
Security deposits with Pakistan State Oil - for fuel cards	**45,000**	45,000
Security deposit for employees cars	**2,443,800**	3,172,700
	2,551,390	3,280,290

15. LOANS AND ADVANCES - considered good

	Note	2014	2013
Unsecured			
Advances			
- for new investment	15.1	**392,994,937**	295,324,937
- against salaries		**1,241,398**	932,581
- bid price for secondary public offer	15.2	**250,000,000**	-
- to Aisha Steel Mills Limited against equity	15.3	**236,924,414**	-
		881,160,749	296,257,518
Loans to related parties			
- Aisha Steel Mills Limited	15.4	**426,521,452**	-
- Power Cement Limited	15.5	**10,000,000**	87,500,000
		436,521,452	87,500,000
Secured			
Receivable against reverse repurchase agreement (Reverse repo)	15.6	**350,151,662**	200,007,031
Loan to related party			
- Aisha Steel Mills Limited	15.7	**14,985,000**	16,650,000
- Javedan Corporation Limited	15.8	**-**	757,423,564
		14,985,000	774,073,564
		1,682,818,863	1,357,838,113

15.1 This represents amount paid as deposit money for acquisition of shares of a dairy farm.

15.2 This represents amount paid for bid price for secondary public offer of listed company which was subsequently refunded as an unsuccessful application.

15.3 This represents advance given to Aisha Steel Mills Limited against prospective right issue.

15.4 The Company has entered into a loan agreement with the said associated concern on 1 July 2013. The loan is repayable within 30 business days notice of demand. The mark-up rate on the said loan is 3 month KIBOR prevailing on the base rate setting date plus 3% per annum. Mark-up is payable on quarterly basis. The effective mark-up charged during the year was 12.02% to 13.17% per annum.

15.5 The Company has entered into a loan agreement with the said subsidiary on 24 November 2011. The loan is repayable within 30 business days of notice of demand. The mark-up rate on the said loan is 3 month KIBOR prevailing on the base rate setting date plus 2.5% per annum. Mark-up is payable on quarterly basis. The effective mark-up charged during the year was 11.53% to 12.69% (2013: 11.58% to 14.49%) per annum.

15.6 The Company has entered into two agreements for Purchase and Sale of Securities (Reverse repo) with financees on 3 September 2013. During the year, agreement with one of the financees was settled. The effective rate between purchase and resale price is 3 months KIBOR + 5% and 15.01% per annum respectively (2013: 3 months KIBOR + 5% and 15.01% per annum respectively). The fair value of the unsettled agreement as at the balance sheet date is Rs. 595.925 million. As per the agreement, all transaction costs relating to purchase and sale of securities shall be borne by the financee. The Company has pledged underlying shares with financial institutions as security against its borrowing. The fair value of underlying shares pledged at balance sheet date is Rs. 595.933 million.

15.7 The Company has entered into an agreement with the said associated concern on 19 January 2011. Under the arrangement, the Company shall disburse loan to the associated company in one or more tranches. The loan is secured against first charge on all present and future fixed assets, accounts receivables and interest in any insurance claim and equitable mortgage of land and building. The mark-up rate in the said loan is 6 month KIBOR + 3.25% per annum (2013: 6 months KIBOR + 3.25% per annum). The effective rate of markup on the loan ranged between 12.37% to 13.42% (2013: 12.37% to 15.29%) per annum. Mark-up is payable on semi-annually basis.

15.8 The Company had entered into an arrangement with the said associated concern on 20 November 2010. Under the arrangement, the Company shall disburse loan to JCL in one or more tranches on a short term basis and is secured against REIT units to be issued by the borrower to the Company in the proposed REIT scheme of the borrower which is in the process of getting permissions from Securities and Exchange Commission of Pakistan (SECP). In case where REIT Scheme is not approved by the SECP, the borrower, as an alternate shall provide a registered mortgage deed in favour of the Company over its immovable property located in Deh Manghopir and Gadap Town, Karachi, totalling 166 acres. The loan is repayable on demand. The mark-up rate on the said loan is three months KIBOR + 3% per annum (2013: 3 months KIBOR + 3% per annum) Mark-up is payable on a quarterly basis. The effective mark-up charged during the year ranged between 12.92% to 13.17% per annum (2013: 12.28% to 14.95% per annum). During the year, the entire loan was repaid by JCL.

15.9 Maximum balance due from related party during the year was Rs. 2,138.623 million (2013: 878.223 million)

16. MARK-UP RECEIVABLE - considered good

		2014	2013
		(Rupees)	
Receivable:			
- from Suroor Investments Limited	16.1	-	108,244,291
- from Princely Jets (Private) Limited		-	10,289,176
- against reverse repurchase agreement (Reverse repo)	15.5	39,920,618	8,069,679
		39,920,618	126,603,146
From related parties:			
- Javedan Corporation Limited		-	1,340,677
- Aisha Steel Mills Limited	15.3 & 15.6	10,745,974	1,975,838
- Power Cement Limited	15.4	250,324	577,665
		50,916,916	130,497,326

16.1 The mark-up pertains to the amount that was due on disposal of the Company's former subsidiary, Summit Bank Limited (formerly Arif Habib Bank Limited). The bank was sold to Suroor Investment Limited at Rs. 9 per share. During the year, the Company has received the entire outstanding mark-up on delayed payment.

16.2 The above receivable from related parties are on account of loans provided to them which are current and not past due.

17. OTHER RECEIVABLES - considered good

	Note	2014 (Rupees)	2013 (Rupees)
Secured			
Receivable under guarantee	21.4	**851,312,000**	575,476,652
Put option fee receivable	21.4	**1,105,978**	-
		852,417,978	575,476,652
Unsecured			
Others		**1,807,500**	4,016,322
		854,225,478	579,492,974

18. SHORT TERM INVESTMENTS

	2014 (Rupees)	2013 (Rupees)
Designated as at fair value through profit or loss		
Investment in related party	**3,351,189**	2,320,823
Other investments	**389,738,169**	236,457,723
	393,089,358	238,778,546

Fair value of these investments is determined using quoted market prices prevailing at the balance sheet date. Short term investments include, equity securities pledged with various banking companies against short term running finance facilities having a market value of Rs. 220.042 million (2013: Rs. 231.47 million).

18.1 Reconciliation of gain / (loss) on remeasurement of investments at fair value through profit or loss - held for trading

	2014 (Rupees)	2013 (Rupees)
Cost of investment	**956,902,381**	761,469,481
Unrealised (loss) / gain:		
Balance as at 1 July	**(522,690,935)**	(760,217,438)
Reclassification from long term to short term		
- Crescent Textile Mills Limited	**(31,285)**	-
Unrealised (loss) / gain for the year	**(41,090,803)**	237,526,503
	(563,813,023)	(522,690,935)
Balance as at 30 June	**393,089,358**	238,778,546

Notes to the Financial Statements
For the year ended 30th June 2014

19. CASH AND BANK BALANCES

		2014	2013 (Restated)
		(Rupees)	
With banks in:			
Current accounts			
- In local currency		**15,471,393**	15,942,834
- In foreign currency		**3,987,506**	4,039,631
		19,458,899	19,982,465
Deposit accounts		**3,640,248**	83,687,269
		23,099,147	103,669,734
Cash in hand		**4,386**	95
		23,103,533	103,669,829

20. ASSETS HELD FOR SALE

		2014	2013
- Serendib Stock Brokers (Private) Limited (SBPL)	20.1	**27,891,903**	-
- Thatta Cement Company Limited (TCCL)		**-**	111,812,869
		27,891,903	111,812,869

20.1 During the year, the Company entered into Share Purchase Agreements (SPAs) with Entrust Holdings Limited for sale of its entire shareholding in Serendib Stock Brokers (Private) Limited (SSBPL), Colombo, Sri Lanka, a subsidiary, for a consideration of Sri Lanka Rupees 2.47 per share (equivalent to Rs. 1.87 per share as at 30 June 2014). The transfer of shares are subject to approval from Securities and Exchange Commission of Sri Lanka and Colombo Stock Exchange. The Company and counter party are committed to the transaction and expect the transaction to be executed soon.

As per the latest available un-audited financial information of SSBPL as of 31 March 2014, the revenues for the year ended amounts to Rs. 2.005 million (Sri Lanka Rupee 2.579 million) and the total assets and total liabilities as of 31 March 2014 amounts to Rs. 69.825 million (Sri Lanka Rupee 92.154 million) and Rs. 45.691 million (Sri Lanka Rupee 60.302 million) respectively.

Before classification of investment as 'held for sale', the Company has assessed indicators of impairment of underlying investment and based on these indiciators, the Company has impaired the underlying investment by Rs. 50.908 million. The carrying amount of investment upon classification as 'held for sale' is equivalent to fair value less cost to sell.

21. OPERATING REVENUE

		2014	2013
		(Rupees)	
Dividend income		**1,027,278,437**	1,273,637,645
Mark-up on loans and advances		**165,685,306**	128,511,147
Mark-up on bank deposits		**558,112**	229,689
Income from reverse repurchase transaction		**78,375,640**	8,069,679
Put Option fee	21.4	**81,621,195**	21,234,783
Gain on sale of securities - net	21.1	**488,431,569**	531,944,436
Gain on remeasurement of investments - net	21.2	**190,963,371**	69,394,099
		2,032,913,630	2,033,021,478

21.1 Gain on sale of securities - net

	Note	2014	2013
		(Rupees)	
Gain on sale of securities		**563,024,418**	636,728,880
Loss on sale of securities		**(64,132,416)**	(102,351,914)
Tenderable gain	21.1.1	**(10,460,433)**	(2,432,530)
		488,431,569	531,944,436

21.1.1 This pertains to amount tendered to subsidiaries, Arif Habib Limited (AHL) and Power Cement Limited (PCL) amounting to Rs. 4.4 million (2013: Rs. 2.43 million) and Rs. 6.05 million (2013: Nil) on gain that arose on trading of shares of AHL and PCL by the Company under of Section 224 of the Companies Ordinance, 1984.

21.2 Gain on remeasurement of investments - net

	Note	2014	2013
Gain / (loss) on remeasurement of investment in associates - at fair value through profit or loss		**232,054,174**	(168,132,404)
(Loss) / gain on remeasurement of investments - at fair value through profit or loss (held for trading)	18.1	**(41,090,803)**	237,526,503
		190,963,371	69,394,099

21.3 Operating revenue is not subject to trade or any other type of discount.

21.4 The Company has entered into a put option agreement with Silk Bank Limited (SBL) and preference shareholder of SBL whereby SBL has issued 880 million preference shares at the rate of Rs. 2.5 per share to these shareholders. Further, under the agreement, the preference shareholders have the option to sell their respective preference shares at a strike price of Rs 3.70 per share to the Company, at the end of a tenor of 3 years from the date of issue of preference shares provided SBL has not exercised its call option to redeem the preference shares. Silk Bank Limited will pay the Company a put option fee calculated quarterly at the rate of 2.5 % per annum on the outstanding preference shares, based on the price at which the Put option will be exercised. The said fees is guaranteed by United Bank Limited.

The Company has entered into arrangements including financial guarantee with major sponsor of SBL to indemnify the Company for any loss, liability or damage arising out of exercise of the Put Option by preference shareholders. The Company has recognized liability of Rs. 851.312 million (2013: Rs. 575.476 million) resulting from Put Option at the year end and receivable under the financial guarantee under ‘trade and other payables’ and ‘other receivables’ respectively. The Put Option has been valued using Black Scholes model with discount rate of 12.24% (2013: 10.51%).

Notes to the Financial Statements

For the year ended 30th June 2014

22. OPERATING AND ADMINISTRATIVE EXPENSES

	Note	2014	2013
		(Rupees)	
Salaries and benefits	33	**36,953,981**	31,142,202
Printing and stationery		**3,977,866**	4,694,146
Communication		**1,463,699**	1,230,878
Rent, rates and taxes		**15,462,835**	16,182,358
Electricity		**2,089,338**	2,308,953
Legal and professional charges		**4,423,618**	7,911,659
Custody and settlement charges		**1,501,715**	1,313,433
Entertainment		**888,473**	831,293
Travelling and conveyance		**5,564,539**	3,891,550
Advertisement and business promotion		**7,842,936**	6,216,109
Depreciation	10	**7,586,036**	6,882,502
Amortization of intangibles		**70,752**	-
Property and equipment written off		**-**	214,986
Repairs and maintenance		**2,940,132**	2,413,271
Insurance		**1,915,237**	1,222,439
Auditors' remuneration	22.1	**1,351,500**	1,380,072
Fees and subscription		**2,423,710**	2,596,561
Directors' meeting fees		**220,000**	100,000
Ujrah payments	22.2	**1,684,192**	1,645,196
Others		**1,008,737**	2,881,684
		99,369,296	95,059,292

22.1 Auditors' remuneration

	2014	2013
	(Rupees)	
Audit fee	**970,000**	875,000
Certification including interim review	**355,000**	355,000
Out of pocket	**26,500**	150,072
	1,351,500	1,380,072

22.2 Ujrah payments

The Company has entered into various Ijarah arrangements with First Habib Modaraba for lease of 4 vehicles having various monthly rentals for total period of 4 years. During the year, lease of 2 vehicles matured. Following are the future ujrah payments under the agreement:

Total of future ujrah payments under the agreement:	2014	2013
- not later than one year	**339,351**	1,880,124
- later than one year but not later than five years	**-**	302,681
- later than five years	**-**	-

23. FINANCE COST

	Note	2014	2013
		(Rupees)	
Mark-up on short term borrowings		**199,503,884**	208,826,550
Mark-up on long term loan		**8,724,802**	73,848,914
Finance cost under marginal trading system		**92,659**	9,269,037
Bank charges		**83,364**	82,367
		208,404,709	292,026,868

24. OTHER CHARGES

	Note	2014	2013
Workers' Welfare Fund		**46,443,785**	254,553,451
Donations	24.1	**35,750,000**	2,796,000
Translation loss on foreign currency balances		**52,124**	-
Loss on disposal of scrap assets		**62,542**	-
		82,308,451	257,349,451

24.1 Donations

Donations in which a director is interested is as follows:

Name of director	Interest in donee	Name and address of the donee	Amount donated 2014	2013
			(Rupees)	
Mr. Arif Habib	Director	Pakistan Centre for Philanthropy 1 - A, St 14, F-8/3, Islamabad	**2,500,000**	-

25. TAXATION - net

	2014	2013
Current		
- for the year	**114,037,650**	169,316,957
- for the prior years	**18,061,359**	(99,826,284)
	132,099,009	69,490,673
Deferred	**(162,768,000)**	78,965,475
	(30,668,991)	148,456,148

25.1 Income tax assessments of the Company have been finalized up to Tax Year 2005 (Accounting year 2005). However, deemed assessments made under section 120 of the Income Tax Ordinance, 2001 relating to Tax Years 2006 to 2008 have been subsequently amended under section 122 of the Income Tax Ordinance, 2001. The Company has filed appeals in respect of each of the said amendments which were subsequently withdrawn. Income tax assessment for the Tax Year 2010, taken as deemed assessment under section 120 of the Income Tax Ordinance, 2001, was subsequently amended twice under section 122 (5A) of the Income Tax Ordinance, 2001. The appeals filed by the Company with Commissioner Inland Revenue (Appeals-1) against these amendments were decided in favor of the Company.

Income tax assessment for the Tax Year 2011, taken as deemed assessment under section 120 of the Income Tax Ordinance, 2001 was subsequently amended under section 122 (5A) of the Income Tax Ordinance, 2001. The Company was subsequently allowed relief in its subsequent appeal which was also maintained by Appellate Tribunal in favor of the Company. Income tax assessment for the Tax Year 2012 was taken as deemed assessment under section 120 of the Income Tax Ordinance, 2001 which was subsequently amended under section 122 (1) of the Ordinance. The appeal of the Company was decided in favor of the Company. The Department has preferred an appeal in the Appellate Tribunal against the decision; however, appeal effect has not yet been issued.

Income tax assessment for Tax Year 2013 is deemed to have been finalized under section 120 of the Income Tax Ordinance, 2001. However, the assessment was subsequently amended under section 122 (54) of the Income Tax Ordinance, 2001. The Company has preferred an appeal against the amended assessment and major relief was allowed to the Company. Appeal effect order is still awaited from Appellate Tribunal.

Relationship between tax (income) / expense and accounting profit	**2014**	2013
	(Rupees)	
Profit before taxation	**2,275,650,481**	1,514,201,077
Tax at the applicable tax rate	**773,721,164**	529,970,377
Tax effect of income under final tax regime	**(19,589,087)**	(5,397,174)
Tax effect of income taxed at lower rate	**(439,550,815)**	(362,407,115)
Prior year tax effect	**18,061,359**	(99,826,284)
Tax effect of non-deductible expenses	**(135,752,110)**	978,600
The effect of exempt Income / permanent difference	**(64,927,546)**	(60,583,022)
Tax effect / adjustment of change in tax rate	**(85,601,327)**	(78,735,650)
Others	**(69,744,739)**	224,456,416
	(23,383,101)	148,456,148

26. EARNINGS PER SHARE - BASIC AND DILUTED

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. There is no dilutive effect on the basic earnings per shares of the Company.

	2014	2013
	(Rupees)	
Profit after tax	**2,306,319,472**	1,365,744,929
	(Number)	
Weighted average number of ordinary shares	**453,750,000**	453,750,000
	(Rupees)	
Earnings per share - basic and diluted	**5.08**	3.01

27. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES

27.1 For the purpose of disclosure those employees are considered as executives whose basic salary exceeds five hundred thousand rupees in a financial year.

27.2 The aggregate amounts charged in these financial statements in respect of remuneration including benefits to the Chief Executive, Directors and Other Executives of the Company are given below:

	Chief Executive		Other Executives	
	2014	2013	**2014**	2013
	(Rupees)			
Managerial remuneration	**8,400,000**	8,400,000	**12,411,600**	10,263,006
Contribution to provident fund	**677,424**	677,419	**886,740**	721,210
Bonus	**995,645**	1,400,000	**1,566,994**	1,710,501
Other perquisites and benefits	**960,000**	960,000	**1,838,122**	447,150
Total	**11,033,069**	11,437,419	**16,703,456**	13,141,867
Number of person(s)	**1**	1	**7**	8

27.3 Besides the above, group insurance and medical facilities under insurance coverage were provided to the above mentioned personnel.

27.4 The aggregate amount charged to these financial statements in respect of directors' fee paid to two directors (2013: one) was Rs. 0.22 million (2013: Rs. 0.10 million). During the year, none of the directors except the CEO was drawing a salary on account of managerial remuneration.

27.5 The Chief Executive and certain Executives have been provided free use of Company maintained vehicles in accordance with the Company's policy.

28. CASH GENERATED FROM OPERATIONS

	2014	2013
	(Rupees)	
		(Restated)
Profit before tax	**2,275,650,481**	1,514,201,077
Adjustments for:		
Depreciation	**7,586,036**	6,882,502
Amortization of intangibles	**70,752**	-
Property and equipment written off	**-**	214,986
Dividend income	**(1,027,278,437)**	(1,273,637,645)
Mark-up loans and advances	**(165,685,306)**	(128,511,147)
Impairment loss on investment	**83,807,982**	-
Reversal of impairment on subsidiary	**(716,627,289)**	(125,420,286)
(Gain) / loss on remeasurement of investment in associates	**(232,054,174)**	168,132,404
Income from reverse repurchase transaction	**(78,375,640)**	(8,069,679)
Loss / (gain) on disposal of assets	**62,542**	(6,475)
Loss / (gain) on remeasurement of short term investments	**41,090,803**	(237,526,503)
Gain on disposal of long term investments	**(494,113,266)**	(413,605,178)
Workers' Welfare Fund	**46,443,785**	254,553,451
Finance cost	**208,404,709**	292,026,868
	(2,326,667,503)	(1,464,966,702)
	(51,017,022)	49,234,375

		2014	2013
		(Rupees)	(Restated)
Changes in working capital			
(Increase) / decrease in current assets			
Loans and advances		**(324,980,750)**	(319,252,113)
Prepayments		**12,245,751**	(13,167,521)
Other receivables		**(274,732,504)**	(577,772,974)
Short term investments		**(195,313,115)**	1,473,203,680
Asset held for sale		**111,812,869**	-
Increase in current liabilities			
Trade and other payables		**444,523,185**	113,976,229
		(226,444,564)	676,987,301
Cash (used in) / generated from operations		**(277,461,586)**	726,221,676

29. CASH AND CASH EQUIVALENTS

		2014	2013
		(Rupees)	(Restated)
Cash and bank balances	19	**23,103,533**	103,669,829
Short term borrowings	8	**(1,394,632,677)**	(649,062,344)
		(1,371,529,144)	(545,392,515)

30. OPERATING SEGMENTS

The financial statements have been prepared on the basis of a single reporting segment, segment information is presented in the consolidated financial statements.

All non current assets of the Company as at 30 June 2014 are located in Pakistan.

31. FINANCIAL INSTRUMENTS

The Company has exposures to the following risks from the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

31.1 Credit risk

Credit risk represents the financial loss that would be recognized at the balance sheet date if counterparties fail completely to perform as contracted. The credit risk arises on loans and advances, deposits, mark-up receivable, other receivables & cash and bank balances.

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 abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date is:

	2014	2013
	(Rupees)	
Long term deposits	**107,590**	107,590
Loans and advances	**1,051,658,114**	1,061,580,595
Loan to subsidiaries	**-**	500,000,000
Other receivables	**852,505,478**	577,772,974
Mark-up receivable	**50,916,916**	130,497,326
Cash and bank balances (2013: restated)	**23,099,147**	103,669,734
	1,978,287,245	2,373,628,219

The Company does not take into consideration the value of collateral while testing financial assets for impairment. The Company considers the creditworthiness of counterparties as part of its risk management and utilize collateral under force majeure in extremely difficult situation where recovery appears to be unlikely from customary measures like restructuring or negotiation.

Long term deposits

This represents deposit placed with Central Depository Company of Pakistan Limited (CDC) for the purpose of effecting transactions and settlement of listed securities. It is expected that deposits with CDC will be clearly identified as being assets of the Company, hence management believes that is it not materially exposed to credit risk against it. Apart from above, other deposits are with counterparties for provision of continued supply of services. The management does not expect any credit risk against such deposits, as it is refundable upon termination of agreement / services from counterparties.

Loans, advances, mark-up and other receivables.

The Company extends loans and advances to its related concerns and follows due process of seeking approval from shareholders as per applicable laws and regulations. Wherever possible, management obtains collateral from counterparties. As loans are mainly provided to related concerns, the management does not expect to incur loss against the same. Apart from the above, the Company has extended loan under reverse repurchase agreements for which the Company as at balance sheet date has obtained collateral from counterparty, the fair value of which is higher than its exposure amount. Subsequent to year end, the counterparty has repaid half of the outstanding amount and for remaining balance, management expect to recover shortly. Mark-up receivable mainly pertains to loans extended to related parties for which management is not expecting to incur any credit loss. Other receivable mainly comprise of receivable on account of guarantee extended to counterparty and does not expect to have material credit risk there against based on the term of arrangement with parties involved.

The aging analysis of loans, advances, other receivables and mark-up receivable is as follows:

	2014	2013
	(Rupees)	
Not past due	**1,565,008,228**	2,326,434,215
Past due 1-30 days	**116,717,221**	-
Past due 30-180 days	**116,717,221**	-
Past due more than 180 days	**156,637,839**	108,244,291
	1,955,080,509	2,434,678,506

Cash and bank balances

As at 30 June 2014, the Company has placed funds with banks having good credit ratings.

31.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Company. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of adequate funds through committed credit facilities. The Company finances its operations through equity, borrowings and working capital with a view of 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 balance sheet date, the Company has cash and bank balance and unutilized credit lines of Rs. 14.38 million (2013: Rs. 97.20 million) and Rs. 2.155 billion (2013: Rs. 3.181 billion) as mentioned in note 19 & 8 respectively.

The following are the contractual maturities of financial liabilities, including estimated interest payments on an undiscounted cash flow basis:

		2014		
Financial liabilities	**Carrying amount**	**Contractual cash flows**	**Upto one year**	**More than one year**
		(Rupees)		
Long term loan	**243,021,452**	**318,625,166**	**75,894,407**	**242,730,759**
Trade and other payables	**1,031,923,725**	**1,031,923,725**	**1,031,923,725**	**-**
Short term borrowings	**1,394,632,677**	**1,444,868,130**	**1,444,868,130**	**-**
	2,669,577,854	**2,795,417,021**	**2,552,686,262**	**242,730,759**

		2013		
Financial liabilities	Carrying amount	Contractual cash flows	Upto one year	More than one year
		(Rupees)		
Long term loan	580,931,010	583,113,815	582,811,134	302,681
Trade and other payables	649,062,344	696,560,024	696,560,024	-
Short term borrowings	656,550,000	673,786,326	673,786,326	-
	1,886,543,354	1,953,460,165	1,953,157,484	302,681

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effective as at 30 June. The rates of mark-up have been disclosed in respective notes to these financial statements.

31.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return. The Company is exposed to currency risk and interest rate risk.

a) Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. Currently, the Company's foreign exchange risk exposure is restricted to bank balances in foreign currency and receivables in respect of assets held for sale which are denominated in foreign currencies. The management believes that the Company's exposure emanating from any fluctuations in the foreign currencies is not required to be hedged.

Financial assets	**2014**		2013	
	Rupees	**US Dollars**	Rupees	US Dollars
Bank balances	**3,987,506**	**40,359**	4,039,631	40,722

The following significant exchange rates were applicable during the year:

	Average rates		**Balance sheet date rate**	
	2014	2013	**2014**	2013
US Dollars to Pakistan Rupee	**103**	97	98.61 / 98.80	99.02 / 99.20

Sensitivity analysis

A 10 percent strengthening / (weakening) of the Pakistan Rupee against various foreign currencies at 30 June would have (decreased) / increased the profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2013.

	Effect on profit and loss (net of tax) 2014	2013
	(Rupees)	
As at 30 June		
Effect in US Dollars	**263,175**	262,576

b) Interest / mark-up rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The majority of the interest rate exposure arises from financial assets and financial liabilities as stated below. At the balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2014	2013	2014	2013
	(Effective interest rate %)		(Rupees)	
Financial assets				
Variable rate financial instruments				
Loans and advances	**11.53% to 13.42%**	11.58% to 15.29%	**451,506,452**	861,573,564
Loan to subsidiary	**11.53%**	11.81% to 12.03%	**-**	500,000,000
Fixed rate financial instruments				
Cash and bank balances	**6.5% to 8%**	5% to 8%	**3,640,248**	83,687,269
Financial liabilities				
Variable rate financial instruments				
Long term loan	**12.60%**	-	**194,417,162**	-
Current maturity of long term loan	**12.60%**	10.08%	**48,604,290**	656,550,000
Short term borrowings	**10.03% to 12.43%**	10.33% to 11.58%	**1,394,632,677**	649,062,344

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through the Profit and Loss Account. Therefore a change in interest rates at the reporting date would not affect the Profit and Loss Account.

Cash flow sensitivity analysis for variable rate instruments

For cash flow sensitivity analysis of variable rate instruments a hypothetical change of 100 basis points in interest rates would have decreased / (increased) profit for the year by the amounts shown below

	Increase 100 bps	Decrease 100 bps
As at 30 June 2014	(Rupees)	
Cash flow sensitivity - Variable rate financial assets	**4,515,065**	**(4,515,065)**
Cash flow sensitivity - Variable rate financial liabilities	**16,376,541**	**(16,376,541)**
As at 30 June 2013		
Cash flow sensitivity - Variable rate financial assets	5,497,892	(5,497,892)
Cash flow sensitivity - Variable rate financial liabilities	4,892,939	(4,892,939)

c) 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. 12,958.000 million (2013: Rs. 11,370.747 million) at the balance sheet date.

The Company's strategy is to hold its strategic equity investments for a longer period of time. Thus, the management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee company remain viable. The Company manages price risk by monitoring exposure in quoted equity securities and implementing strict discipline in internal risk management and investment policies.

The carrying value of investments subject to equity price risk are, in almost all instances, based on quoted market prices as of the reporting date except for unquoted associates which are carried at fair value determined through valuation techniques. 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, the amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

Sensitivity analysis

The table below summarizes the Company's equity price risk as of 30 June 2014 and 2013 and shows the effects of a hypothetical 30% increase and a 30% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Accordingly, the sensitivity analysis prepared is not necessarily indication of the effect on Company's net assets of future movement in the level of KSE 100 index.

	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) before tax
	(Rupees)		(Rupees)		
30 June 2014	**12,958,000,094**	**30% increase**	**16,845,400,122**	**618,923,607**	**3,268,476,421**
		30% decrease	**9,070,600,066**	**(618,923,607)**	**(3,268,476,421)**
30 June 2013	11,370,747,510	30% increase	14,781,971,763	368,410,303	3,042,813,950
		30% decrease	7,959,523,257	(368,410,303)	(3,042,813,950)

31.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying value of all financial assets and liabilities on the balance sheet approximate to their fair value except for certain long term investments that are carried at cost and whose fair values have been disclosed in note 12.

a) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	30 June 2014		30 June 2013	
	Carrying amount	**Fair value**	Carrying amount	Fair value
		(Rupees)		
Financial assets				
Long term investments	**23,770,010,736**	**23,770,010,736**	23,297,968,964	23,297,968,964
Loan to subsidiary	**-**	**-**	500,000,000	500,000,000
Short term investments	**393,089,358**	**393,089,358**	238,778,546	238,778,546
Long term deposits	**107,590**	**107,590**	107,590	107,590
Loans and advances	**1,051,658,114**	**1,051,658,114**	1,356,905,532	1,356,905,532
Mark-up receivable	**50,916,916**	**50,916,916**	130,497,326	130,497,326
Other receivables	**852,505,478**	**852,505,478**	577,772,974	577,772,974
Cash and bank balances (2013: restated)	**23,103,533**	**23,103,533**	103,669,829	103,669,829
	26,141,391,725	**26,141,391,725**	26,205,700,761	26,205,700,761
Financial liabilities				
Long term loan	**194,417,162**	**194,417,162**	-	-
Long term payable	**1,700,179,646**	**1,700,179,646**	-	-
Interest / mark-up accrued on short term borrowings	**58,312,389**	**58,312,389**	64,734,006	64,734,006
Trade and other payables (2013: restated)	**1,031,923,725**	**1,031,923,725**	587,400,540	587,400,540
Current maturity of long term loan	**48,604,290**	**48,604,290**	656,550,000	656,550,000
Short term borrowings	**1,394,632,677**	**1,394,632,677**	649,062,344	649,062,344
	4,428,069,889	**4,428,069,889**	1,957,746,890	1,957,746,890

b) Valuation of financial instruments

In case of equity instruments, the Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market.
Level 2: Valuation techniques based on observable inputs.
Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Company determines fair values using valuation techniques unless the instruments donor have a market / quoted price in an active market and whose fair value cannot be reliably measured.

Valuation techniques used by the Company include discounted cash flow model. Assumptions and inputs used in valuation techniques include risk-free rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the balance sheet date that would have been determined by market participants acting at arm's length.

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates, etc.

The table below analyses equity instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

30 June 2014	**Level 1**	**Level 2**	**Level 3**	**Total**
		(Rupees)		
Financial assets at fair value through profit or loss				
Equity securities	**10,894,921,403**	**-**	**11,205,000,000**	**22,099,921,403**
Available-for-sale financial assets				
Equity securities	**2,063,078,691**	**-**	**-**	**2,063,078,691**
30 June 2013				
Financial assets at fair value through profit or loss				
Equity securities	10,142,713,167	-	12,150,000,000	22,292,713,167
Available-for-sale financial assets				
Equity securities	1,228,034,343	-	-	1,228,034,343

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	2014	2013
	(Rupees)	
Unlisted equity instruments		
Balance at 1 July	**12,150,000,000**	12,150,000,000
Total gains or losses recognized in profit and loss account:		
- included with gain on remeasurement of investment	**(945,000,000)**	-
Balance at 30 June	**11,205,000,000**	12,150,000,000

During the year ended 30 June 2014, the Company did not acquire shares of any new entity in level 3.

Although the Company believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. A change of 1% in value arrived at reporting date would have the following effect:

	Effect on profit and loss account	
	favourable	**(unfavourable)**
	(Rupees)	
30 June 2014		
Equity securities	**112,050,000**	**(112,050,000)**
30 June 2013		
Equity securities	31,206,138	(31,206,138)

c) Financial instruments by category

The table below provides reconciliation of the line items in the Company's statement of financial position to the categories of financial instruments.

	At fair value 'through profit or loss' - helding for trading	Designated at fair value through profit or loss	Loans and receivables	Available for sale	Cost / amortized cost	Total carrying amount
			(Rupees)			
30 June 2014						
Financial assets						
Cash and bank balances	-	-	-	-	23,103,533	23,103,533
Pledged investments	220,042,060	6,513,404,640	-	374,124,818	-	7,107,571,518
Non-pledged investments	173,047,298	15,193,427,405	-	1,689,053,873	3,637,122,178	20,692,650,754
Long term deposits	-	-	-	-	107,590	107,590
Loans and advances	-	-	1,051,658,114	-	-	1,051,658,114
Mark-up receivable	-	-	50,916,916	-	-	50,916,916
Other receivables	-	-	852,505,478	-	-	852,505,478
	393,089,358	**21,706,832,045**	**1,955,080,508**	**2,063,178,691**	**3,660,333,301**	**29,778,513,903**
Financial liabilities						
Long term loan - secured	-	-	-	-	194,417,162	194,417,162
Interest/mark-up accrued on short term borrowings	-	-	-	-	58,312,389	58,312,389
Long term payable	1,700,179,646	-	-	-	-	1,700,179,646
Trade and other payables	851,312,000	-	-	-	180,611,725	1,031,923,725
Current maturity of long term loan	-	-	-	-	48,604,290	48,604,290
Short term borrowings	-	-	-	-	1,394,632,677	1,394,632,677
	2,551,491,646	**-**	**-**	**-**	**1,876,578,243**	**4,428,069,889**
30 June 2013						
Financial assets						
Cash and bank balances 2013: restated)	-	-	-	-	103,669,829	103,669,829
Pledged investments	231,471,000	2,861,915,369	-	-	-	3,093,386,369
Non-pledged investments	7,307,546	19,192,019,252	-	1,244,034,343	-	20,443,361,141
Long term deposits	-	-	-	-	107,590	107,590
Loans and advances	-	-	1,356,905,532	-	-	1,356,905,532
Loan to subsidiary	-	-	500,000,000	-	-	500,000,000
Mark-up receivable	-	-	130,497,326	-	-	130,497,326
Other receivables	-	-	577,772,974	-	-	577,772,974
	238,778,546	22,053,934,621	2,565,175,832	1,244,034,343	103,777,419	26,205,700,761
Financial liabilities						
Interest/mark-up accrued on short term borrowings	-	-	-	-	64,734,006	64,734,006
Trade and other payables (2013: restated)	575,476,652	-	-	-	11,923,888	587,400,540
Current maturity of long term loan	-	-	-	-	656,550,000	656,550,000
Short term borrowings	-	-	-	-	649,062,344	649,062,344
	575,476,652	-	-	-	1,382,270,238	1,957,746,890

The financial instruments not accounted for at fair value are those financial assets and liabilities whose carrying amounts approximate its fair value.

32. CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, sustain future development of the business, safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes in the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

33. STAFF RETIREMENT BENEFITS

Defined contribution plan - staff provident fund

Salaries, wages and benefits include Rs. 2.047 million (2013: Rs. 1.624 million) in respect of provident fund contribution.

The following information is based on the latest financial statements of the Fund:

	2013 (Unaudited)	2012 (Unaudited)
	(Rupees)	
Size of the Fund- total assets	**11,197,376**	7,303,136
Cost of investments made	**10,153,075**	6,322,157
Percentage of investments made	**91%**	87%
Fair value of investments	**10,153,075**	6,322,157

The contributions were made by the Company to the Trust in accordance with the requirement of Section 227 of the Companies Ordinance, 1984. The audit of the provident fund for the years ended 2010 to 2013 is in progress. The entire fund balance amounting to Rs. 10.15 million as of 30 June 2013 (Rs. 6.32 million as of 30 June 2012) is placed with bank under deposit account as allowed under Section 227 of the Companies Ordinance, 1984.

34. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise of group companies (including subsidiaries and associates), directors and their close family members, major shareholders of the Company, companies where directors also hold directorship, key management personnel and staff provident fund. Transactions with related parties are carried out at contractual / agreed rates. 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. Remuneration of the chief executive, directors and executives is disclosed in note 27 to the financial statements.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers its Chief Executive Officer, Chief Financial Officer, Company Secretary, Non-Executive Directors and departmental heads to be its key management personnel. There are no transactions with key management personnel other than their terms of employment / entitlement.

Transactions and balances with related parties during the year other than those disclosed elsewhere in the financial statements are given below:

	2014	2013
	(Rupees)	
Relationship with the Company and the nature of transaction		
Transactions with Subsidiaries		
Services availed	**7,239,570**	11,666,846
Mark-up income on loan and advance	**27,926,122**	63,356,295
Dividend income	**103,499,283**	103,530,855
Subscription of right shares / fresh equity investment	**68,505,106**	100,074,779
Loan extended	**338,000,000**	587,500,000
Loan repayment	**915,500,000**	500,000,000
Mark-up income received	**28,253,463**	88,045,479
Disposal of computer and allied equipment	**50,571**	-
Purchase of vehicle	**171,533**	-
	(Numbers)	
Bonus shares received	**3,449,976**	3,834,476

	2014	2013
	(Rupees)	
Transactions with Associates		
Dividend income - Cash	**923,744,891**	845,260,913
Dividend income - Specie	**-**	312,390,000
Dividend received	**923,744,891**	1,408,712,221
Mark-up on loan and advance	**137,751,457**	65,154,851
Mark-up income received	**130,329,725**	103,721,064
Loan / advance extended	**1,684,021,452**	367,423,564
Loan / advance repayment	**2,016,588,564**	70,000,000
Purchase of investment property	**2,661,504,400**	-
Transactions with Other related parties and associated undertakings		
Provident fund contribution	**2,046,636**	1,624,159
Payment of rent and maintenance charges	**5,555,184**	19,373,803

35. NUMBER OF EMPLOYEES

Number of persons employed by the Company as on the year end is 19 and average number of employees during the year were 21.

36. GENERAL

36.1 Events after Balance Sheet date

The Board of Director has propose a cash dividend of Rs. 2.50 per share amounting Rs. 1,134,375,000 at its Meeting held on August 28, 2014 for the approval of the members at the Annual General Meeting to be held on October 25, 2014. These finanical statements do not reflect this appropriation as explained in note 3.19.

36.1 Date of authorization for issue

These financial statements have been authorized for issue on August 28, 2014 by the Board of Directors of the Company.

Chief Executive Officer

Director

Audited Consolidated Financial Statements For the year ended 30th June, 2014

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Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated Balance Sheet of Arif Habib Corporation Limited ("the Holding Company") and its subsidiary companies as at 30 June 2014 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of the Holding Company and its subsidiary companies namely; Pakistan Private Equity Management Limited and Power Cement Limited except for Arif Habib Limited, Arif Habib Commodites (Private) Limited, Sachal Energy Development (Private) Limited and Serendib Stock Brokers (Private) Limited which were audited by other firms of auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included for such companies, is based solely on the reports of such other auditors and the inclusion of unaudited financial statements of a subsidiary namely Arif Habib DMCC. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances. In our opinion, the consolidated financial statements present fairly the financial position of the Holding Company and its subsidiary companies as at 30 June 2014 and the results of their operations for the year then ended.

We draw attention to:

- Note 3.1 to the consolidated financial statements which describes that the financial information of a subsidiary and certain associates were unaudited.

- Note 1.5 to the consolidated financial statements which explains that PPEML's license to carry out Private Equity and Venture Capital Fund Management Services expired on 03 June 2013. On 7 November 2013, PPEML's management decided to exit from the business and not to apply for renewal of license. Subsequent to year end, it has amended its Memorandum of Association and applied to Securities and Exchange Commission of Pakistan for approval which is currently awaited.

- Note 30 to the consolidated financial statements which describes that auditors of Serendib Stock Brokers (Private) Limited have qualified their audit report with respect to matters fully explained therein.

KPMG Taseer Hadi & Co.
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- Note 11.1.5 and 25.1 to the consolidated financial statements which describe the reasons for reversal of loan from previous sponsor amounting to Rs. 115.927 million and recording an asset in relation to refund claim for excise duty amounting to Rs. 182.604 million respectively by Power Cement Limited, Subsidiary Company.

Our opinion is not qualified in respect of above matters.

Date: 27 September 2014

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Moneeza Usman Butt

Consolidated Balance Sheet

As at 30th June, 2014

	Note	2014	2013 (Restated)	2012 (Restated)
		(Rupees)		
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorized share capital		**10,000,000,000**	10,000,000,000	10,000,000,000
Issued, subscribed and paid-up share capital	4	**4,537,500,000**	4,537,500,000	4,125,000,000
Reserves		**11,352,656,202**	10,142,400,707	10,396,573,858
Equity attributable to owners of the Parent		**15,890,156,202**	14,679,900,707	14,521,573,858
Non-controlling interests		**1,055,597,355**	534,734,474	551,823,620
		16,945,753,557	15,214,635,181	15,073,397,478
Non-current liabilities				
Long term loans	5	**2,343,193,668**	1,722,582,190	2,645,978,686
Long term payable	16	**1,700,179,646**	-	-
Liabilities against assets subject to finance lease	6	**2,235,913**	-	2,497,747
Deferred liability - staff gratuity	7	**41,748,723**	37,035,708	147,358,392
Deferred taxation - net	8	**328,165,511**	278,712,581	400,164,556
		4,415,523,461	2,038,330,479	3,195,999,381
Current liabilities				
Trade and other payables	9	**2,596,403,973**	2,703,931,817	1,262,842,365
Interest/mark-up accrued on borrowings		**123,013,911**	148,513,246	139,775,482
Short term borrowings - secured	10	**4,309,905,907**	2,645,744,666	3,943,892,456
Current portion of long term loans	5	**755,291,290**	954,438,000	251,838,000
Current portion of liabilities against assets subject to finance lease	6	**468,892**	4,984,549	3,544,570
Provision for taxation		**320,793,666**	215,067,877	102,000,328
Liabilities held for sale	30	**23,815,692**	-	-
		8,129,693,331	6,672,680,155	5,703,893,201
		29,490,970,349	23,925,645,815	23,973,290,060
Contingencies and commitments	11			

Consolidated Balance Sheet

As at 30th June, 2014

	Note	2014	2013 (Restated)	2012 (Restated)
		(Rupees)		
ASSETS				
Non-current assets				
Property, plant and equipment	12	**4,732,957,516**	4,680,359,791	4,616,542,120
Intangible assets - others	13	**14,226,625**	34,399,641	32,827,376
Goodwill	14	**1,163,961,863**	1,163,961,863	1,244,928,814
Biological assets		**-**	4,654,000	4,654,000
Trading right entitlement certificate, membership card and offices	15	**59,052,500**	71,455,000	68,655,000
Investment property	16	**2,989,651,000**	315,336,600	53,000,000
Equity accounted investees	17	**12,374,772,753**	10,520,116,984	11,409,620,805
Other long term investments	18	**121,442,551**	292,660,401	114,999,754
Long term loans and advances - considered good		**975,000**	975,000	154,428,115
Long term deposits and prepayments	19	**40,530,986**	40,657,233	32,895,771
		21,497,570,794	17,124,576,513	17,732,551,755
Current assets				
Stock-in-trade	20	**177,302,000**	301,385,000	219,062,000
Stores, spares and loose tools	21	**642,543,000**	446,295,832	474,960,832
Trade debts	22	**452,594,045**	731,286,802	328,866,016
Loans and advances - considered good	23	**2,038,064,020**	1,385,422,469	654,583,733
Deposits and prepayments	24	**56,800,357**	76,331,112	36,866,882
Advance tax		**421,611,367**	302,247,804	138,489,636
Tax refund due from government	25	**245,730,000**	213,749,000	-
Markup receivable	26	**50,667,183**	184,109,656	164,591,034
Other receivables - considered good	27	**919,152,977**	651,238,589	649,760,593
Short term investments	28	**1,898,848,996**	1,808,619,904	2,934,387,278
Receivable against sale of investment		**797,382,506**	-	529,534,120
Cash and bank balances	29	**226,986,603**	570,828,295	109,636,181
Assets held for sale	30	**65,716,501**	129,554,839	-
		7,993,399,555	6,801,069,302	6,240,738,305
		29,490,970,349	23,925,645,815	23,973,290,060

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.

Chief Executive Officer

Director

Consolidated Profit and Loss Account

For the year ended 30th June 2014

	Note	2014	2013 (Restated)
		(Rupees)	
Continuing operations			
Operating revenue	31	**2,591,503,078**	1,621,098,510
Unrealised gain on re-measurement of investment property		**-**	103,136,788
Operating, administrative and other expenses	32	**(443,583,591)**	(376,263,214)
Impairment of goodwill		**-**	(80,966,951)
Loss on disposal of subsidiary	33	**(3,212,433)**	-
(Charge)/reversal for impairment on investments - net	16	**(15,900,000)**	32,720,826
Other income	34	**384,322,959**	514,030,110
Finance cost	35	**(916,125,793)**	(810,949,218)
Other charges	36	**(136,309,946)**	(282,088,204)
		1,460,694,274	720,718,647
Share of profit of equity - accounted investees - net of tax		**1,177,978,427**	396,333,986
Profit before tax		**2,638,672,701**	1,117,052,633
Taxation	37	**(162,584,200)**	4,228,177
Profit after tax from continuing operations		**2,476,088,501**	1,121,280,810
Discontinued operations			
Loss for the year from discontinued operations - net of tax	30	**(37,412,501)**	(26,472,232)
Profit for the year		**2,438,676,000**	1,094,808,578
Profit attributable to:			
Equity holders of the Parent Company (continuing and discontinued operations)		**2,212,729,593**	917,333,112
Non-controlling interests		**225,946,407**	177,475,466
		2,438,676,000	1,094,808,578
Earnings per share - basic and diluted			
From continuing operations		**4.96**	2.08
From discontinued operations		**(0.08)**	(0.06)
	38	**4.88**	2.02

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.

Chief Executive Officer

Director

Consolidated Statement of Comprehensive Income

For the year ended 30th June 2014

	2014	2013 (Restated)
	(Rupees)	
Profit after tax	**2,438,676,000**	1,094,808,578
Other comprehensive income		
Items that are or may be reclassified subsequently to profit and loss account		
Unrealized appreciation during the year on remeasurement of investments classified as 'available for sale'	-	62,697,089
Reversal of unrealised gain on investment classified as equity - accounted investee during the year	**(62,697,089)**	-
Effect of translation of net assets of foreign subsidiary to presentation currency - net	**1,547,469**	6,223,376
Share of other comprehensive income of equity - accounted associates	**37,684,832**	62,752,357
Reclassification of share of other comprehensive income of equity - accounted investee on loss of significant influence	**(37,684,832)**	-
Reclassification adjustment relating to gain realized on disposal of investments classified as 'available for sale'	-	(5,319,900)
Effect of deferred taxation	-	1,396,474
	(61,149,620)	127,749,396
Items that will never be reclassified subsequently to profit and loss accounts		
Remeasurement of defined benefit liability	**1,466,000**	(370,000)
Related tax on defined benefit liability	**(446,000)**	110,000
	1,020,000	(260,000)
Other comprehensive income for the year, net of tax	**(60,129,620)**	127,489,396
Total comprehensive income	**2,378,546,380**	1,222,297,974
Total comprehensive income attributable to:		
Equity holders of the Parent Company	**2,152,348,747**	1,044,822,508
Non-controlling interests	**226,197,633**	177,475,466
	2,378,546,380	1,222,297,974

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.

Chief Executive Officer

Director

Consolidated Cash Flow Statement

For the year ended 30th June 2014

	Note	2014	2013 (Restated)
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	40	**1,032,911,162**	3,097,894,612
Income tax paid		**(126,769,044)**	(166,558,079)
Finance cost paid		**(941,625,128)**	(803,913,546)
Net cash (used in) / generated from operating activities		**(35,483,010)**	2,127,422,987
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		**(254,271,358)**	(182,537,983)
Acquisition of intangible assets		**(3,451,056)**	(446,171)
Proceeds from sale of/(acquisition) of stock exchange office		**14,200,000**	(2,800,000)
Dividend from equity accounted investee		**923,744,891**	847,081,868
Acquisition of/advance against investment property		**(2,674,314,400)**	(5,746,697)
(Purchase of)/proceeds from sale of long term investment		**(1,507,801,472)**	169,817,852
Proceeds from sale of property, plant and equipment and intangibles		**63,811,863**	12,078,123
Long term deposits		**126,247**	(7,761,462)
Disposal of discontinued operation/acquisition of - net of cash disposed of/acquired		**515,083,273**	-
Net cash (used in)/generated from investing activities		**(2,922,872,012)**	829,685,530
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from/(payment of) long term financing and deferred liabilities - net		**427,197,783**	(336,041,973)
Long term payable		**1,700,179,646**	-
Liability against assets subject to finance lease		**3,850,377**	(1,057,768)
Distribution by subsidiary to non-controlling interest		**(46,500,717)**	(31,469,145)
Dividend paid		**(1,134,375,000)**	(825,000,000)
Net cash generated from / (used in) financing activities		**950,352,089**	(1,193,568,886)
Net (decrease)/increase in cash and cash equivalents		**(2,008,002,933)**	1,763,539,631
Cash and cash equivalents at beginning of the year		**(2,074,916,371)**	(3,838,456,002)
Cash and cash equivalents at end of the year	41	**(4,082,919,304)**	(2,074,916,371)

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.

Chief Executive Officer

Director

Consolidated Statement of Changes in Equity

For the year ended 30th June 2014

	Equity attributable to owners of the Parent							
	Issued, subscribed and paid up share capital	Unrealized (diminution) / appreciation on remeasurement of available-for-sale investments	Exchange difference on translation to presentation currency	General reserve	Unappropriated profit	Total	Non-controlling interests	Total equity
Balance as at 01 July 2012	4,125,000,000	9,175,367	40,992,263	4,019,567,665	6,326,838,563	14,521,573,858	551,823,620	15,073,397,478
Total comprehensive income for the year (restated)								
Profit for the year	-	-	-	-	917,333,112	917,333,112	177,475,466	1,094,808,578
Other comprehensive income								
Remeasurement of defined benefit liability - net of tax	-	-	-	-	(195,949)	(195,949)	(64,051)	(260,000)
Unrealized appreciation during the year on remeasurement of investments classified as 'available for sale'	-	62,697,089	-	-	-	62,697,089	-	62,697,089
Share of other comprehensive income of equity-accounted associates - net of tax	-	62,752,357	-	-	-	62,752,357	-	62,752,357
Reclassification adjustments relating to gain realized on disposal of investments classified as available for sale' -net of tax	-	(3,923,426)	-	-	-	(3,923,426)	-	(3,923,426)
Net effect of translation of net assets of foreign subsidiary to presentation currency	-	-	5,571,789	-	-	5,571,789	651,588	6,223,377
	-	121,526,020	5,571,789	-	(195,949)	126,901,860	587,537	127,489,397
Total comprehensive income (restated)	-	121,526,020	5,571,789	-	917,137,163	1,044,234,972	178,063,003	1,222,297,975
Distribution by subsidiary	-	-	-	-	-	-	(31,469,145)	(31,469,145)
Transactions with owners recorded directly in equity								
Contributions and distributions								
Issue of 41.25 million bonus shares (1 share for every 10 shares held) for the year ended 30 June 2012	412,500,000	-	-	-	(412,500,000)	-	-	-
Final dividend for the year ended 30 June 2012 - Rs. 2.00 per share	-	-	-	-	(825,000,000)	(825,000,000)	-	(825,000,000)
	412,500,000	-	-	-	(1,237,500,000)	(825,000,000)	-	(825,000,000)
Changes in ownership interests								
Net acquisition of non-controlling interest without a change in control	-	-	-	-	(60,908,123)	(60,908,123)	(163,683,004)	(224,591,127)
Total transactions with owners of the Company	412,500,000	-	-	-	(1,298,408,123)	(885,908,123)	(163,683,004)	(1,049,591,127)
Balance as at 30 June 2013 (restated)	**4,537,500,000**	**130,701,387**	**46,564,052**	**4,019,567,665**	**5,945,567,603**	**14,679,900,707**	**534,734,474**	**15,214,635,181**
Total comprehensive income for the year								
Profit for the year	-	-	-	-	2,212,729,593	2,212,729,593	225,946,407	2,438,676,000
Other comprehensive income								
Remeasurement of defined benefit liability - net of tax	-	-	-	-	705,751	705,751	314,249	1,020,000
Reclassification adjustment relating to unrealized gain transferred to equity-accounted associates	-	(62,697,089)	-	-	-	(62,697,089)	-	(62,697,089)
Share of other comprehensive income of equity-accounted associates - net of tax	-	37,684,832	-	-	-	37,684,832	-	37,684,832
Reclassification of share of other comprehensive income of equity accounted investee on loss of significant influence	-	(37,684,832)	-	-	-	(37,684,832)	-	(37,684,832)
Net effect of translation of net assets of foreign subsidiary to presentation currency	-	-	1,547,469	-	-	1,547,469	-	1,547,469
	-	(62,697,089)	1,547,469	-	705,751	(60,443,869)	314,249	(60,129,620)
Total comprehensive income	-	(62,697,089)	1,547,469	-	2,213,435,344	2,152,285,724	226,260,656	2,378,546,380
Distribution by Subsidiaries	-	-	-	-	-	-	(46,500,717)	(46,500,717)
Transactions with owners recorded directly in equity								
Contributions and distributions								
Distribution: Final cash dividend for the year ended 30 June 2013 (Rs. 2.5 per share)	-	-	-	-	(1,134,375,000)	(1,134,375,000)	-	(1,134,375,000)
Changes in ownership interests								
Net disposal of equity interest in subsidiary without a change in control	-	-	-	-	192,344,771	192,344,771	341,102,942	533,447,713
Total transactions with owners of the Company	-	-	-	-	(942,030,229)	(942,030,229)	341,102,942	(600,927,287)
Balance as at 30 June 2014	**4,537,500,000**	**68,004,298**	**48,111,521**	**4,019,567,665**	**7,216,972,718**	**15,890,156,202**	**1,055,597,355**	**16,945,753,557**

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.

Chief Executive Officer

Director

1. STATUS AND NATURE OF BUSINESS

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

These consolidated financial statements of Arif Habib Corporation Limited for the year ended 30 June 2014 comprise of the Parent Company and following subsidiary companies (here-in-after referred to as "the Group").

Name of Company	*Share holding*
Subsidiaries	
- Arif Habib Limited, a brokerage house	69.00%
- Arif Habib Commodities (Private) Limited, investment management of commodities, wholly owned subsidiary of Arif Habib Limited	69.00%
- Arif Habib DMCC, a UAE incorporated member company of Dubai Gold and Commodities Exchange	100.00%
- Serendib Stock Brokers (Private) Limited , a Srilankan incorporated brokerage house at Colombo Stock Exchange (refer note 30)	100.00%
- Pakistan Private Equity Management Limited, a venture capital company	85.00%
- Power Cement Limited, a cement manufacturing company	64.82%
- Sachal Energy Development (Private) Limited, a wind power generation company	99.99%
Associates	
- Pakarab Fertilizers Limited	30.00%
- Aisha Steel Mills Limited *	14.24%
- Fatima Fertilizer Company Limited	16.70%
- MCB - Arif Habib Savings and Investments Limited	33.43%
- Javedan Corporation Limited *	40.85%

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

1.1 Arif Habib Limited (AHL) was incorporated in Pakistan on 07 September 2004 under the Companies Ordinance, 1984, as a public limited company. The registered office of AHL is situated at Arif Habib Centre, 23 M.T. Khan Road, Karachi, Pakistan. It is domiciled in the province of Sindh. AHL holds Trading Right Entitlement Certificates of Karachi, Lahore and Islamabad Stock Exchanges. The principal activities of AHL are investments, share brokerage, interbank brokerage, initial public offering (IPO) underwriting, advisory and consultancy services. During the year, the Parent Company has disposed 5.018 million shares of AHL resulting in net decrease in Parent's shareholding to 69% and increase in non-controlling interest by Rs. 125.6 million. The resulting gain of Rs. 89.461 million has been recognised in equity.

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

1.3 Arif Habib DMCC (AHD) was incorporated in Dubai, U.A.E. on 24 October 2005 as a limited liability company. Its registered office is situated at Unit No. AG-15-E, AG Tower (Silver), Plot No. 11, Jumeirah Lake Towers, Dubai, U.A.E. AHD is a wholly owned subsidiary of Parent Company and was granted registration and trading license by the Registrar of Companies of the Dubai Multi Commodities Center (DMCC) Authority on 26 October 2005. AHD is expected to start its commercial operations at the Dubai Gold and Commodities Exchange within next twelve months.

1.4 Serendib Stock Brokers (Private) Limited (SSBPL) was incorporated in Colombo, Sri Lanka on 15 February 2007 as a limited liability company. Its registered office is situated at 86/1, Dawson Street, Colombo 02, Sri Lanka. It is domiciled in the province of Colombo and is registered with Securities and Exchange Commission of Sri Lanka as securities brokerage house.

1.5 Pakistan Private Equity Management Limited (PPEML) was incorporated in Pakistan on 6 September 2006 under the Companies Ordinance, 1984 as a public limited company (Un-Quoted). The registered office of the PPEML is situated at 23 M.T. Khan Road, Karachi, Pakistan. PPEML was a Venture Capital Company (VCC) registered, under the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 as amended through S.R.O.1131(I) 2007 and SRO 271(I)/2010, with the Securities and Exchange Commission of Pakistan and licensed to carry out Private Equity and Venture Capital Fund Management Services. PPEML's license to carry out Private Equity and Venture Capital Fund Management Services expired on 03 June 2013. On 7 November 2013, PPEML decided to exit from the business and not to apply for renewal of license. Subsequent to year end, PPEML has amended its Memorandum of Association and applied to SECP for registration. However, the approval of amendment in MOA is yet to be received from SECP. Its financial statements have been prepared on a going concern basis as the management intends to start its operations in accordance with the object mentioned in amended memorandum when the approval of SECP will be received.

1.6 Power Cement Limited (PCL) was established as a private limited company on 01 December 1981 and was converted into public limited company on 09 July 1987 and is listed on Karachi and Lahore Stock Exchanges. PCL principal activity is manufacturing, selling and marketing of cement. Registered office of PCL is situated at the Arif Habib Centre, 23 M.T. Khan Road, Karachi, Pakistan and its undertaking is situated at Deh Kalo Kohar, Nooriabad Industrial Estate, District Dadu (Sindh). During the year, the Parent holding in PCL decreased from 75.37% to 64.82% resulting in increase in non-controlling interest by Rs. 160.054 million. The resulting gain of Rs. 120.796 million has been recognised in equity.

1.7 Sachal Energy Development (Private) Limited (SEDPL) is a company incorporated in Pakistan under the Companies Ordinance, 1984 on 20 November 2006. SEDPL's registered office is located in Islamabad, Pakistan. It plans to carry out the business of purchasing, generating, importing, distributing, supplying and dealing in electricity and all other form of energy and the related services. It is in process of establishing 50MW wind power project in Jhimpir, Sindh, Pakistan.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention unless otherwise disclosed elsewhere in these consolidated financial statements.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Pakistan Rupees, which is the Group's functional and presentation currency. All amounts have been rounded to the nearest rupee, unless otherwise disclosed.

2.4 Use of estimates and judgments

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

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about 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 judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have most significant effect on the amounts recognised in the consolidated financial statements and estimates and assumptions with a significant risk of material adjustment in the future periods are included in following notes:

- Staff retirement benefits (note 3.2 and 3.3)
- Provision for taxation (note 3.4)
- Useful lives and residual values of property and equipment (note 3.5)
- Investment property (note 3.6)
- Useful lives and residual values of intangible assets (note 3.7)
- Biological assets (note 3.8)
- Impairment (note 3.11)
- Classification of Investments (note 3.12 - 3.12.3)
- Derivative financial instrument (note 3.22)

2.5 Standards, amendments, interpretations and forth coming requirements

2.5.1 Standards, amendments or interpretations which became effective during the year During the year, certain amendments to standards or new interpretations became effective. However, the amendments or interpretations did not have any material effect on the consolidated financial statements of the Group except for the application of revision to IAS 19 'Employee Benefits' and IAS 16 Property, plant and equipment' which became effective during the year on accounting policy of PCL.

2.5.2 Change in Accounting Policies

Employee Benefits

With effect from 1 January 2013, the revised IAS 19 'Employee Benefits' became effective. The revised IAS 19 requires actuarial gains and losses to be recognized immediately in other comprehensive income. Previously, actuarial gains and losses were recognised as income or expense in the year in which they arises. Further, any past service cost is now recognized immediately in the profit and loss account as soon as the change in the benefit plans are made and non-vested cost was amortised to the consolidated profit and loss account over the vesting period. The Standard also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit assets or liability and the discount rate, measured at the beginning of the year.

Capital spares

Annual Improvements to IFRS 2009-2011 amended International Accounting Standard (IAS) 16 'Property, Plant and Equipment' to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of property, plant and equipment as in IAS 16 is now considered in determining whether these items should be accounted IAS 2 'Inventories'. The change became effective to the Group from 1 July 2013 and is to be applied retrospectively.

As per the revised policy spare parts, stand-by equipment and servicing equipment which qualify as property, plant and equipment when an entity expects to use them during more than one year are classified as property, plant and equipment under category of major stores and spares and will be carried at cost less accumulated impairment, if any. These will be transferred to relevant operating assets category as and when such items are available for use.

This change in accounting policy has been accounted for retrospectively in accordance with International Accounting Standard (IAS 8) 'Accounting Policies, Change in Accounting Estimate and Errors' resulting in restatement of financial statements of prior periods.

The above changes has been applied retrospectively. The effect of the change in accounting policy on the current and prior period financial statements have been summarized below:

Effect of changes on consolidated balance sheet

	As previously reported	Effect of change	Restated
As at June 30, 2012	----------------------	(Rupees in '000)	----------------------
Property, plant and equipment	4,574,323,120	42,219,000	4,616,542,120
Stores, spares and loose tools	517,179,832	(42,219,000)	474,960,832
As at June 30, 2013			
Property, plant and equipment	4,616,141,791	64,218,000	4,680,359,791
Stores, spares and loose tools	510,513,832	(64,218,000)	446,295,832

Effect on Consolidated Profit and Loss Account	2013 (Rupees)
As previously reported	1,121,020,810
Effect of change in accounting policy - net	260,000
As restated	1,121,280,810

Effect on Consolidated Other Comprehensive Income	
As previously reported	127,749,396
Effect of change in accounting policy	(260,000)
As restated	127,489,396

Effect on Consolidated Earnings per share	
As previously reported	2.02
Effect of change in accounting policy	0.00
As restated	2.02

2.5.3 New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2014. The Group either does not expect to have any effect or any material / significant effect on its accounting policy due to their application when become effective other than increase in disclosures, if any.

- IAS 19 "Employee Benefits" Employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria.

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) - (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

- Amendments to IAS 39 Financial Instruments: "Recognition and Measurement" Continuing hedge accounting after derivative novation (effective for annual periods beginning on or after 1 January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria.

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost.

However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.

- Amendments to IAS 27 'Separate Financial Statements' (effective for annual period beginning on or after 1 January 2016). The amendments to IAS 27 allow entities to use equity method to account for its investment in subsidiaries, joint ventures and associates in the Separate Financial Statements. Management is currently evaluating the implication of the amendment.

- Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

- IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.

- IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.

- IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.

- Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.

- IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a "management entity that provides key management personnel services to the reporting entity," either directly or through a group entity.

- IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

- Securities and Exchange Commission of Pakistan (SECP) vide SRO 633(I)/2014 dated 10 July 2014 has approved the below IFRSs to be effective for annual period beginning on or after 1 January 2015:

  - IFRS 10 'Consolidated Financial Statements'

  - IFRS 11 'Joint Arrangements'

  - IFRS 12 'Disclosure of interests in other entities'

  - IFRS 13 'Fair Value Measurement'

The Group is currently evaluating the implication of aforementioned Standards in its consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently to all the years presented except for changes in accounting policies as stated in note 2.5.2. During the year the group has adopted policy of discontinued operation as disclosed in note 3.9 to these consolidated financial statements.

3.1 Basis of consolidation

(i) Business Combination

Business combinations are accounted for using the acquisition method at acquisition date. The consideration transferred on the acquisition is measured at fair value, as are the identifiable net assets acquired. Goodwill arising on acquisition date is measured as the excess of the purchase consideration, including the acquisition date fair value of the acquirer's previously held equity interest in the acquiree in case of step acquisition, over the fair value of the identifiable assets acquired and liabilities assumed including contingent liabilities less impairment losses, if any. Any goodwill that arises is tested annually for impairment. Any gain on bargain purchase is recognised immediately in consolidated profit and loss account.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in consolidated profit and loss account. Transaction cost are expensed as incurred, except if related to the issue of debt or equity securities.

(ii) Subsidiaries

Subsidiaries are entities in which the Parent Company has control and / or ownership of more than half or fifty percent, of the voting power. Control exists when the Parent Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the accounting policies adopted by the Parent Company. The assets and liabilities of subsidiary companies have been consolidated on a line-by-line basis. The carrying value of investments held by the Parent Company is eliminated against the subsidiary's shareholders' equity in these consolidated financial statements.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners.

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in consolidated profit and loss account. These consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

The financial year of the Parent Company and its subsidiaries are the same except for AHD. Financial year of the AHD is December. AHD has prepared, for consolidation purposes, interim financial information, which is neither audited nor reviewed by independent external auditors as of the same date as the financial statements of the Parent Company.

The assets, liabilities as of 30 June 2014 and loss after taxation for the year then ended of un-audited subsidiaries incorporated in these consolidated financial statements are as follows:

Subsidiary		**Assets**	**Liabilities**	**Loss after tax**
Arif Habib DMCC	Rupees	101,140,934	52,856,097	(4,336,829)

The financial statements of Arif Habib Limited, Arif Habib Commodities (Private) Limited, Power Cement Limited, Sachal Energy Development (Private) Limited and Pakistan Private Equity Management Limited are audited.

(iii) Non-controlling interests

Non-controlling interest is that portion of equity in a subsidiary that is not attributable, directly or indirectly, to the Parent Company. Non-controlling interests are measured at their proportionate share of the subsidiaries' identifiable net assets, which are generally at fair value. They are presented as a separate item in the consolidated financial statements.

(iv) Associates

The Parent Company considers its associates to be such entities in which the Group has ownership, of not less than twenty percent but not more than fifty percent, of the voting power and / or has significant influence through common directorship, but not control, over the financial and operating policies.

Investments in associates are accounted for under the equity method, less impairment losses, if any. Such investments are carried in the balance sheet at cost (including transaction cost), plus post-acquisition changes in the Group's share of net assets of the associate, less any impairment in value. The consolidated profit and loss account reflects the Group's share of the results of its associate and consolidated other comprehensive income reflect Group's shares in other comprehensive income of equity accounted investee. The equity method for investments in associates is applied from the date when significant influence commence until the date that significant influence ceases. The Group's share of results of associate MCB - Arif Habib Savings and Investments Limited is based on audited financial statements of the associate, whereas the financial statements of Fatima Fertilizer Company Limited and Pakarab Fertilizers Limited were audited as of 31 December 2013. In the case of Fatima Fertilizer Company Limited, limited reviewed financial information as of 30 June 2014 by their external auditor has been used for equity accounting purposes. Financial statements / financial information of other associates are unaudited or not reviewed.

(v) Transactions eliminated on consolidation

"Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity· accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Staff retirement benefits

The Group operates following retirement and other benefit schemes:

3.2.1 Defined contribution plan

AHCL and AHL operate recognized provident fund schemes for all eligible permanent employees for which their contributions are charged to consolidated profit and loss account.

3.2.2 Voluntary pension scheme

PPEML operates a voluntary pension scheme for all its permanent employees. Equal monthly contributions are made both by PPEML and the employees.

3.2.3 Defined benefit plan

PCL operates an approved funded gratuity plan for all its employees who have completed the qualifying period under the scheme. Contributions are made to the fund in accordance with actuarial recommendations. The most recent valuation in this regard was carried out as at 30 June 2014 by using Projected Credit Unit Method for valuation of the scheme. Remeasurements which comprises actuarial gains and losses and return on plan assets (excluding interest) are recognised immediately in the consolidated statement of comprehensive income. The Group determines the net interest expense (income) on the defined benefit liability (asset) for the period by applying discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset) taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and current service cost are recognised in the consolidated profit and loss account.

Certain actuarial assumptions have been adopted as disclosed in these consolidated financial statements for actuarial valuations of present value of defined benefit obligations. Change in these assumption in future years may affect the liability under the scheme for those years. SEDPL operates an unfunded gratuity scheme under which all employees are entitled to gratuity payment at the time of completion of service or termination, equivalent to one last drawing salary for every one year of services with SEDPL. For the purpose of any part of any year any period exceeding six months will be considered as one full year.

3.3 Compensated absences

The PCL accounts for liability in respect of un-availed compensated absences for all its permanent employees, in the period of absence. Provision for liabilities towards compensated absences is made on the basis of last drawn gross salary.

3.4 Taxation

Income tax expense comprises of current, prior year and deferred tax. Income tax expense is recognized in consolidated profit and loss account except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. However, in case of PPEML and SEDPL, a venture capital company and a wind power generation company respectively no tax is payable in accordance with clause 101 of part I of the second schedule and section 132 of the second schedule to the Income Tax Ordinance, 2001 respectively.

Current

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of prior years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the balance sheet date between the tax base and carrying amount of assets and liabilities for financial reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carry forward of unused tax losses can be utilized. Carrying amount of all deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

3.5 Property, plant and equipment

Owned

Property, plant and equipment, except capital work-in-progress, are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and its cost can be measured reliably. Cost incurred to replace a component of an item of property, plant and equipment is capitalized, the asset so replaced is retired from use and its carrying amount is derecognized. Normal repairs and maintenance are charged to consolidated profit and loss account during the period in which they are incurred.

Depreciation on plant and machinery is charged using units of production method, except for certain plant and machinery where reducing balance method is used to reflect expected pattern of consumption of future economic benefits. The unit of production method resulted in depreciation charge based in the actual use or output.

Depreciation on assets other than plant and machinery is charged to consolidated profit and loss account using the reducing balance method over the asset's useful life at the rates stated in note 14.

The depreciation on property, plant and equipment is charged full in the month of acquisition and no depreciation is charged in the month of disposal.

Gains or losses on disposal of an item of property, plant and equipment are recognized in the consolidated profit and loss account currently.

The assets' residual value and useful life are reviewed at reporting date, and adjusted if impact on depreciation is significant.

Capital work in progress is stated at cost and consists of expenditure incurred and advances made in respect of assets in the course of their construction and installation. Transfers are made to relevant asset's category as and when assets are available for intended use.

Leased

Leases in terms of which the Group companies assumes substantially all the risks and rewards of ownership are classified as finance lease. Asset acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of minimum lease payments at the inception of the lease less accumulated depreciation and impairment losses, if any. The corresponding liability to the lessor is included in the consolidated balance sheet as liabilities against assets subject to finance lease. Leased assets which are obtained under Ijarah agreement are not recognized in the consolidated balance sheet and are treated as operating lease based on Islamic Financial Accounting Standard (IFAS) 2 issued by the Institute of Chartered Accountants of Pakistan and notified by Securities and Exchange Commission of Pakistan vide S.R.O. 43(1) / 2007 dated 22 May 2007. Payments made under operating lease are charged to consolidated profit and loss account on a straight line basis over the lease term.

Major stores and spares (Capital Spares)

Spare parts, stand-by equipment and servicing equipment which qualify as property, plant and equipment when an entity expects to use them during more than one year are classified as fixed assets under category of major stores and spares.

3.6 Investment property

Investment property comprises land and building, held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the supply of services or for administrative purposes.

Investment property is initially measured at its cost, including related transaction costs and borrowing costs, if any and subsequently carried at fair value with any change therein recognised in consolidated profit and loss account.

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 Group 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.

For the purpose of subsequent measurement, the fair value of the investment property is determined with sufficient regularity 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.

An item of investment property is derecognized either when disposed and any gain / (loss) on disposal is recognised in consolidated profit and loss account.

3.7 Intangible assets

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged using the straight line method over assets estimated useful life at the rates stated in note 14, after taking into account residual value, if any. The residual values, useful lives and amortization methods are reviewed and adjusted, if appropriate, at each consolidated balance sheet date.

Amortization on additions is charged from the month the assets are put to use while no amortisation is charged in the month in which the assets are disposed off.

Gain and losses on disposal of such assets, if any, are included in the consolidated profit and loss account.

3.7.1 Trading right entitlement certificate, membership card and offices

These are held by AHL and AHCPL and are stated at cost less impairment losses, 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.

3.8 Biological assets

Biological assets are measured at fair value less cost to sell, with any change therein recognised in consolidated profit and loss account.

3.9 Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative consolidated statement of profit and loss account and consolidated other comprehensive income is re-presented as if the operation had been discontinued from the starts of the comparative year.

3.10 Assets held for sale

Non-current assets, or disposal group comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on pro basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in consolidated profit and loss account.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated and any equity - accounted investee is no longer equity accounted.

3.11 Impairment

A financial asset, other than that carried at fair value through profit or loss, is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred and that the loss event has a negative effect on the estimated future cash flows of that asset.

In case of investment in equity securities classified as available for sale and measured at fair value, a significant or prolonged declined in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists, the cumulative loss measured as a difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized is transferred from equity and recognized in the consolidated profit and loss account. Such impairment losses are not subsequently reversed through the consolidated profit and loss account.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in consolidated profit and loss account. The carrying amount of the Group's non-financial assets and investment carried at cost are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment losses are recognized in consolidated profit and loss account.

3.12 Other Investments

All investments are initially recognized at fair value, being the cost of the consideration given including transaction costs associated with the investment, except for those classified as at fair value through profit or loss, in which case the transaction costs are charged to the profit and loss account.

All "regular way" purchases and sales of financial assets are recognized on the trade date, that is the date on which the Group commits to purchase / sell an asset. Regular way purchases or sales of financial assets are the contracts which require delivery of assets within the time frame generally established by regulations or market convention.

Where active market of the quoted investment exists, fair value is determined through Karachi Stock Exchange daily quotation. In case of unquoted investment, where active market does not exists, fair value is determined using valuation techniques. The investments in equity instruments that do not have a market / quoted price in an active market and whose fair value cannot be reliably measured are carried at cost.

The Group classifies its investments in the following categories:

3.12.1 At fair value through profit or loss - held for trading

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated as at fair value through profit and loss account. Investments which are acquired principally for the purpose of selling in the near term or the investments that are part of a portfolio of financial instruments exhibiting short term profit taking are classified as at fair value through profit or loss - held for trading These are stated at fair values with any resulting gains or losses recognized in the profit and loss account.The fair value of such investments, representing listed equity securities are determined on the basis of prevailing market prices at the respective stock exchange and on market based redemption / repurchase prices, whichever is applicable, in case of other securities.

3.12.2 Available for sale

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity.

At subsequent balance sheet dates, these investments are remeasured at fair values and changes therein, other than impairment losses and foreign currency differences on debt instrument are recognised in consolidated statement of comprehensive income until disposed off at which time these are transferred to consolidated profit and loss account.

Where active market of the quoted investment exists, fair value of quoted investments is determined using quotations of the respective stock exchange. The investments for which a quoted market price is not available, are measured at cost, unless fair value can be reliably measured. Such fair value estimates are subjective in nature and involve some uncertainties and matters of judgment (e.g. valuation, interest rate etc.) and therefore, cannot be determined with precision.

3.12.3 Held-to-maturity investments

Investments with a fixed maturity where the company has the intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are carried at amortized cost using the effective interest rate method, less any impairment losses.

3.13 Purchase / Sold under resale / repurchase agreement

Transactions of purchase under resale (Reverse-repo) of marketable securities are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resale at a specified future date (Reverse-repo) are not recognized in the balance sheet. Amounts paid under these agreements in respect of reverse repurchase transactions are included in assets. The difference between purchase and resale price is treated as income from reverse repurchase transactions in marketable securities and accrued on a time proportion basis over the life of the reverse repo agreement.

Transactions of sale under repurchase (repo) of marketable securities are entered into at contracted rates for specified periods of time. Securities sold with a simultaneous commitment to repurchase at a specified future date (repo) continue to be recognized in the balance sheet and are measured in accordance with accounting policies for investments. The counterparty liabilities for amounts received under these transactions are recorded as liabilities. The difference between sale and repurchase price is treated as finance cost and accrued over the life of the repo agreement.

3.14 Trade and other receivables

Trade and other receivables are carried at cost, which is the fair value of the consideration to be received, less provision for doubtful debts. A provision for impairment in trade debts and other receivables is made when there is objective evidence that the Group 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. Trade Receivables in respect of securities sold on behalf of client are recorded at settlement date of transaction.

3.15 Fiduciary assets

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

3.16 Trade and other payables

Trade and other payables are carried at cost, which is the fair value of the consideration to be paid.

3.17 Short term borrowings

Mark-up bearing borrowings are recognized initially at fair value, less attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

3.18 Revenue recognition

- Gain / loss on sale of investments are recognized on the date of transaction and charged to profit and loss account in the period in which they arise.
- Brokerage, consultancy and advisory fee, commission etc. are recognized as and when such services are provided. Rental income from investment property is recognized on accrual basis.
- Dividend income is recognized when the Group's right to receive such dividend is established.
- Mark-up income is recognized on a time proportion basis over the period of its tenor.
- Revenue from sale of goods is measured at fair value of the consideration received or receivable Domestic sales are recognised as revenue on dispatch of goods to customers. Export sales are recognised as revenue on the basis of goods shipped to customers.
- Rebate on export is recognized after finalization of export documents.
- Put option fee is recognized on time proportion basis over the period of its tenor.
- Remeasurement 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.
- Reverse repo income is recorded on accrual basis and late payment charges are accrued in the period in which they arise.

3.19 Provisions

Provision is recognized when, as a result of past event, the companies have a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Subsequently, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.20 Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. These are measured initially at fair value. Financial assets are derecognized when the contractual right to the cash flow from the financial assets expires or is transferred. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. Financial instruments carried on the statement of financial position include investments, trade debts and other receivables, loans and advances, cash and bank balances, deposits, borrowings, trade and other payables and accrued and other liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. Financial assets and financial liabilities are off set and the net amount is reported in the balance sheet only when the Group has a legally enforceable right to offset the recognized amount and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

When available, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for financial instrument is not active, the Group establishes fair value using a valuation technique. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the company, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments.

Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The Group calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

3.21 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated financial statements only when there is legally enforceable right to set-off the recognized amounts and the Group intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.22 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value with resulting fair values changes recognized in profit and loss account. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

3.23 Foreign currency translation

Foreign currency transactions are translated into Pakistan Rupees using the exchange rates prevailing at the date of the transactions. All the monetary assets and liabilities in foreign currencies, at the balance sheet date, are translated into Pakistan Rupees at the exchange rates prevailing on that date. Foreign exchange gains and losses on translation are recognized in the profit and loss account. Non-monetary assets and liabilities, denominated in foreign currency that are measured at fair value are translated using exchange rate at the date the fair values are determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The assets and liabilities of foreign operations, are translated to Pakistan Rupees at exchange rates at the reporting date. The income and expenses of foreign operations, are translated to Pakistan Rupees at exchange rates at the dates of the transactions. Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity except to the extent that the translation differences is allocated to Non Controlling Interest (NCI).

When a foreign operation is disposed off in its entirety or partially such that control or significant influence is lost, the cumulative amount in translation reserve related to that foreign operation is reclassified to consolidated profit and loss account as part of gain or loss on disposal. If group retain control then it is reattributed to NCI. When group retain significant influence the relative portion of cumulative amount is reclassified to consolidated profit and loss account.

3.24 Borrowing costs

Borrowing costs incurred on short term and long term borrowings are recognized as an expense in the period in which these are incurred, except that those which are directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of the cost of that asset.

3.25 Cash and cash equivalents

Cash and cash equivalent for the purpose of cash flow statement comprises of cash in hand, share transfer stamps, banking instruments, cash at bank and short term running finance.

3.26 Stock in trade

Stock of raw and packing materials, work in process and finished goods are valued at the lower of cost and net realizable value. Cost in relation to work in process and finished goods includes prime cost and appropriate proportion of production overheads incurred in bringing the inventory to their present location and condition. Stocks of raw and packing material are valued at moving average cost.

Stocks in transit are valued at cost comprising invoice value plus other charges directly attributable to the acquisition of related purchase incurred up to the balance sheet date.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3.27 Stores, spare parts and loose tools

These are valued at cost determined on moving average basis, less provision for obsolescence. Stores and spares in transit are valued at invoice value plus other charges incurred thereon as on balance sheet date.

3.28 Mark-up bearing borrowings

Mark-up bearing borrowings are recognised initially at fair value, less attributable transactions cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognised in the Consolidated Profit and Loss Account over the period of borrowings on an effective interest basis.

3.29 Expenses

All expenses are recognized in the profit and loss account on an accrual basis.

3.30 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' results are reviewed regularly by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance.

Segment results that are reported to the Group's management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the year to acquire property and equipment, and intangible assets.

3.31 Dividend and appropriation to reserve

Dividend distribution to the shareholders and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

The Parent Company measures the liability to distribute non-cash assets as a dividend to the shareholders at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date. On settlement of the transaction, the Parent Company recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in consolidated profit and loss account.

4. SHARE CAPITAL

4.1 Authorized share capital

2014	2013			**2014**	2013
(Number of shares)				**(Rupees)**	
1,000,000,000	1,000,000,000	Ordinary shares of Rs. 10 each		**10,000,000,000**	10,000,000,000

4.2 Issued, subscribed and paid up share capital

5,000,000	5,000,000	Ordinary shares of Rs. 10 each fully paid in cash		**50,000,000**	50,000,000
450,750,000	450,750,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares		**4,507,500,000**	4,507,500,000
455,750,000	455,750,000			**4,557,500,000**	4,557,500,000
(2,000,000)	(2,000,000)	Ordinary shares of Rs. 10 each bought back at Rs. 360 per share	4.2.1	**(20,000,000)**	(20,000,000)
453,750,000	453,750,000			**4,537,500,000**	4,537,500,000

4.2.1 During financial year 2005-2006, the Parent Company bought back two million shares of Rs. 10 each from its shareholders through tender notice at a price of Rs. 360 per share in accordance with section 95-A of the Companies Ordinance, 1984 and Companies (Buy-back of shares) Rules, 1999. The acquisition resulted in reduction of capital and unappropriated profit by Rs. 20 million and Rs. 700 million respectively, in the relevant year.

4.2.2 At year end, Mr. Arif Habib held 57.69% and Mrs. Zaitun Arif held 16.95% of ordinary shares in the Parent Company respectively.

5. LONG TERM LOANS

		2014	2013
		(Rupees)	
From banking companies - secured term finance	5.1 & 5.2	**1,873,513,452**	2,320,501,000
From related parties - unsecured	5.3	**1,224,971,506**	356,519,190
Less: Current portion of long term loan		**(755,291,290)**	(954,438,000)
		2,343,193,668	1,722,582,190

5.1 This includes syndicated term finance facility arranged by PCL with a syndicate of local commercial banks (the Syndicate). In 2012, PCL entered into a revised restructuring agreement with the Syndicate dated 23 December 2011. As per the revised restructuring agreement the principal is payable in nine half yearly instalments from 23 December 2011 to 23 December 2015.

The mark up charged during first 3.5 years i.e. from 23 June 2010 to 22 December 2013 is 6 month KIBOR + 0% and after 3.5 years i.e. 23 December 2013 to 23 December 2015, the mark up will be charged at 6 month KIBOR + 1.75%. Mark-up outstanding at the time of restructuring and mark up accrued from restructuring date till the date of final settlement of principal will then be paid in half yearly instalments of Rs. 250 million each commencing from 23 June 2016.

The loan is secured by way of mortgage over property worth Rs. 3.33 billion and hypothecation charge over assets worth Rs. 3.33 billion.

The revised restructuring mentioned above resulted in substantial modification of the financing terms, accordingly the original liability was extinguished and new liability was recognised at fair value. The difference between the carrying amount of the liability extinguished and the fair value of the new liability was recognised in profit and loss account which is being amortised on effective interest rate over the remaining tenor of the loan. The facility contains a covenant that PCL can not pay dividend to its shareholders until it pay its debt including mark-up payments to syndicate on timely basis.

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

The market value of pledged shares as collateral amounts to Rs. 251.821 million (2013: Rs. 1,281.228 million) at balance sheet date.

5.3 From related parties - unsecured

		2014	2013
		(Rupees)	
Non interest bearing	5.3.1	**1,365,146,506**	506,350,684
Imputed income on remeasurement of loan liability at fair value		**(222,010,000)**	(220,842,789)
Unwinding of imputed interest		**81,835,000**	71,011,295
		1,224,971,506	356,519,190

5.3.1 This represents an unsecured non interest bearing loan received by PCL and AHD from Mr. Arif Habib, a related party, these loans have been recorded at fair value. The difference between the carrying value of the liability and the fair value is recognized in consolidated profit and loss account which is being amortized on effective interest rate over the remaining tenor of the loan.

6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2014	2013
	(Rupees)	
Present value of minimum lease payments	2,704,805	4,984,549
Less: Current portion shown under current liabilities	(468,892)	(4,984,549)
	2,235,913	-

These represent assets purchase under finance lease by AHL. The minimum lease payments have been discounted at an implicit interest rate 14.02% 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 charges may vary from period to period. As per terms of lease, the lessee has option to purchase the assets after expiry of the lease term. Taxes, repairs and insurance costs are to be borne by AHL. In case of early termination of lease, the lessee is required to 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 2014	2013
			(Rupees)	
Not later than one year	635,904	167,012	468,892	4,984,549
Later than one year and not later than five year	2,963,572	727,659	2,235,913	(4,984,549)
	3,599,476	894,671	2,704,805	-

7. DEFERRED LIABILITY - STAFF GRATUITY

		2014	2013 (Restated)
		(Rupees)	
Power Cement Limited	7.1	33,164,000	30,810,000
Sachal Energy Development (Private) Limited	7.2	8,584,723	6,081,231
Sweetwater Diaries Pakistan (Private) Limited		-	144,477
		41,748,723	37,035,708

7.1 Power Cement Limited

7.1.1 Number of Employees under the scheme

	2014	2013
	---------- (Number) ----------	
The number of employees covered under scheme:	274	267

Notes to the Consolidated Financial Statements

For the year ended 30th June 2014

7.1.2 The amounts recognised in these financial statements, based on the actuarial valuation carried out by Nauman Associates as at 30 June are as follows:

		2014	2013 (Restated)
a)	**Significant actuarial assumptions**	**(Rupees)**	
	Financial assumptions		
	Discount rate	**13.25%**	10.50%
	Expected rate of eligible salary increase in future years	**12.25%**	9.50%
	Average expected remaining working life time of employees	**7 years**	11 Years
	Demographic assumptions		
	Mortality rate	**SLIC 2001-2005**	EFU 61-66
	Withdrawal rate	**Moderate**	Moderate
	Retirement assumption	**Age 60**	Age 60
b)	**Reconciliation of balance due to defined benefit plan**		
	Present value of defined benefit obligation	**36,756,000**	31,406,000
	Fair value of plan assets	**(3,592,000)**	(596,000)
		33,164,000	30,810,000
c)	**Movement of the liability recognized in the balance sheet**		
	Liability recognised in the balance sheet as at 1 July	**30,810,000**	25,924,000
	Charge for the year	**12,370,000**	11,996,000
	Remeasurements chargeable in other comprehensive income	**(1,466,000)**	371,000
	Contribution during the year	**(8,550,000)**	(7,481,000)
	Liability recognised in the balance sheet as at 30 June	**33,164,000**	30,810,000
d)	**Change in present value of defined benefits obligations**		
	Present value of defined benefits obligation as at 1 July	**31,406,000**	26,007,000
	Current service cost for the year	**9,653,000**	8,626,000
	Interest cost for the year	**2,927,000**	3,381,000
	Benefits paid during the year	**(5,746,000)**	(4,258,000)
	Benefits due but not paid	**(1,313,000)**	-
	Remeasurements:		
	Actuarial (gains)/losses from changes in demographic assumptions	**-**	-
	Actuarial (gains)/losses from changes in financial assumptions	**-**	-
	Experience adjustments	**(171,000)**	(2,350,000)
	Present value of defined benefits obligation as at 30 June	**36,756,000**	31,406,000
e)	**Changes in fair value of plan assets**		
	Fair value of plan assets as at 1 July	**596,000**	83,000
	Contribution during the year	**8,550,000**	7,481,000
	Expected return on plan assets	**210,000**	11,000
	Benefits paid / discharged during the year	**(5,746,000)**	(4,258,000)
	Benefits due but not paid	**(1,313,000)**	-
	Actuarial loss on plan assets	**1,295,000**	(2,721,000)
	Fair value of plan assets as at 30 June	**3,592,000**	596,000

		2014	2013 (Restated)
f)	**Expenses recognized in the profit and loss account**	**(Rupees)**	
	Current service cost	**9,653,000**	8,626,000
	Interest cost	**2,927,000**	3,381,000
	Return on plan assets	**(210,000)**	(11,000)
		12,370,000	11,996,000
g)	**Remeasurements Chargeable in other comprehensive income**		
	Remeasurements:		
	Actuarial (gains)/losses from changes in demographic assumptions	**-**	-
	Actuarial (gains)/losses from changes in financial assumptions	**-**	-
	Experience adjustments	**(171,000)**	(2,350,000)
		(171,000)	(2,350,000)
	Return on plan assets, excluding interest income	**(1,295,000)**	2,720,000
	Total Remeasurements Chargeable in Other Comprehensive Income	**(1,466,000)**	370,000

h) **Expected charge for the year ending 30 June 2015 is Rs. 14.676 million.**

		Amount	Percentage
i)	**Plan Assets as at 30 June 2014 comprise:**		
	Cash and/or deposits	**713,000**	19.85%
	Other	**2,879,000**	80.15%
		3,592,000	100%

j) **Sensitivity analysis**

Discount rate effect	**Present value obligation**	**Rate effect**
Original liability	**36,756,000**	**13.25%**
1% increase	34,244,000	14.25%
1% Decrease	39,663,000	12.25%
Salary increase rate effect		
Original liability	**36,756,000**	**12.25%**
1% increase	39,713,000	13.25%
1% Decrease	34,156,000	11.25%

Maturity profile

The average duration of defined benefit obligation is 7 years.

k) **Experience adjustments**

	2013-14	2012-13	2011-12	2010-11	2009-10
			(Rupees)		
Experience adjustment arising on plan liabilities	**(171,000)**	(2,350,000)	(249,000)	(1,363,000)	2,871,000

	2014	2013 (Restated)
I) The charge for the year has been allocated as follows:		
Cost of sales	**9,850,000**	9,356,000
Distribution cost	**1,799,000**	1,080,000
Administrative expenses	**721,000**	1,560,000
	12,370,000	11,996,000

7.2 Sachal Energy Development Pakistan (Private) Limited

	2014	2013
Balance at beginning of the year	**6,081,231**	5,399,708
Liability recognised for the year	**2,734,882**	2,595,273
Gratuity paid during the year	**(231,390)**	(1,913,750)
Balance at end of the year	**8,584,723**	6,081,231

8. DEFERRED TAXATION - net

The liability for deferred taxation comprises of temporary differences relating to:

	2014 (Rupees)	2013
- Accelerated tax depreciation	**672,581,387**	618,443,399
- Investment in equity accounted associates	**411,828,913**	365,175,934
- Deferred tax upon long term financing	**-**	86,643,000
	1,084,410,300	1,070,262,333
Deferred tax asset comprises of temporary differences relating to:		
- Deferred tax upon provision for slow moving inventory	**(3,076,000)**	(2,988,000)
- Deferred tax upon deferred liabilities	**(7,545,000)**	(6,809,000)
- Deferred tax upon provision for leave encashment	**(2,595,000)**	(2,626,000)
- Recognition of liability	**(34,696,000)**	-
- Unused tax credits	**(114,419,789)**	(152,972,708)
- Carry forward of losses	**(593,913,000)**	(626,154,044)
	(756,244,789)	(791,549,752)
Rupees	**328,165,511**	278,712,581

9. TRADE AND OTHER PAYABLES

	Note	2014 (Rupees)	2013 (Restated)
Creditors	9.1	**390,586,242**	875,817,605
Bills payable		**444,933,000**	288,767,000
Accrued liabilities	9.2	**113,218,573**	84,806,475
Withholding tax payable		**2,793,707**	29,019,990
Advance from customers	9.3	**101,835,000**	-
Provision for Workers' Welfare Fund	9.4	**346,470,685**	273,797,139
Workers' Profit Participation Fund		**25,530,000**	-
Fair value of written put option	31.1	**851,312,000**	575,476,652
Unclaimed dividend	9.5	**8,837,235**	6,595,530
Other liabilities	9.6	**310,887,531**	569,651,426
		2,596,403,973	2,703,931,817

9.1 This include an amount payable to JCL by PCL amounting to Rs. 0.375 million (2013: Rs. 0.375 million).

9.2 This include sum of Nil (2013: Rs. 0.278 million) and Rs. 0.39 million (2013: Nil) accrued on account of utilities and maintenance and payable against rent, respectively, and is payable to Rotocast Engineering Company (Private) Limited, a related party.

9.3 It includes Rs. Nil (2013: Rs. 0.458 million) payable to Aisha Steel Mill Limited, a related party by PCL..

9.4 During the year ended 30 June 2011, the Honourable High Court of Lahore vide their order in respect of writ petition No. 8763/2011, has declared amendments introduced through Finance Acts 2006 and 2008 in Workers' Welfare Ordinance, 1971 as unconstitutional. Further, the Parent Company has also filed a writ petition in the High Court of Sindh at Karachi to impugn the amendments made to the Workers' Welfare Ordinance 1971, vide Finance Act 2008. Moreover, the Appellate Tribunal Inland Revenue, Islamabad has also settled issue of WWF in the favour of taxpayers and against the Inland Revenue Service Department in ITA No. 38/IB/2012 (Tax year 2009), ITA No. 136/IB/2012 (Tax year 2009) and ITA No. 137/IB/2012 (Tax year 2010) dated 21 May 2012. During the third quarter ended March 31, 2013, the Honourable High Court of Sindh (SHC) vide their order in respect of Constitutional Petition bearing No. D-2753/2009 has declared that amendments to the Workers Welfare Fund through Finance Act 2006 and 2008 do not suffer from any constitutional or legal infirmity. On the basis of the aforementioned order of SHC, the Parent Company's writ petition was disposed off on the same grounds.

Being aggrieved by the decision of SHC, the Parent Company has filed a constitutional petition challenging the order of SHC before the Supreme Court of Pakistan. The management of the Parent Company is contesting the case vigorously and as per the legal counsel, the Parent Company has a reasonable case and the management is confident that the petition will be decided in favor of the Parent Company. However, based on prudence the Parent Company has provided for Workers' Welfare Fund in these consolidated financial statements.

In case of a AHL, the commissioner income tax has raised demands on account of Worker Welfare Fund for the tax year 2010 and 2012 amounting to Rs. 3.5 million and Rs. 7.4 million respectively. AHL has been granted stay against those demands from the respective authorities. AHL's legal counsel is confident that it has favourable case.

9.5 This includes unclaimed dividend amounting to Rs. 8.711 million (2013: Rs. 6.469 million) placed in different bank accounts, opened by the Parent Company specifically for distribution of dividend to shareholders for issue of dividend. In previous years, the Parent Company was not presenting the related bank accounts and the corresponding liability in the consolidated financial statements as it was considered that placing funds in separate special bank accounts extinguishes the Parent Company's liability for the same. During the year, management has decided to report their balances with corresponding liability, the effect of which is immaterial.

9.6 This includes Rs. 178.046 million (2013: Rs. 191.345 million) representing recognised contingent liabilities of acquired subsidiary - Power Cement Limited. PCL has received an order from Central Excise and Land Custom on 28 October 1992 allegating that the Sales tax and CED amounting to Rs. 15.210 million and Rs. 30.312 million respectively were not paid on certain sales. An order was received demanding the recovery of the above amounts along with penalty amounting in aggregate to Rs. 91.046 million. PCL has however disputed the same on grounds of lack of jurisdiction as well as on the merits, the matter is subjudice. The stay order was granted by the Honourable High Court of Sindh against the said order and the case is currently pending with the Appellate Tribunal Inland Revenue, Karachi. The Group has recognised provision of same amount in these consolidated financial statements.

The Competition Commission of Pakistan (the CCP) took Suo Moto action under Competition Commission Ordinance, 2007 and issued a Show Cause Notice on 28 October 2008 for increase in prices of cement across the country. Similar notices were also issued to All Pakistan Cement manufacturers Association (APCMA) and its member cement manufacturers. PCL filed a writ petition before the Honourable Lahore High Court (LHC), the LHC wide its order dated 24 August 2009 allowed the CCP to issue its final order. The CCP accordingly passed an order on 27 August 2009 and imposed a penalty of Rs. 87 million on PCL. The LHC vide its order dated 31 August 2009 restrained the CCP from enforcing its order against PCL for the time being.

During the financial year ended 30 June 2009, PCL has filed an appeal before the Honourable Supreme Court of Pakistan and Lahore High Court against the Order of the CCP dated 27 August 2009. The petition filed by PCL and other cement manufacturers before the Lahore High Court are also pending for adjudication meanwhile order passed by the Lahore High Court on 31 August 2009 is still operative.

10. SHORT TERM BORROWINGS - secured

		2014	2013
		(Rupees)	
From banking companies			
- Short term running finance from banks	10.1	**4,159,773,907**	2,203,743,675
- Foreign currency loan	10.2	**20,132,000**	991
- Istisna	10.3	**130,000,000**	130,000,000
- Sponsor loan		**-**	312,000,000
		4,309,905,907	2,645,744,666

10.1 Short term running finance facilities are available to Parent Company, AHL and PCL from various commercial banks, under mark-up arrangements, amounting to Rs. 6,381 million (2013: Rs. 6,748 million), including Rs. 250 million (2013: Rs. 250 million) from related party, Summit Bank, which represents the aggregate of sale prices of all mark-up agreements between the Group Companies and the banks with minimum 30% margin (2013: 30% margin). These facilities have various maturity dates upto July 2015. Arrangements are secured against pledge of marketable securities, first charge ranking pari passu against current and fixed assets, and personal guarantees of members. These running finance facilities carry mark-up ranging from 1 month KIBOR+ 1% to 3 month KIBOR+ 2.5% per annum (2013: 1 month KIBOR+ 1% to 3 month KIBOR+ 2.5% per annum) calculated on a daily product basis, that is payable quarterly. The carrying amount of securities pledged as collateral against outstanding liability amounts to Rs. 3,150 million (2013: Rs. 2,720.845 million). The aggregate amount of these facilities which have not been availed as at the balance sheet date amounts to Rs. 3,150.495 million (2013: Rs. 4,711.765 million).

10.2 During the year, PCL availed the foreign currency loan facility from a bank amounting to Rs. 50 million (2013: Nil). The amount is repayable in 180 days from the date of disbursement and carries mark-up at the rate of LIBOR plus 2%. The facility is secured by first pari passu charge against present and future fixed assets of PCL.

10.3 During the year ended 30 June 2013, the PCL availed the Istisna facility from a bank amounting to Rs. 130 million (2013: Rs.130 million). The amount is repayable in 90 days from the date of disbursement and carries mark-up at the rate of 3 months KIBOR plus 3%. The facility will mature on 2 July 2014 and is renewable.

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

Parent Company

11.1.1 The Parent Company is contesting along with other defendants four suits filed by M/s. Diamond Industries Limited, Mr. Iftikhar Shafi, M/s. Shafi Chemicals Industries Limited and Mr. Nisar Elahi (The Plaintiffs) in the year 2002-2003 for damages jointly against Mr. Saleem Chamdia, Mr. Arif Habib, Mr. Aqeel Karim Dedhi, Mr. A. Ghaffar Usman Moosani, Mr. Shahid Ghaffar, the Karachi Stock Exchange Limited (KSE), the Securities and Exchange Commission of Pakistan (SECP), the Central Depository Company of Pakistan Limited (CDC), Saleem Chamdia Securities (Private) Limited, Arif Habib Corporation Limited, Moosani Securities Limited and Aqeel Karim Dedhi Securities Limited.

The suits are for recovery of damages amounting to Rs. 10,989,948,199, Rs. 5,606,611,760, Rs.1,701,035,843 and Rs. 428,440,971 respectively against the decision of the KSE in respect of Risk Management System of its Clearing House during the year 2000. The Chief Executive of the Parent Company was the Chairman of the Board of Directors of KSE during 2000. The Parent Company has been made party to the suits by the plaintiffs. All the suits at present are pending before the Honorable Sindh High Court, Karachi. Individual liability of respective individuals and undertakings is not quantifiable.

The legal advisor of the Parent Company is of the opinion that there are reasonable grounds for a favorable decision and that the suits are likely to be dismissed as these are not based on factual or legal basis and no financial liability is expected to accrue as a consequence of the said suits against the Parent Company. Accordingly, no provision has been recognised thereagainst.

11.1.2 During the year ended 30 June 2012, the Securities and Exchange Commission of Pakistan ("SECP") issued an order under section 22 of the Securities and Exchange Ordinance, 1969 ("the Ordinance") regarding non compliance of orders passed by the SECP under section 18A of the Ordinance for depositing confiscated subscription money amounting to Rs. 3.14 million relating to fictitious applications received by the Parent Company for subscription of shares of Summit Bank Limited that were offered to general public by the Parent Company in 2007. On 2 November 2012, Appellate bench of the SECP dismissed the appeal filed by the Parent Company against the order. The Parent Company has filed a constitutional petition challenging the orders passed by the SECP before Honourable High Court of Sindh which has granted ad interim stay. The petition is being contested vigorously and the management is confident that the petition will be decided in Parent Company's favour.

PCL, Subsidiary Company

11.1.3 A customer has filed claim of Rs. 1.197 million before the Court of District & Session Judge Karachi (East), for recovery of financial loss due to sub-standard supply of cement bags. The Honourable Judge has decided the order in favour of the customer. Thereafter, PCL filed a revision application against the order before the Sindh High Court. The Group based on the advice of the lawyer obtained by PCL has not recognised any provision thereagainst in these consolidated financial statements.

11.1.4 Section 113(2)(c) was interpreted by a Divisional Bench of the Sindh High Court (SHC) in the Income Tax Reference Application (ITRA) No. 132 of 2011 dated 7 May 2013, whereby it was held that the benefit of carry forward of Minimum Tax is only available in the situation where the actual tax payable (on the basis of net income) in a tax year is less than Minimum tax. Therefore, where there is no tax payable, interlia, due to brought forward tax losses, minimum tax could not be carried forward for adjustment with future tax liability.

PCL has carried forward minimum tax of current and previous year amounting to Rs. 70.814 million and expect to adjust the amount against the future taxable profits. The PCL's legal counsel is of the opinion that it has strong arguable case and at an appropriate stage the matter can be agitated before Supreme Court of Pakistan in case the adjustment is challenged by the tax authorities. In view of above, PCL is confident that the ultimate outcome in this regard would be favorable.

11.1.5 During the year ended 30 June 2013, PCL reversed liability amounting to Rs. 115.927 million in respect of previous sponsors loan on the basis of arbitration award in its favour.

The management of PCL was taken over by purchasing controlling shareholding during the year 2005. One of the condition of takeover of the management from the previous sponsors was that the amount payable in respect of this loan was required to be adjusted in respect of any differences in the value of assets and/ or unrecorded liabilities. However, due to dispute regarding existence of certain assets, unrecorded liabilities etc., the final amount of the previous sponsor's loan remained undetermined and unsettled and the matter was referred for arbitration as per the Share Purchase Agreement between the management and the previous sponsors. The amount outstanding as at 30 June 2012 amounted to Rs. 115.927 million i.e. Rs. 234.076 million net off with unavailable stores and spares of Rs. 118.149 million.

In 2013, the arbitrator decided in favour of PCL and determined an amount of Rs. 0.735 million to be paid by PCL. The award has been sent to the Registrar High Court of Sindh for making the award a rule of Court. The management of PCL, based on its lawyers' advice is of the opinion that despite of objection filed by the previous sponsors against the arbitration award, it has strong grounds considering the fact that the Arbitration Award has been announced in PCL's favour and the arbitration award will be made a rule of Court. Accordingly, PCL had reversed the liability with a corresponding credit in its profit and loss account for the year ended 30 June 2013. However, as previous sponsors have filed objections to the award, the matter has been disclosed as a contingent liability in these consolidated financial statements.

Associates

11.1.6 The Group's share of associates' contingent liabilities incurred jointly by investors is Rs. 1,315.147 million (2013: Rs. 1,416.525 million).

11.2 Commitments

	2014	2013
Arif Habib Limited, Subsidiary Company	(Rupees)	
11.2.1 Following commitments are outstanding as at the period end:		
Outstanding settlement against sale/purchases of securities in future market.	**40,609,905**	22,746,380
Outstanding settlements against marginal trading contracts	**563,200,039**	354,849,362
Outstanding settlements against sale of securities in regular market.	**181,065,922**	115,552,990
Guarantee given by a commercial bank on behalf of the Company	**100,000,000**	100,000,000
Power Cement Limited, Subsidiary Company		
11.2.2 Commitment against open letter of credit for:		
Coal	**-**	77,271,000
Stores and spares	**98,651,000**	69,919,000
Other commitments - Ijarah rentals	**2,557,000**	3,918,000

Arif Habib DMCC, Subsidiary Company

11.2.3 Emirates NBD has issued a guarantee amounting to AED 47,565 (PKR equivalent 1,279,998) on behalf of the Subsidiary Company.

Sachal Energy Development (Private) Limited, Subsidiary Company

11.2.4 National Bank of Pakistan has issued guarantee amounting USD 125,000 (equivalent to Rs. 12,343,750) on behalf of the Subsidiary Company in favour of Alternate Energy Development Board (AEDB).

12. PROPERTY, PLANT AND EQUIPMENT

		2014	2013 (Restated)
		(Rupees)	
Operating fixed assets	12.1	**4,690,349,516**	4,616,141,791
Major stores and spares	12.2	**42,608,000**	64,218,000
		4,732,957,516	4,680,359,791

12.1 Operating fixed assets

	Leasehold land	Buildings on freehold land	Leasehold buildings and improvements	Furniture, fixtures and fittings	Vehicles Owned	Vehicles Leased	Plant and machinery	Office equipment	Computer and allied equipment	Capital work in progress	Total
COST											
Balance as at 01 July 2013	13,497,284	27,089,034	752,627,534	29,960,030	53,155,446	5,246,000	3,835,964,000	51,246,152	33,929,929	159,858,368	4,962,573,777
Additions during the year	-	-	2,369,705	4,299,345	29,050,771	2,841,500	112,726,109	3,487,031	5,357,812	115,749,085	275,881,358
Write off	-	-	-	-	-	-	-	(36,000)	-	-	(36,000)
Disposals / transfers	(10,472,284)	-	(1,573,319)	(86,000)	(7,809,479)	(3,497,000)	-	-	(570,604)	-	(24,008,686)
Asset of disposed subsidiary	-	-	-	(9,238,635)	(1,522,040)	-	-	(47,555,056)	(455,168)	(6,000,000)	(64,770,899)
Reclassification to assets held for sale	-	-	(2,884,866)	(4,104,998)	(12,103,530)	-	-	(3,804,429)	(10,380,658)	-	(33,278,481)
Balance as at 30 June 2014	**3,025,000**	**27,089,034**	**750,539,054**	**20,829,742**	**60,771,168**	**4,590,500**	**3,948,690,109**	**3,337,698**	**27,881,311**	**269,607,453**	**5,116,361,069**
DEPRECIATION											
Balance as at 01 July 2013	-	4,916,943	131,468,616	12,143,000	25,614,963	2,524,682	140,461,664	9,958,292	25,806,263	-	352,894,423
Charge for the year	-	1,595,617	41,181,219	2,807,082	6,375,278	560,524	65,296,067	4,672,856	5,016,035	-	127,504,678
Write off	-	-	-	-	-	-	-	(21,489)	-	-	(21,489)
Disposals / transfers	-	-	-	(19,129)	(5,008,937)	(1,837,622)	-	-	(345,732)	-	(7,211,420)
Depreciation of asset of disposed subsidiary	-	-	(318,753)	(3,258,793)	(764,037)	-	-	(15,736,159)	(349,854)	-	(20,427,596)
Reclassification to assets held for sale	-	-	(4,072,944)	(2,295,328)	(2,125,604)	-	-	(1,722,066)	(11,988,071)	-	(22,204,013)
Balance as at 30 June 2014	**-**	**6,512,560**	**168,258,138**	**9,376,832**	**24,091,663**	**1,247,584**	**205,757,731**	**(2,848,566)**	**18,138,641**	**-**	**430,534,583**
Effect of movements in exchange rates June 2014	-	4,509,386	1,188,078	1,327,177	(263,091)	-	-	(1,536,219)	2,766,072	-	7,991,403
Reclassification to assets held for sale	-	-	(1,188,078)	(1,313,533)	263,091	-	-	1,536,219	(2,766,072)	-	(3,468,373)
	-	**4,509,386**	**-**	**13,644**	**-**	**-**	**-**	**-**	**-**	**-**	**4,523,030**
Written down value as at 30 June 2014 *Rupees*	**3,025,000**	**25,085,860**	**582,280,916**	**11,466,554**	**36,679,505**	**3,342,916**	**3,742,932,378**	**6,186,264**	**9,742,670**	**269,607,453**	**4,690,349,516**
COST											
Balance as at 01 July 2012	13,497,284	24,560,243	717,531,740	36,596,887	55,287,199	5,246,000	3,734,877,000	57,430,831	33,438,023	122,748,626	4,801,213,833
Additions during the year	-	2,528,791	35,095,794	179,540	1,929,646	-	101,087,000	2,137,808	2,469,662	37,109,742	182,537,983
Write off	-	-	-	(5,403,232)	-	-	-	(677,945)	(1,464,301)	-	(7,545,478)
Disposals / transfers	-	-	-	(1,413,165)	(4,061,399)	-	-	(7,644,542)	(513,455)	-	(13,632,561)
Balance as at 30 June 2013	13,497,284	27,089,034	752,627,534	29,960,030	53,155,446	5,246,000	3,835,964,000	51,246,152	33,929,929	159,858,368	4,962,573,777
DEPRECIATION											
Balance as at 01 July 2012	-	2,647,043	88,360,319	14,554,667	23,694,925	1,916,568	65,840,094	9,628,736	22,835,259	-	229,477,611
Charge for the year	-	2,269,900	43,108,297	2,133,538	3,952,568	608,114	74,621,570	698,352	4,711,450	-	132,103,789
Write off	-	-	-	(4,545,205)	-	-	-	(309,972)	(1,303,413)	-	(6,158,590)
Disposals / transfers	-	-	-	-	(2,032,530)	-	-	(58,824)	(437,033)	-	(2,528,387)
Balance as at 30 June 2013	-	4,916,943	131,468,616	12,143,000	25,614,963	2,524,682	140,461,664	9,958,292	25,806,263	-	352,894,423
Effect of movements in exchange rates June 2013	-	3,179,439	1,188,078	1,302,791	(345,202)	-	-	(1,595,992)	2,733,323	-	6,462,437
Written down value as at 30 June 2013 *Rupees*	13,497,284	25,351,530	622,346,996	19,119,821	27,195,281	2,065,818	3,695,502,336	39,691,868	10,856,989	159,858,368	4,616,141,791
Rates of depreciation (%)	**-**	**5**	**5 - 15**	**5 - 20**	**20**	**20**	**10**	**3 - 33**	**33**	**-**	**-**

12.1.1 Depreciation charge has been allocated as follows:

	2014	2013
	(Rupees)	
Net sales	95,839,604	105,068,796
Operating, administrative and other expenses	31,665,074	26,426,879
	127,504,678	131,495,675

12.2 Major stores and spares

	2014	2013 (Restated)
	(Rupees)	
Opening balance	64,218,000	42,219,000
Additions during the year	81,531,000	101,267,000
Transferred to property, plant and equipment	(103,141,000)	(79,268,000)
Closing balance	42,608,000	64,218,000

12.3 Disposals of property, plant and equipment

The major disposals during the year are as follows:

Particulars of the assets	Cost	Accumulated depreciation	Written down value	Sale proceeds	Mode of disposal	Particulars of buyer
	------------ (Rupees)			------------		
Vehicles						
Mercedes Benz	1,808,679	1,129,580	679,099	679,099	Company policy	Mr. Arif Habib-CEO
Honda City (ATW-371)	1,259,000	620,983	638,017	638,017	Negotiation	Ex-employee
Suzuki Cultus (ATJ-795)	850,000	419,249	430,751	430,751	Negotiation	Ex-employee
Toyota Camry (AMJ-749)	2,046,800	1,483,870	562,930	1,002,300	Negotiation	Mr. Bilwani
Suzuki Cultus (AME-023)	300,995	177,014	123,981	460,000	Negotiation	Mr. Muzammil
Suzuki Potohar Jeep (BD-3926)	689,005	556,180	132,825	500,000	Negotiation	Mr. Muzammil
Assets having written down value of less than Rs. 50,000 individually	197,054	64,173	132,881	161,881	Company policy	Various employees
	7,151,533	**4,451,049**	**2,700,484**	**3,872,048**		
Computer and allied equipments						
Assets having written down value of less than Rs. 50,000 individually	**228,300**	**104,462**	**123,838**	**105,302**	Company policy and insurance claim	Various employees and others
Furniture and office equipment						
Assets having written down value of less than Rs. 50,000 individually	**86,000**	**19,129**	**66,871**	**9,500**	Scrapped	Various
Total	**7,465,833**	**4,574,640**	**2,891,193**	**3,986,850**		

13. INTANGIBLE ASSETS - OTHERS

	Software and other intangibles (Rupees)
Cost	
Balance as at 01 July 2013	38,744,077
Additions during the year	3,451,056
Reclassification to assets held for sale	(26,155,995)
Balance as at 30 June 2014	**16,039,138**
Amortization	
Balance as at 01 July 2013	5,306,549
Amortization for the year	1,295,068
Reclassification to assets held for sale	(3,554,792)
Balance as at 30 June 2014	**3,046,825**
Effect of movements in exchange rates for 2014	676,549
Reclassification to assets held for sale	557,763
	1,234,312
Written down value as at 30 June 2014	**14,226,625**
Cost	
Balance as at 01 July 2012	38,297,906
Additions during the year	446,171
Balance as at 30 June 2013	38,744,077
Amortization	
Balance as at 01 July 2012	4,323,983
Amortization for the year	982,566
Balance as at 30 June 2013	5,306,549
Effect of movements in exchange rates for 2013	962,113
Written down value as at 30 June 2013	**34,399,641**

14. GOODWILL

	2014 (Rupees)	2013 (Rupees)
Opening balance	**1,163,961,863**	1,244,928,814
Impairment	**-**	(80,966,951)
	1,163,961,863	1,163,961,863

15. TRADING RIGHT ENTITLEMENT CERTIFICATE, MEMBERSHIP CARD AND OFFICES

	Note	**2014**	2013
Trading right entitlement certificate			
- Karachi Stock Exchange Limited		**15,000,000**	15,000,000
- Islamabad Stock Exchange Limited		**4,000,000**	4,000,000
- Lahore Stock Exchange Limited		**7,000,000**	7,000,000
	15.1	**26,000,000**	26,000,000
Membership cards			
- Pakistan Mercantile Exchange Limited		**1,000,000**	1,000,000

		2014	2013
		(Rupees)	
Offices			
- Islamabad Stock Exchange Limited		12,402,500	24,805,000
- Lahore Stock Exchange Limited		17,550,000	17,550,000
		29,952,500	42,355,000
Booths			
- Karachi Stock Exchange Limited - three booths		2,100,000	2,100,000
		59,052,500	71,455,000

15.1 This represents cost of membership card of Stock Exchanges of Pakistan held by AHL with indefinite useful life and represents the cost of membership cards of stock exchanges which are surrendered to the stock exchanges under Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 and trading right certificate are issued to the members carrying the similar rights.

16. INVESTMENT PROPERTY

		2014	2013
		(Rupees)	
Opening balance		315,336,600	3,879,000
Acquisition during the year	16.1	2,674,314,400	159,199,812
Acquisition cost - closing balance		2,989,651,000	163,078,812
Increase in fair value		-	152,257,788
		2,989,651,000	315,336,600

16.1 This includes certain plots purchased by Parent Company and AHL from Javedan Corporation Limited (JCL), an associate and classified it as an investment property. Management considers that the consideration paid for the purchase of underlying plots approximates its current fair value as at balance sheet date. The Parent Company has already made part payment to JCL and the remaining balance will be paid subsequent to 2015. Further, AHL has carried out latest valuation of underlying properties from independent valuer which approximate its carrying value.

17. EQUITY ACCOUNTED INVESTEES

Pakarab Fertilizers Limited (PFL)	17.1	3,144,371,082	3,154,412,382
Fatima Fertilizer Company Limited (FFCL)	17.2	5,808,286,875	5,925,738,651
Aisha Steel Mills Limited (ASML)	17.3	216,857,915	846,143,908
Crescent Textile Mills Limited (CTML)		-	219,874,892
MCB - Arif Habib Savings and Investments Limited (MCB-AH)	17.4	518,723,170	493,929,756
Javedan Corporation Limited (JCL)	17.5	2,806,516,316	-
		12,494,755,358	10,640,099,589
Less: Provision for impairment in MCB-AH		(119,982,605)	(119,982,605)
		12,374,772,753	10,520,116,984

17.1 Investment in PFL (unquoted) represents 135 million (2013: 135 million) fully paid ordinary shares of Rs. 10 each, representing 30% (2013: 30%) of PFL's paid up share capital as at 30 June 2014, having cost of Rs. 1,324.33 million (2013: Rs. 1,324.33 million). Fair value per share as at 30 June 2014 is Rs. 83 (2013: Rs. 90). Book value based on net assets, as per audited financial statements, as at 31 December 2013 is Rs. 40.19 per share (audited financial statements, as at 31 December 2012: Rs. 44.21 per share).

17.2 Investment in FFCL (quoted) represents 350.680 million (2013: 377.286 million) fully paid ordinary shares of Rs. 10 each, representing 16.70% (2013: 17.91%) of FFCL's paid up share capital as at 30 June 2014. During the year, the Group purchased 44.134 million (2013: Nil) ordinary shares at an average price of Rs. 25.80 (2013: Nil) and disposed off 48.349 million (2013: 26.5 million) shares at an average price of Rs. 28.61 (2013: Rs.25.06). The Company also received Nil (2013: 13.5 million) shares as specie dividend from Pakarab Fertilizers Limited. Fair value per share as at 30 June 2014 is Rs. 29.00 (2013: Rs. 24.83). Book value based on net assets as per audited financial statements as at 31 December 2013 is Rs. 15.6 per share (audited financial statements, as at 31 December 2012: Rs. 13.78 per share).

17.3 Investment in ASML (quoted) represents 14.22 million (2013: 80.01 million) fully paid ordinary shares of Rs. 10 each and 34.75 million (2013: 43.63 million) listed, cumulative, irredeemable and convertible preference shares of Rs. 9.80 each carrying preferential dividend at 6 month KIBOR + 3%, representing in aggregate 14.24% (2013: 35.96%) of ASML's total paid up share capital as at 30 June 2014. Book value based on net assets, as per un-audited financial statements, as at 30 June 2014 is Rs. 17.61 per share (audited financial statements, as at 30 June 2013: Rs. 6.54 per share). During the year, the Group purchased 85,905 (2013: Nil) ordinary shares at an average price of Rs. 8.04 (2013: Nil) and Nil (2013: 9.06 million) preference shares at average price of Nil (2013: Rs. 9.02). Further during the year, the Group sold 65.87 million ordinary shares (2013: Nil) and 8.87 million preference shares (2013: Nil) respectively at an average price of Rs. 10 (2013: Nil) of which 65.79 million (203: Nil) ordinary shares and 8.87 million (2013: Nil) preference shares were sold to a related concern at an average price of Rs. 10 (2013: Nil). Moreover, the underlying shares sold to related concern will be transferred to the buyer upon completion of required formalities in due course.

17.4 Investment in MCB-AH (quoted) represents 24.069 million (2013: 21.66 million) fully paid ordinary shares of Rs. 10 each, representing 33.43% (2013: 30.09%) of MCB-AH's paid up share capital as at 30 June 2014, having historical cost of Rs. 83.41 million (2013: Rs. 81.95 million). However, during 2011, the Company lost control over MCB-AH and designated the investment 'at fair value through profit or loss' and accordingly fair value on the date of loss of control was considered as deemed cost. Market value per share as at 30 June 2014 was Rs. 16.24 (2013: Rs. 16.12), whereas book value based on net assets, as per audited financial statements, as at 30 June 2014 is Rs. 18.8 per share (audited financial statements, as at 30 June 2013: Rs. 17.68 per share). Further, during the year, the Group purchased 1.358 million (2013: Nil) full paid ordinary shares at an average price of Rs. 16.92 (2013: Nil) per share and disposed of 0.623 million (2013: Nil) ordinary shares at an average price of Rs. 16.80 (2013: Nil) per shares.

17.5 Investment in JCL (quoted) represents 24.332 million fully paid ordinary shares of Rs. 70.00 each and 45.37 million (2013: 13.51 million) non-voting, listed, cumulative, convertible, redeemable and non-participatory 12% preference shares of Rs. 9.10 (2013: Rs. 6.86) each, representing 40.85% (2013: 7.90%) of JCL's total share capital as at 30 June 2014. The Group disposed off 7.054 million (2013: Nil) ordinary shares at an average price of Rs. 78.31 (2013: Nil) and also disposed off Nil (2013: 1.076 million) preference shares through offer for sale at the price of Rs. Nil (2013: Rs. 10 per share). Book value based on net assets, as per unaudited financial statements, as at 30 June 2014 is Rs. 42.61 per share (audited financial statements, as at 30 June 2013: Rs. 31.91 per share). Further during the year, the Group purchased 24.33 million (2013: Nil) ordinary shares and 46.34 million (2013: 13.51 million) preference shares at an average price of Rs. 70 (2013: Rs. Nil) and Rs. 10.05 (2013: 6.86) respectively. Owing to representation on the Board, the Group considers that it has significant influence on the underlying investing company. Accordingly for equity accounting purposes the underlying investee has been considered as an associate.

	Financial information as of	Revenue	Total assets	Total liabilities	Net assets
		(Rupees in '000)			
Quoted					
Fatima Fertilizer Company Limited	30 June 2014	15,606,433	81,099,918	50,191,074	30,908,844
Aisha Steel Mills Limited	30 June 2014	9,255,226	20,122,285	14,068,559	6,053,726
MCB - Arif Habib Savings and Investments Limited	30 June 2014	586,493	1,607,734	253,888	1,353,846
Javedan Corporation Limited	30 June 2014	2,367,848	13,284,955	6,003,297	7,281,658
Unquoted					
Pakarab Fertilizers Limited	30 June 2014	4,613,381	49,044,795	30,933,780	18,111,015

Interim financial information of FFCL for the six months period ended 30 June 2014 have been reviewed by their independent auditor and financial statements of MCB-AH have been audited by its independent auditor. Financial statements of other associates used for equity accounting are unaudited / not reviewed. The carrying value of equity accounting investee whose results have been incorporated based on un-audited / not reviewed financial as at 30 June 2014 is Rs. 6,167.745 million and share of net profit for the year ended 30 June 2014 is Rs. 61.213 million in aggregate.

18. OTHER LONG TERM INVESTMENTS

	Note	2014	2013
		(Rupees)	
Investments - available-for-sale	18.1	**100,000**	171,317,850
Investment at fair value through profit or loss	18.2	**121,342,551**	121,342,551
		121,442,551	292,660,401

18.1 Investments - available-for-sale

	Note	2014	2013
Takaful Pakistan Limited (TPL)	18.1.1	**30,000,000**	30,000,000
Javedan Corporation Limited (JCL)		**-**	155,317,850
Sun Biz (Private) Limited (SBL)	18.1.2	**1,000,000**	1,000,000
Al-Khabeer Financial Services (Pvt) Limited (AKF)	18.1.3	**1,000,000**	1,000,000
		32,000,000	187,317,850
Provision for impairment in TPL, SBL and AKF		**(31,900,000)**	(16,000,000)
		100,000	171,317,850

18.1.1 Investment in TPL (unquoted) represents 3 million (2013: 3 million) fully paid ordinary shares of Rs.10 each, representing 10% (2013: 10%) of TPL's paid up share capital as at 30 June 2014. Book value based on net assets, as per audited financial statements, as at 31 December 2013 is Rs. 5.23 per share (31 December 2012 - restated: Rs. 4.71 per share). During the year, the Group has recognised full provision against underlying investee based on its assessment of impairment as the underlying investee is in continuous operating losses. The impairment loss amounting to Rs. 15 million (2013: Rs. Nil) has been recognised in consolidated profit and loss account.

18.1.2 Investment in SBL (unquoted) represents 0.01 million (2013: 0.01 million) fully paid ordinary shares of Rs. 100 each, representing 4.65% (2013: 4.65%) of SBL's paid up share capital as at 30 June 2014. The Group has recognized full impairment against its investment in SBL.

18.1.3 Investment in Al-Khabeer Financial Services (Private) Limited represents 5,000 (2013: 5,000) fully paid ordinary shares of Rs. 1 million (2013: Rs 1 million), representing 5% of the total share capital of the Company as at 30 June 2014. During the year, the Group has recognized provision amounting to Rs. 0.9 million (2013: Rs. Nil) against its investment as no business activity is currently being carried out by the investee company. The impairment loss has been recognized in consolidated profit and loss account.

18.2 This represents unquoted shares of Stock Exchanges received by the AHL in pursuance of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012. The total number of shares received by the AHL are 4,007,383 of Karachi Stock Exchange Limited (KSEL), 843,975 shares of Lahore Stock Exchange Limited (LSEL) and 3,034,604 shares of Islamabad Stock Exchange Limited (ISEL), with a face value of Rs. 10 each. These include 60% shares of KSEL, LSEL and ISEL respectively held in separate CDC blocked Account to restrict the sale of these shares by the members whereas stock exchanges will dispose of these shares under the Demutualization Act. However the proceeds of these shares and right to dividend/bonus is vested with AHL whereas the voting rights attached to these shares are suspended.

The Group has designated these shares at fair value through profit and loss at initial recognition. Any subsequent changes in fair value will be recognized in profit and loss accounts.

The fair value of these shares is determined by the AHL and the same has been vet and authorised by the independent valuer Deloitte M. Yusuf Adil Saleem & Co. Chartered Accountant in their Project Index Valuation report dated 30 September 2013 using valuation techniques under the guidelines of IAS 39 - "Financial Instruments: Recognition and Measurement". Where as the fair value of shares of Lahore and Islamabad Stock Exchange is determined by "Al - Mu'izz Financials" in their report dated 30 September 2013 based on the discontinued cash flow technique on the assumption as under.

As at 30 June 2014, management of AHL has carried out fair valuation of underlying shares and concluded that it approximate the value determined as at 30 September 2013. Consequently no fresh valuation has been carried out at year end. Valuation techniques and key assumptions used for the remeasurement of above unquoted investments at fair value are as under. Management estimates that changing any such assumptions to a reasonably possible alternative would not result in significantly different fair values.

	Key Assumptions				
Valuation Method	**Long Term Growth Rate**	**Cost of Equity**	**Value of Exchange (Rupees in million)**	**Value per Share**	**Valuation Techniques**
Karachi Stock Exchange Limited					
CAPM-Country Risk Premium Method	10%	19%	12,552.802	15.66	Discounted Cash Flows
Lahore Stock Exchange Limited					
CAPM-Country Risk Premium Method	10%	19%	3,833.056	29.88	Discounted Cash Flows
Islamabad Stock Exchange Limited					
CAPM Country Risk Premium Method	10%	19%	4,042.697	11.01	Discounted Cash Flows

AHL has calibrated valuation technique and tested its validity by comparing the Financial Projections used in valuation technique last year with the Financial results of KSE,LSE and ISE this year and concluded that no significant difference was observed On the basis of the independent valuations, per share value have been worked out based on an average of the results for KSEL, LSEL and ISEL 15.66, 29.33 and 11.00 per share respectively.

19. LONG TERM DEPOSITS AND PREPAYMENTS

	2014	2013
	(Rupees)	
Karachi Stock Exchange Limited	**110,000**	110,000
Lahore Stock Exchange Limited	**4,578,621**	1,480,000
Islamabad Stock Exchange Limited	**150,000**	50,000
National Clearing Company of Pakistan Limited	**901,000**	750,000
Security deposit for employees' cars	**3,345,950**	3,172,700
Pakistan Mercantile Exchange deposit for office	**8,900,000**	8,900,000
Others	**22,545,415**	26,194,533
	40,530,986	40,657,233

20. STOCK-IN-TRADE

	2014	2013
Raw material	**33,306,000**	17,032,000
Packing material	**49,834,000**	51,133,000
Work-in-process	**67,732,000**	196,322,000
Finished goods	**26,430,000**	36,898,000
	177,302,000	301,385,000

21. STORES, SPARES AND LOOSE TOOLS

	Note	2014	2013 (Restated)
		(Rupees)	
Stores		**189,580,000**	154,288,611
Coal	21.1	**294,445,000**	179,956,000
Spare parts		**169,156,000**	122,566,221
Loose tools		**2,881,000**	3,004,000
		656,062,000	459,814,832
Provision for slow moving / obsolete stock		**(13,519,000)**	(13,519,000)
		642,543,000	446,295,832

21.1 This includes coal in-transit amounting to Rs. 142.764 million (2013: 43.26 million).

22. TRADE DEBTS

	Note	2014	2013
		(Rupees)	
Considered good			
- Secured	22.1	**317,086,045**	596,734,443
- Unsecured	22.2	**135,508,000**	134,552,359
		452,594,045	731,286,802
Considered doubtful		**876,460,583**	1,005,853,265
		1,329,054,628	1,737,140,067
Provision for doubtful debts			
- Opening provision		**(1,005,853,265)**	(940,386,786)
- Reversal / (charge) for the year		**129,392,682**	(65,466,479)
- Provision as at 30 June		**(876,460,583)**	(1,005,853,265)
		452,594,045	731,286,802

22.1 This includes Rs. 10.21 million (2013: Rs. 28.01 million) due from related parties. The AHL hold capital securities having fair value of Rs. 23,390.73 million (2013: Rs. 4,324.78 million) owned by its clients, as collaterals against trade debts.

22.2 This includes receivable by PCL from Safe Mix Concrete Limited, Javedan Corporation Limited and Aisha Steel Mills Limited (related party) amounting to Rs. 6,898 million (2013: 1.038 million), Rs. 8.036 million (2013: 0.851 million) and Rs. 0.165 million (2013: Nil) respectively. The balances due from aforementioned related parties are mark-up free. The ageing analysis of these balances are as follows.

	2014	2013
	(Rupees)	
Not past due	**9,728**	851
Past due 1-60 days	**5,371**	296
Past due 61 days -1 year	**-**	742
	15,099	1,889

23. LOANS AND ADVANCES - considered good

	Note	2014	2013
Unsecured - Considered good			
Advance:			
- for new investment	23.1	**392,994,937**	295,731,478
- against expenses		**-**	17,307
- against letter of credit		**13,469,000**	23,542,000
- to suppliers and contractors		**49,481,000**	65,773,025
- for bid price for secondary public offer	23.2	**250,000,000**	-
- to Aisha Steel Mills Limited against equity	23.3	**236,924,414**	-
- to executives and employees - unsecured,	23.4	**14,949,546**	8,553,711
Loan to Aisha Steel Mills Limited	23.5	**426,521,452**	-
Secured - Considered good			
Receivable against Reverse repo	23.6	**613,465,671**	211,564,652
To related parties:			
- ASML	23.7	**14,985,000**	16,650,000
- JCL		**-**	757,423,564
- Others	23.8	**25,273,000**	6,166,732
		2,038,064,020	1,385,422,469

23.1 This represents amount paid as deposit money for acquisition of shares of a company in dairy farming industry.

23.2 This represents amount paid by the Parent Company for bid price for secondary public offer of listed company which was subsequently refunded as an unsuccessful application.

23.3 This represents advance given to ASML by the Parent Company against prospective right issue.

23.4 This include amount of Rs. 8.217 million (2013: 4.204 million) advance to executives.

23.5 The Parent Company has entered into a loan agreement with the said associated concern on 1 July 2013. The loan is repayable within 30 business days notice of demand. The mark-up rate on the said loan is 3 month KIBOR prevailing on the base rate setting date plus 3% per annum. Mark-up is payable on quarterly basis. The effective mark-up charged during the year was 12.02% to 13.17% per annum.

23.6 The Parent Company and AHL has entered into separate agreements for Purchase and Sale of Securities (Reverse repo) with finances on 3 September 2013. During the year agreement with one of the financee was settled. The effective rate between purchase and resale price is 3 months KIBOR + 5% and 15.01% per annum respectively (2013: 3 months KIBOR + 5% and 15.01% per annum respectively). The fair value of the unsettled agreement as at the balance sheet date is Rs. 595.925 million. As per the agreement, all transaction costs relating to purchase and sale of securities shall be borne by the financee. The Parent Company and AHL has pledged underlying shares with financial institutions as security against its borrowing. The fair value of underlying shares pledge at balance sheet date is Rs. 868.735 million.

23.7 The Parent Company has entered into an agreement with the said associated concern on 19 January 2011. Under the arrangement, the Parent Company shall disburse loan to the associated company in one or more tranches. The loan is secured against first charge on all present and future fixed assets, accounts receivables and interest in any insurance claim and equitable mortgage of land and building. The mark-up rate in the said loan is 6 month KIBOR + 3.25% per annum (2013: 6 months KIBOR + 3.25% per annum). The effective rate of markup on the loan ranged between 12.37% to 13.42% (2013: 12.37% to 15.29%) per annum. Mark-up is payable on semi-annually basis.

23.8 This include receivable by PCL against rebates and scrap sales amounting to Rs. 5.421 million (2013: Rs. 4.554 million) and Rs. 12.936 million (2013: Rs. 22.048 million).

23.10 Maximum balance due from related parties is Rs. 2,138.623 million (2013: 844.074 million).

24. DEPOSITS AND PREPAYMENTS

		2014	2013
		(Rupees)	
Deposits - future clearing		**10,288,477**	16,954,549
Prepayments		**5,660,001**	19,562,151
Advance rent		**-**	20,898,240
MTS exposure deposit		**40,583,863**	15,427,792
Others		**268,016**	3,488,380
		56,800,357	76,331,112

25. TAX REFUND DUE FROM GOVERNMENT

		2014	2013
Income tax refundable		**53,274,000**	21,293,000
Sales tax refundable		**2,989,000**	2,989,000
Excise duty receivable	25.1 & 25.2	**189,467,000**	189,467,000
		245,730,000	213,749,000

25.1 From 1993-94 to 1998-99, excise duty was levied and recovered from the PCL being wrongly worked out on retail price based on misinterpretation of sub section 2 of section 4 of the Central Excise Act, 1944 by Central Board of Revenue. Such erroneous basis of working of excise duty has been held, being without lawful authority, by the Honourable Supreme Court of Pakistan as per its judgment dated 15 February 2007. Accordingly, PCL filed an application to the Collector of Federal Excise and Sales Tax to refund the excess excise duty amounting to Rs. 182.604 million.

The refund was however, rejected by Collector of Appeals vide his order in appeal number 01 of 2009 dated 19 March 2009 and Additional Collector, Customs, Sales tax and Federal excise vide its order in original number 02 of 2009 dated 24 January 2009 primarily based on the fact that PCL has failed to discharge the burden of proof to the effect that incidence of duty had not been passed on to the customers of PCL. Accordingly, PCL filed an appeal before the learned Appellate Tribunal Inland Revenue (ATIR) regarding CED which, vide its order dated 23 May 2012 held that the requisite documents proving the fact that the incidence of duty had not been passed to the customers of PCL and therefore PCL has discharged its onus. Based on the foregoing, the original order number 01 of 2009 dated 19 March 2009 and order number 02 of 2009 dated 24 January 2009 were set aside by ATIR and appeal was allowed.

Based on the decision by ATIR and the tax advisor's opinion that the refund claim is allowed to the PCL, PCL has recorded the refund claim receivable with a corresponding credit to the profit & loss account. The matter has been challenged by the Tax department in the High Court. However, the management based on legal advisor's opinion is confident of a favourable outcome. PCL is actively pursuing the matter for the settlement of the said refund claim.

25.2 The PCL received an order from Additional Collector, Hyderabad vide order no. 22 of 2000 alleging that the Central Exercise Duty of Rs. 6.863 million was not paid on certain sales for the years 1995- 1996 and 1996-1997. The said amount was paid by the Subsidiary Company, however, a corresponding receivables was recorded. The Subsidiary Company filled an appeal in Honorable Sindh High Court which was rejected vide order dated 29 May 2007. The Subsidiary Company the filled a petition in Honorable Supreme Court of Pakistan which was disposed off vide order dated 18 July 2011 with the permission to approach the Court of Civil jurisdiction. Accordingly, a civil suite was filled by the Subsidiary Company challenging the order of Deputy Collector of Customs, Central Exercise & Sales Tax, Hyderabad. The management of PCL in consultation with its lawyer is confident that the outcome of the case would be in favour of the Subsidiary Company and that the amount deposited above would be recovered.

26. MARKUP RECEIVABLE

	Note	2014	2013
		(Rupees)	
Considered good:			
Suroor Investments Limited		**-**	108,244,291
Princely Jets (Private) Limited		**-**	10,289,176
Receivable against reverse repurchase agreement (Reverse repo)	23.6	**39,920,618**	61,979,176
From related parties:			
Javedan Corporation Limited		**-**	1,340,677
Aisha Steel Mills Limited	23.5 & 23.7	**10,745,974**	1,975,838
Others		**591**	280,498
		50,667,183	184,109,656

26.1 The markup pertains to the amount that was due on disposal of the Parent Company's former subsidiary, Summit Bank Limited (formerly Arif Habib Bank Limited). The bank was sold to Suroor Investment Limited at Rs. 9 per share. During the year, the Parent Company has received the entire outstanding markup on delayed payment.

26.2 The above receivable from related parties are on account of loans provided to them which are current and not past due.

27. OTHER RECEIVABLES - considered good

	Note	2014	2013
		(Rupees)	
Receivable under guarantee	31.1	**851,312,000**	575,476,652
Receivable from related parties		**-**	2,641,275
Put option fee receivable	31.1	**1,105,978**	-
Others		**66,734,999**	73,120,662
		919,152,977	651,238,589

28. SHORT TERM INVESTMENTS - at fair value through profit or loss 'held for trading'

	Note	2014	2013
Investment in quoted equity securities	28.1		
Investment in related parties	28.2	**56,954,620**	15,438,023
Other listed companies		**1,809,837,053**	1,634,191,609
Investments in mutual funds		**-**	54,809,143
Investments in privately placed preference shares		**31,798,323**	103,873,973
Investment in term finance certificates		**259,000**	263,825
Investment in future contract		**-**	43,331
		1,898,848,996	1,808,619,904

28.1 Fair value of these investments is determined using quoted market prices and repurchase prices prevailing at the balance sheet date. Short term investments include equity securities pledged with various banking companies against short term running finance facilities having a market value of Rs. 1,303.642 million (2013: Rs. 728.44 million).

28.2 This represent investment in Safe Mix Concrete Limited and Summit Bank Limited.

29. CASH AND BANK BALANCES

		2014	2013 (Restated)
With banks in:		(Rupees)	
Current accounts			
- In local currency		**49,978,617**	425,858,086
- In foreign currency		**4,308,602**	25,387,017
		54,287,219	451,245,103
Deposit accounts	29.1	**172,082,991**	118,944,116
		226,370,210	570,189,219
Cash in hand		**616,393**	639,076
		226,986,603	570,828,295

29.1 The balance in deposit accounts carry markup ranging from 6.5% to 12% per annum (2013: 6% to 12% per annum).

30. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

		2014	2013
		(Rupees)	
Serendib Stock Brokers (Private) Limited (SSBPL)			
- Assets held for sale	30.1	**65,716,501**	-
- Liabilities held for sale	30.1	**(23,815,692)**	-
Thatta Cement Company Limited (TCCL)		**-**	129,554,839

30.1 The assets and liabilities of a subsidiary, SSBL are presented as disposal group classified as held for sale and its result presented as discontinued operations, following the signing of share purchase agreement (SPA) with Entrust Holdings Limited for sale of Parent Company and AHD holding of 22,432,590 ordinary shares in aggregate in SSBL for a consideration of Sri Lanka Rupees 2.47 per share (equivalent to Rs. 1.87 per share as at 30 June 2014). The transfer of share are subject to approval from Securities and Exchange Commission of Sri Lanka and Colombo Stock Exchange. Group and counter party are committed to the transaction and it is expected that the transaction will be executed shortly.

The subsidiary was not a discontinued operation or classified as held for sale as at 30 June 2013 and the comparative profit and loss account has been re-presented to show the discontinued operation separately from continuing operations.

Impairment loss of Rs. 3.911 million for write down of the disposal group to the holder of its carrying amount and its fair value less cost to sell is included in other charges. The impairment loss has been applied to reduce below assets proportionally except for cash and bank, Trade debts, deferred tax and advance tax.

	2014 (Rupees)
Assets held for sale	
Property, plant and equipment	**13,248,215**
Intangible assets	**20,081,097**
Deferred taxation	**6,414,300**
Advance tax	**39,407**
Trade debts	**2,179,632**
Deposits and prepayments	**4,284,994**
Other receivables	**237,396**
Cash and bank balances	**19,231,460**
	65,716,501

	2014 (Rupees)
Liabilities held for sale	
Liabilities against assets subject to finance lease	3,655,481
Trade and other payables	17,685,571
Current portion of liabilities against assets subject to finance lease	2,474,640
	23,815,692

	2014	2013
	(Rupees)	
Results of SSBPL		
Operating revenue	2,720,327	4,498,862
Operating, administrative and other expenses	(48,657,697)	(31,247,356)
Other income	10,049,396	2,163,700
Finance cost	(1,300,844)	(1,702,092)
Other charges	-	(35,210)
Loss before tax	(37,188,818)	(26,322,096)
Taxation	(223,683)	(150,136)
Loss from discontinued operations	(37,412,501)	(26,472,232)
Net cash flows from SSBPL		
Net cash flows generated used in operating activities	(15,073,503)	(28,646,089)
Net cash flows (used in) / generated from investing activities	(1,338,924)	1,934,648
Net cash flows generated from financing activities	19,838,843	27,736,770
	3,426,416	1,025,329

The auditors of SSBL has qualified its report on the financial statements for the year ended 31 March 2014 on accumulated depreciation on motor vehicles overstated by Srilankan Rupees 892,853.15 (equivalent to Pakistan Rupees 713,658) and on agreement entered by SSBPL with TCCL for the supply of business facilitation services resulting in non-compliance with Securities and Exchange Commission and Colombo Stock Exchange, Srilanka rules applicable to stock broker engaged in different type of business in different type of industries.

31. OPERATING REVENUE

		2014	2013 (Restated)
		(Rupees)	
Dividend income		14,742,265	35,498,776
Mark-up income on loans and advances		137,759,184	65,881,376
Brokerage income		275,786,298	120,418,576
Mark-up on bank deposits		3,751,743	9,608,233
Underwriting, consultancy and placement commission		134,010,609	21,386,730
Income from reverse repo transaction		159,728,110	8,069,679
Net sales		90,040,000	547,123,000
Gain on remeasurement of investments - net		256,280,332	199,772,111
Gain on sale of investments - net		1,437,783,342	592,061,915
Unrealised gain on future contract		-	43,331
Put option fee	31.1	81,621,195	21,234,783
		2,591,503,078	1,621,098,510

31.1 The Parent Company has entered into a put option agreement with Silk Bank Limited (SBL) and preference shareholders of SBL whereby SBL has issued 880 million preference shares at the rate of Rs. 2.5 per share to these shareholders. Further, under the agreement, the preference shareholders have the option to sell their respective preference shares at a strike price of Rs 3.70 per share to the Parent Company, at the end of a tenor of 3 years from the date of issue of preference shares provided SBL has not exercised its call option to redeem the preference shares. Silk Bank Limited will pay the Parent Company a put option fee calculated quarterly at the rate of 2.5 % per annum on the outstanding preference shares, based on the price at which the Put option will be exercised. The said fees is guaranteed by United Bank Limited.

The Parent Company entered into arrangements including financial guarantee with major sponsor of SBL to indemnify the Parent Company for any loss, liability or damage arising out of exercise of the put option by preference shareholders. The Parent Company has recognized liability of Rs. 851.312 million (2013: Rs. 575.476 million) resulting from put option at the year end and receivable under the financial guarantee under 'trade and other payables' and 'other receivables' respectively. The put option has been valued using Black Scholes model with discount rate of 12.24% (2013: 10.51%).

32. OPERATING, ADMINISTRATIVE AND OTHER EXPENSES

		2014	2013 (Restated)
		(Rupees)	
Salaries and benefits	32.1	**109,762,207**	100,731,748
Printing and stationery		**7,526,888**	7,960,656
Communication		**5,524,005**	6,642,315
Rent, rates and taxes		**52,066,793**	50,996,672
Utilities		**3,032,405**	2,592,316
Legal and professional charges		**39,016,053**	15,104,583
C.D.C. and clearing house charges		**7,062,918**	10,222,661
Entertainment		**3,056,434**	2,684,855
Travel and conveyance		**21,705,447**	15,747,078
Depreciation		**31,665,074**	26,426,879
Repairs and maintenance		**19,379,450**	14,356,335
Insurance		**4,481,442**	2,670,729
Fees and subscription		**7,525,559**	5,791,268
Advertisement, business promotion and research		**17,881,522**	9,408,727
Meeting expenses		**714,280**	776,749
Auditors' remuneration	32.2	**4,617,972**	3,681,984
Technical assistance / commission and advisory fee		**92,630,331**	13,937,867
Sales commission		**-**	14,376,882
Bad debts expenses		**13,000**	68,331,663
Advances written off		**3,660,000**	-
Amortization charges		**154,703**	321,817
Ujrah payments	32.3	**3,002,192**	2,854,196
Others		**9,104,916**	645,234
		443,583,591	376,263,214

32.1 This includes the Group's contribution to staff retirement benefits amounting to Rs. 7.719 million (2013: Rs. 7.922 million).

32.1.1 Parent Company and AHL have set up provident fund for its employees and the contributions were made by them to the Trust in accordance with the requirement of Section 227 of the Companies Ordinance, 1984. The audit of the provident fund for the years ended 2010 to 2014 is in progress. The entire fund balance of provident fund un-audited by Parent Company amounting to Rs. 10.15 million as of 30 June 2013 is placed with bank under deposit account in accordance with the requirement of Section 227 of the Companies Ordinance, 1984. Further AHL has placed fund balance of Rs. 2.5 million in mutual fund and remaining balance is kept under deposit account maintained with the bank.

The following information is based on the latest un-audited financial statements of provident fund managed by the Parent Company:

	2013 (Unaudited)	2012 (Unaudited)
Size of the Fund- total assets	11,197,376	7,303,136
Cost of investments made	10,153,075	6,322,157
Percentage of investments made	91%	87%
Fair value of investments	10,153,075	6,322,157

32.2 Auditors' remuneration

	2014	2013
	(Rupees)	
Audit fee	2,839,472	2,135,500
Certifications including half yearly review	1,012,392	946,096
Other certifications	137,500	408,816
Out of pocket	628,608	191,572
	4,617,972	3,681,984

32.3 Ujrah payments

The Group has entered into various Ijarah arrangements with various financial institutions for lease of 5 vehicles having various monthly rentals for total period of 4-5 years. Following are the future Ujrah payments under the agreements:

	Not later than one year	Later than one year but not later than five years
	(Rupees)	
Total of future Ujrah payments under the agreements	1,637,351	1,259,000

33. LOSS ON DISPOSAL OF SUBSIDIARY

During the year, the Parent Company has disposed off its entire shareholding in Sweetwater Dairies Pakistan (Private) Limited to Rotocast Engineering Company (Private) Limited, a related concern for total consideration of Rs. 112.718 million (i.e. Rs. 1.81 per share). The Group has presented loss on disposal of underlying subsidiary net off of Rs. 3.212 million representing loss of underlying Subsidiary Company to be consolidated in profit and loss account till the time the investee company was subsidiary of the Group.

34. OTHER INCOME

	2014	2013 (Restated)
	(Rupees)	
Income from financial assets:		
Profit on exposure deposit	2,529,783	2,709,137
Late payment charges	-	61,497,888
Gain on initial recognition of financial asset	-	121,342,551
Gain on derecognition of financial liability	230,836,000	115,193,000
Markup on Margin Trading System	2,055,145	2,215,287
Exchange gain on foreign currency balance	32,933,173	188,449
Reversal of provision of bad debts	105,235,384	-
Income from non-financial assets:		
Rental income	3,835,380	4,795,800
Gain on sale of fixed assets	2,671,294	973,949
Excise duty refundable	-	182,072,562
Others	4,226,800	23,041,487
	384,322,959	514,030,110

35. FINANCE COST

	2014	2013 (Restated)
	(Rupees)	
Mark-up on long term loans	**366,932,647**	348,898,597
Mark-up on short term borrowings	**446,148,765**	446,354,552
Markup on Workers' Profit Participation Fund	**2,196,000**	-
Mark-up on finance lease	**134,049**	127,025
Unwinding of loan from associate	**78,326,000**	-
Bank charges	**8,632,235**	6,070,125
Others	**13,756,097**	9,498,919
	916,125,793	810,949,218

36. OTHER CHARGES

	Note	2014	2013
Workers' Welfare Fund		**69,659,546**	273,797,139
Workers' Profit Participation Fund		**23,334,000**	-
Donations	36.1	**39,404,500**	8,291,065
Impairment loss on remeasurement of disposal group	30.1	**3,911,900**	-
		136,309,946	282,088,204

36.1 Donations

Donations in which a director is interested is as follows:

Name of director	Interest in donee	Name and address of the donee	Amount donated 2014	Amount donated 2013
			(Rupees)	
Mr. Arif Habib	Director	Pakistan Centre for Philanthropy 1 - A, St 14, F-8/3, Islamabad	**2,500,000**	-

37. TAXATION

	2014	2013 (Restated)
	(Rupees)	
For the year		
- Current	**101,961,100**	215,067,877
Prior year	**18,061,359**	(99,826,284)
- Deferred	**42,561,741**	(119,469,770)
	162,584,200	(4,228,177)

Relationship between tax expense and accounting profit

	2014	2013
Profit before taxation	**2,638,672,701**	1,117,052,633
Tax at the applicable tax rate	**1,052,060,226**	390,968,422
Tax effect under final tax regime / presumptive tax regime	**(61,585,539)**	(151,938,000)
Prior year tax effect	**18,061,359**	(99,795,451)
Tax effect of minimum tax	**66,362,000**	25,822,000
Tax effect of income taxed at lower rate	**(642,574,602)**	(103,532,023)
Tax effect of other items	**(269,739,244)**	(65,753,125)
	162,584,200	(4,228,177)

Parent Company

37.1 Income tax assessments of the Parent Company have been finalized up to Tax Year 2005 (Accounting year 2005). However, deemed assessments made under section 120 of the Income Tax Ordinance, 2001 relating to Tax Years 2006 to 2008 have been subsequently amended under section 122 of the Income Tax Ordinance, 2001. The Parent Company has filed appeals in respect of each of the said amendments which were subsequently withdrawn. Income tax assessment for the Tax Year 2010, taken as deemed assessment under section 120 of the Income Tax Ordinance, 2001, was subsequently amended twice under section 122 (5A) of the Income Tax Ordinance, 2001. The appeals filed by the Parent Company with Commissioner Inland Revenue (Appeals-1) against these amendments were decided in favor of the Parent Company.

Income tax assessment for the Tax Year 2011, taken as deemed assessment under section 120 of the Income Tax Ordinance, 2001 was subsequently amended under section 122 (5A) of the Income Tax Ordinance, 2001. The Parent Company was subsequently allowed relief in its subsequent appeal which was also maintained by Appellate Tribunal in favor of the Parent Company. Income tax assessment for the Tax Year 2012 was taken as deemed assessment under section 120 of the Income Tax Ordinance, 2001 which was subsequently amended under section 122 (1) of the Ordinance. The appeal of the Parent Company was decided in favor of the Parent Company. The Department has preferred an appeal in the Appellate Tribunal against the decision; however, appeal effect has not yet been issued.

Income tax assessment for Tax Year 2013 is deemed to have been finalized under section 120 of the Income Tax Ordinance, 2001. However, the assessment was subsequently amended under section 122 (54) of the Income Tax Ordinance, 2001. The Parent Company has preferred an appeal against the amended assessment and major relief was allowed to the Parent Company. Appeal effect order is still awaited from Appellate Tribunal.

AHL, Subsidiary Company

37.2 Assessment up to tax year 2013 deemed to be finalised under section 120 of the Income Tax Ordinance 2001.

37.3 The Subsidiary Company based on current years results and future years projections estimates that only Rs. 12.08 million of deferred tax asset will be utilized, arising on provisioning of WWF charge amounting to Rs. 36.606 million. Consequently, no deferred tax asset is recognized on remainder of deductible temporary difference amounting to Rs. 340.544 million and unused tax losses during the current year amounting to Rs. 3.9 million.

PCL, Subsidiary Company

37.4 The return of income have been filed up to tax year 2013 (corresponding to financial year ended 30 June 2013), while the income tax assessment have been finalized up to and including tax year 2012.

37.5 Minimum tax liability of Rs. 30.287 million has not been recognized in view of expectation of availability of sufficient future taxable profits resulting in tax liability under normal tax regime in next five years against which such liability would be adjusted.

38. EARNINGS PER SHARE - BASIC AND DILUTED

38.1 Basic earnings per share

		2014	2013 (Restated)
		(Rupees)	
Profit after tax from continuing operations attributable to ordinary shareholders		**2,250,142,094**	943,805,344
Loss after tax from discontinued operations attributable to ordinary shareholders		**(37,412,501)**	(26,472,232)
Weighted average number of ordinary shares	Number	**453,750,000**	453,750,000
Earnings per share - continuing operations		**4.96**	2.08
Loss per share - discontinued operations		**(0.08)**	(0.06)

38.2 Diluted earnings per share

Diluted earnings per share has not been presented as there is no convertible instruments in issue as at 30 June 2014 and 30 June 2013 which would have any effect on the earnings per share if the option to convert is exercised.

39. REMUNERATION OF CHIEF EXECUTIVES, DIRECTORS AND OTHER EXECUTIVES

39.1 For the purpose of disclosure, those employees are considered as executives whose basic salary exceeds five hundred thousand rupees in a financial year.

39.2 The aggregate amounts charged in these consolidated financial statements in respect of remuneration including benefits to the Chief Executives, Directors and other Executives of the Group are given below:

	Chief Executive		Other Executives	
	2014	2013	**2014**	2013
	(Rupees)			
Managerial remuneration	**13,064,664**	35,434,298	**79,206,365**	51,985,570
Retirement benefits	**1,001,910**	3,409,265	**7,231,586**	4,892,618
Bonus	**29,251,252**	2,841,511	**4,007,108**	2,628,872
Other allowance	**3,536,558**	5,922,055	**11,405,689**	8,927,901
Total	**46,854,384**	47,607,129	**101,850,748**	68,434,961
Number of persons	**5**	5	**78**	57

39.3 The aggregate amount charged to these consolidated financial statements in respect of directors' fee paid to two directors (2013: one) was Rs. 0.22 million (2013: Rs. 0.19 million). During the year, none of the directors except CEO was drawing any salary on account of managerial remuneration.

39.4 Besides above, group insurance and medical facilities under insurance coverage were provided to the above mentioned personnel.

39.5 The Chief Executive and certain Executives has been provided with free use of respective Group Companies' maintained vehicles in accordance with the Group's policy.

39.6 Certain key management personnel have also been provided with free use of respective Group Companies' maintained vehicles in accordance with the Group's policy.

40. CASH GENERATED FROM OPERATIONS

	Note	**2014**	2013 (Restated)
		(Rupees)	
Profit before tax	40.1	**2,601,483,883**	1,090,730,537
Adjustments for:			
Depreciation and amortization		**128,799,746**	133,086,355
Gain on disposal of stock exchange room		**(1,797,500)**	
Share of profit of equity-accounted associate - net of tax		**(1,177,978,427)**	(396,333,986)
Impairment loss on investments - net		**15,900,000**	(32,720,826)
Impairment loss on remeasurement of disposal group		**3,911,900**	
Impairment on goodwill		**-**	80,966,951
Unrealized gain on investment property		**-**	(103,136,788)
Loss on disposal of subsidiary		**3,212,433**	-
Fixed assets written off		**14,511**	1,386,888
Unrealised gain on long term investments		**-**	(121,342,551)
Gain on disposal of investment transferred from OCI		**-**	(5,319,900)
Bad debt expense		**13,000**	70,077,255
Gain on sale of property, plant and equipment		**(2,671,294)**	(973,949)
Finance cost		**916,125,793**	812,651,310
		(114,469,838)	438,340,759
Operating profit before working capital changes		**2,487,014,045**	1,529,071,296

	Note	2014	2013 (Restated)
		(Rupees)	
Changes in working capital:			
(Increase) / decrease in current assets			
Trade debts		**276,500,125**	(472,498,041)
Stock-in-trade		**124,083,000**	(82,323,000)
Stores, spares and loose tools		**(196,247,168)**	6,666,000
Loans and advances		**(652,641,551)**	(730,838,737)
Deposits and prepayments		**15,245,761**	(39,464,230)
Receivable against sale of investment		**(797,382,506)**	529,534,120
Markup receivable		**133,442,473**	(19,518,622)
Other receivables		**(274,605,491)**	(1,477,996)
Short term investments		**(90,229,092)**	1,142,411,673
Tax refund due from Government		**(31,981,000)**	(213,749,000)
Assets held for sale		**129,554,839**	-
(Decrease) / increase in current liabilities			
Trade and other payables		**(89,842,273)**	1,450,081,149
		(1,454,102,883)	1,568,823,316
Cash generated from operations		**1,032,911,162**	3,097,894,612

40.1 Profit before tax

	2014	2013
Profit before tax from continuing operations	**2,638,672,701**	1,117,052,633
Loss before tax from discontinued operations	**(37,188,818)**	(26,322,096)
	2,601,483,883	1,090,730,537

41 CASH AND CASH EQUIVALENTS

	Note	2014	2013
Cash and bank balances - continuing operations	29	**226,986,603**	570,828,295
Short term running finance	10	**(4,309,905,907)**	(2,645,744,666)
		(4,082,919,304)	(2,074,916,371)

42. FINANCIAL INSTRUMENTS

The Group has exposures to the following risks from the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Group's risk management framework.
The Board is also responsible for developing and monitoring the Group's risk management policies.

42.1 Credit risk

Credit risk represents the financial loss that would be recognized at the balance sheet date if counterparties fail to meet its contractual obligations. The credit risk arises on receivables, loans and advances, long term deposits, markup receivable, other receivables and bank balances.

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 abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Group believes that it is not exposed to major concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date is:

	2014	2013 (Restated)
	(Rupees)	
Trade debts - net of provision	**452,594,045**	731,286,802
Long term deposits	**25,891,365**	29,367,233
Loans and advances	**466,779,452**	1,091,417,485
Markup receivable	**50,667,183**	184,109,656
Other receivables	**919,152,977**	651,238,589
Cash and bank balances	**226,370,210**	570,189,219
	2,141,455,232	3,257,608,984

The Group does not take into consideration the value of collateral while testing financial assets for impairment. The Group considers the creditworthiness of counterparties as part of its risk management and utilize collateral under force majeure in extremely difficult situation where recovery appears to be unlikely from customary measures like restructuring or negotiation.

Trade debts

The maximum exposure to credit risk for trade debt at the balance sheet date by geographic region was as follows:

	2014	2013 (Restated)
Domestic (Pakistan)	**135,508,000**	98,195,000
Exports	**7,530,000**	40,250,000
	143,038,000	138,445,000

The maximum exposure to credit risk for trade debt at the balance sheet date by type of customer are as follows:

	2014	2013 (Restated)
Dealer / distributor	**17,776,000**	62,016,000
End-user customer / Exports	**125,262,000**	76,429,000
	143,038,000	138,445,000

At 30 June 2014, the age analysis of trade debts is as follows:

	2014	2013 (Restated)
Neither past due nor impaired	**395,672,045**	708,997,802
Past due 1 - 30 days	**24,588,000**	7,289,000
Past due 31 - 180 days	**31,369,000**	7,989,000
Past due more than 180 days	**965,000**	7,011,000
	452,594,045	731,286,802

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Long term deposits

This represents deposit placed with Central Depository Company of Pakistan Limited (CDC) for the purpose of effecting transactions and settlement of listed securities. It is expected that deposits with CDC will be clearly identified as being assets of the Group, hence management believes that is it not materially exposed to credit risk against it. Apart from above other deposits are with counterparties for provision of continued supply of services. Management does not expect to have any credit risk against such deposits, as it is refundable upon termination of agreement / services from counterparties.

Loans, advances, markup and other receivables.

The Group extends loans and advances to its related concerns and follows due process of seeking approval from shareholders as per applicable laws and regulations. Wherever possible, management obtains collateral from counterparties. As loans are mainly provided to related concerns, management is not expecting to incur loss against the same. Apart from above the Group has extended loan under reverse repurchase agreements for which the Group at balance sheet date has obtained collateral from counterparty, the fair value of which is higher than its exposure amount. Subsequent to year end, the counterparty has repaid half of the outstanding amount and for remaining balance, management expect to recover shortly. Markup receivable mainly pertains to loans extended to related parties for which management is not expecting to incur any credit loss. Other receivable mainly comprise of receivable on account of guarantee extended to counterparty and does not expect to have material credit risk thereagainst based on the term of arrangement with parties involved. The aging analysis of loans, advances, other receivables and markup receivable is as follows:

The age analysis of loans and advances and other receivables is as follows:

	2014	2013
	(Rupees)	
Not past due	**401,098,295**	2,191,229,605
Past due 1-30 days	**191,411,657**	51,430,548
Past due 30-180 days	**196,007,115**	70,051,437
Past due 180 days	**1,038,154,826**	161,231,286
	1,826,671,893	2,473,942,876

Cash and bank balances

As at 30 June 2014 the Group has placed funds with banks having good credit ratings.

42.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Group. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of adequate funds through committed credit facilities. The Group finances its operations through equity, borrowings and working capital with a view of 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 balance sheet date, the Group has cash and bank balance and unutilized credit lines of Rs. 226.37 million (2013: Rs. 570.189 million) and Rs. 3.150 billion (2013: Rs. 4.711.765 billion) as mentioned in note 29 & 10 respectively.

The following are the contractual maturities of finanical liabilities, including estimated interest payments on an undiscounted cash flow basis:

	2014			
Financial liabilities	**Carrying amount**	**Contractual cash flows**	**Upto one year**	**More than one year**
		(Rupees)		
Long term loans	**3,098,484,958**	**3,098,484,958**	**877,875,913**	**2,220,609,045**
Long term payable	**1,700,179,646**	**1,700,179,646**	**-**	**1,700,179,646**
Liabilities against assets subject to finance lease	**2,704,805**	**3,599,476**	**635,904**	**2,963,572**
Trade and other payables	**2,596,403,973**	**2,596,403,973**	**2,596,403,973**	**-**
Accrued markup on borrowings	**123,013,911**	**123,013,911**	**123,013,911**	**-**
Short term borrowings	**4,309,905,907**	**4,309,905,907**	**4,309,905,907**	**-**
	11,830,693,200	**11,831,587,871**	**7,907,835,608**	**3,923,752,263**

	2013			
Financial liabilities	Carrying amount	Contractual cash flows	Upto one year	More than one year
		(Rupees)		
Long term loans	2,677,020,190	3,161,599,326	923,786,326	2,237,813,000
Long term payable	-			-
Liabilities against assets subject to finance lease	4,984,549	4,984,549	4,984,549	-
Trade and other payables (restated)	2,703,931,817	2,636,800,752	2,636,498,071	302,681
Accrued markup on borrowings	148,513,246			-
Short term borrowings	2,645,744,666	2,925,961,346	2,925,961,346	-
	8,180,194,468	8,729,345,973	6,491,230,292	2,238,115,681

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effective as at 30 June. The rates of mark-up have been disclosed in respective notes to these consolidated financial statements.

42.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Group is exposed to currency risk and interest rate risk.

a) Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. Currently, the Group's foreign exchange risk exposure is restricted to bank balances in foreign currency and receivables in respect of assets held for sale which are denominated in foreign currencies. The management believes that the Group's exposure emanating from any fluctuations in the foreign currencies is not required to be hedged.

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Financial assets	2014			
	Rupees	US Dollars	Sri lanka Rupees	UAE Dirhams
Cash and Bank balances	**4,308,602**	**40,359**	-	14,992

Financial assets	2013			
	Rupees	US Dollars	Sri lanka Rupees	UAE Dirhams
Cash and Bank balances	**25,387,017**	**255,918**	25,719,114	69,421

The following significant exchange rates were applicable during the year:

	Average rates		Balance sheet date rate	
	2014	2013	**2014**	2013
US Dollars to Pakistan Rupee	**103**	97	**98.61 / 98.80**	99.02 / 99.20
UAE Dirhams to Pakistan Rupee	**28.24**	26.78	**26.84 / 26.91**	26.79 / 27.45
Sri Lanka Rupee to Pakistan Rupee	**0.7776**	0.7441	**0.7558 / 0.759**	0.7528 / 0.7731

Sensitivity analysis

A 10 percent strengthening / (weakening) of the Pakistan Rupee against various foreign currencies at 30 June would have (decreased) / increased the profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2013.

	Effect on profit and loss (net of tax)	
	2014	2013
	(Rupees)	
As at 30 June		
Effect in US Dollars	**263,175**	251,839,209
Effect in Sri Lanka Rupees	**-**	1,962,670
Effect in UAE Dirhams	**21,192**	69,687,362

b) Interest / mark-up rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The majority of the interest rate exposure arises from financial assets and financial liabilities as stated below.

At the balance sheet date, the interest rate profile of the Group's significant interest-bearing financial instruments was as follows:

	2014	2013	**2014**	2013
	Effective interest rate %		Carrying amounts (in Rupees)	
Financial assets				
Loans and advances	**11.53% to 13.42%**	**11.58% to 15.29%**	**36,516,000**	**776,498,296**
Bank balances	**6.5% to 12%**	**6% to 10.5%**	**172,082,991**	**118,944,116**
Financial liabilities				
Short term finance	**10.03% to 12.43%**	10.33% to 13.99%	**4,309,905,907**	2,645,744,666
Long term finance	**12.43%**	8.96% to 12.99%	**3,098,484,958**	2,677,020,190

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through the Consolidated Profit and Loss Account. Therefore a change in interest rates at the reporting date would not affect the Consolidated Profit and Loss Account.

Cash flow sensitivity analysis for variable rate instruments

For cash flow sensitivity analysis of variable rate instruments a hypothetical change of 100 basis points in interest rates would have decreased / (increased) profit for the year by the amounts shown below.

	Profit and loss 100 bps	
	Increase	**Decrease**
	(Rupees)	
As at 30 June 2014		
Cash flow sensitivity-Variable rate financial liabilities	**(66,530,996)**	**66,530,996**
Cash flow sensitivity-Variable rate financial assets	**16,376,541**	**(16,376,541)**
As at 30 June 2013		
Cash flow sensitivity-Variable rate financial liabilities	(43,683,269)	43,683,269
Cash flow sensitivity-Variable rate financial assets	4,892,939	(4,892,939)

c) 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. Company is exposed to equity price risk since it has investments in quoted equity securities, amounting to Rs. 1,866.792 million (2013: Rs. 1,649.629 million) at the balance sheet date.

The Group's strategy is to hold its strategic equity investments for a long period of time. Thus, the Group's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favourable. The Group strives to maintain above average levels of shareholders' capital to provide a margin of safety against short term equity price volatility. The Group manages price risk by monitoring 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 are, in almost all instances, based on quoted market prices as of the reporting date except for, unquoted associates which are carried at fair value determined through valuation techniques. 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, the amount realized from the sale of a particular security may be affected by the relative quantity of the security being sold.

Sensitivity analysis

The table below summarizes the Company's equity price risk as of 30 June 2014 and 2013 and shows the effects of a hypothetical 30% increase and a 30% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Accordingly, the sensitivity analysis prepared is not necessarily indication of the effect on Group's net assets of future movement in the level of KSE 100 index.

	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) before tax
30 June 2014	**1,898.85**	**30% increase**	**2,468.50**	**-**	**569.65**
		30% decrease	**1,329.19**	**-**	**(569.65)**
30 June 2013	1,808.62	30% increase	2,351.21	-	542.59
		30% decrease	1,266.03	-	(542.59)

42.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying value of all financial assets and liabilities on the balance sheet, excluding some long term investments, approximate to their fair value.

a) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated balance sheet, are as follows:

	30 June 2014		30 June 2013	
	Carrying amount	**Fair value**	Carrying amount	Fair value
		(Rupees)		
Financial Assets				
Investments in equity accounted investee	**12,374,772,753**	**27,408,590,117**	10,520,116,984	23,110,651,115
Other long term investments	**121,442,551**	**121,442,551**	292,660,401	292,660,401
Short term investments	**1,898,848,996**	**1,898,848,996**	1,808,619,904	1,808,619,904
Long term deposits	**17,985,571**	**17,985,571**	14,412,700	14,412,700
Loans and advances	**2,038,064,020**	**2,038,064,020**	1,385,422,469	1,385,422,469
Markup receivable	**50,667,183**	**50,667,183**	184,109,656	184,109,656
Other receivables	**919,152,977**	**919,152,977**	651,238,589	651,238,589
Deposits	**10,556,493**	**10,556,493**	20,442,929	20,442,929
Trade debts	**452,594,045**	**452,594,045**	731,286,802	731,286,802
Cash and bank balances (2013: restated)	**226,986,603**	**226,986,603**	564,358,765	564,358,765
	18,111,071,192	**33,144,888,556**	16,172,669,199	28,763,203,330
Financial liabilities				
Long term loan	**4,309,905,907**	**4,309,905,907**	2,677,020,190	2,677,020,190
Long term payable	**1,700,179,646**	**1,700,179,646**	-	-
Interest / mark-up accrued on borrowings	**123,013,911**	**123,013,911**	148,513,246	148,513,246
Trade and other payables (2013: restated)	**2,596,403,973**	**2,596,403,973**	2,728,273,287	2,728,273,287
Short term borrowings	**4,309,905,907**	**4,309,905,907**	2,645,744,666	2,645,744,666
	13,039,409,344	**13,039,409,344**	8,199,551,389	8,199,551,389

b) Valuation of financial instruments

In case of equity instruments, the Group measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 : Quoted market price (unadjusted) in an active market.
Level 2 : Valuation techniques based on observable inputs.
Level 3 : Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Group determines fair values using valuation techniques unless the instruments donor have a market / quoted price in an active market and whose fair value cannot be reliably measured.

Valuation techniques used by the Group include discounted cash flow model. Assumptions and inputs used in valuation techniques include risk-free rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the balance sheet date that would have been determined by market participants acting at arm's length.

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates, etc.

The table below analyses equity instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

30 June 2014	**Level 1**	**Level 2**	**Level 3**	**Total**
		(Rupees)		
Financial assets at fair value through profit or loss				
Equity securities	**1,866,791,673**	**-**	**121,342,551**	**1,988,134,224**
Available-for-sale financial assets				
Equity securities	**-**	**-**	**100,000**	**100,000**

30 June 2013	Level 1	Level 2	Level 3	Total
		(Rupees)		
Financial assets at fair value through profit or loss				
Equity securities	1,808,619,904	-	121,342,551	1,929,962,455
Available-for-sale financial assets				
Equity securities	-	-	171,317,850	171,317,850

c) Accounting classifications and fair values

The table below provides reconcilation of the line items in the Group's statements of financial position to the catgeories of financial instruments.

30 June 2014	At fair value 'through profit and loss	Loans and receivables	Available for sale	Cost / amortized cost	Total carrying amount
			(Rupees)		
Financial Assets					
Cash and bank balances	-	-	-	226,986,603	226,986,603
Investments	2,020,191,547	-	100,000	-	2,020,291,547
Long term deposits	-	17,985,571	-	-	17,985,571
Loans and advances	-	2,038,064,020	-	-	2,038,064,020
Markup receivable	-	50,667,183	-	-	50,667,183
Other receivables	851,312,000	67,840,977	-	-	919,152,977
Trade debts	-	452,594,045	-	-	452,594,045
Deposits	-	10,556,493	-	-	10,556,493
	2,871,503,547	**2,637,708,289**	**100,000**	**226,986,603**	**5,736,298,439**
Financial Liabilities					
Long term loan	-	-	-	4,309,905,907	4,309,905,907
Trade and other payables	851,312,000	-	-	1,395,827,581	2,247,139,581
Interest / mark-up accrued on borrowings	-	-	-	123,013,911	123,013,911
Short term borrowings	-	-	-	4,309,905,907	4,309,905,907
	851,312,000	**-**	**-**	**10,138,653,306**	**10,989,965,306**

30 June 2013	At fair value 'through profit and loss	Loans and receivables	Available for sale	Cost / amortized cost	Total carrying amount
			(Rupees)		
Financial Assets					
Cash and bank balances (restated)	-	-	-	570,828,295	570,828,295
Investments	1,929,962,455	-	171,317,850	-	2,101,280,305
Long term deposits	-	14,412,700	-	-	14,412,700
Loans and advances	-	1,385,422,469	-	-	1,385,422,469
Markup receivable	-	184,109,656	-	-	184,109,656
Other receivables	575,476,652	75,761,937	-	-	651,238,589
Trade debts	-	731,286,802	-	-	731,286,802
Deposits	-	20,442,929	-	-	20,442,929
	2,505,439,107	**2,411,436,493**	**171,317,850**	**570,828,295**	**5,659,021,745**
Financial Liabilities					
Long term loan	-	-	-	2,677,020,190	2,677,020,190
Trade and other payables (restated)	575,476,652	-	-	2,020,927,321	2,596,403,973
Interest / mark-up accrued on borrowings	-	-	-	148,513,246	148,513,246
Short term borrowings	-	-	-	2,645,744,666	2,645,744,666
	575,476,652	**-**	**-**	**7,492,205,423**	**8,067,682,075**

d) Other market risk

Management believes that unless more sophisticated and comprehensive disclosure of sensitivity analysis is given for each type of market risk to which the Group companies are exposed at the balance sheet date, the above mentioned sensitivity analysis in absence of availability of a large economic data with high accuracy and the present effects of unprecedented country's political situation on economics, might remain unrepresentative to the financial statements readers for the risk inherent in the financial instruments.

43. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is an amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Group is a going concern, without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying value of all financial assets and liabilities on the consolidated balance sheet approximate to their fair value.

44. CAPITAL MANAGEMENT

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, sustain future development of the business, safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on capital, which the Group defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes in the Group's approach to capital management during the year.

45. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the Group companies, directors and their close family members, major shareholders of the Group, key management personnel and staff provident fund. Transactions with related parties are on arm's length. Remuneration and benefits to executives of the Group are in accordance with the terms of the employment while contribution to the provident fund is in accordance with staff service rules. Remuneration of chief executive, directors and executives is disclosed in note 38 to these consolidated financial statements. Transactions with related parties during the year other than those disclosed elsewhere in these consolidated financial statements are given below:

	2014	2013
Transactions with associates	**(Rupees)**	
- Loan advanced and repaid	**2,466,588,564**	219,831,495
- Loans and advances extended	**1,684,021,452**	297,423,564
- Mark-up on loans and advances	**137,751,457**	65,154,851
- Markup received	**130,329,725**	103,721,064
- Dividend received	**923,744,891**	1,157,650,913
- Purchase of investment property	**2,674,304,400**	159,199,812
- Brokerage commission from associates	**10,030,944**	15,627,055
Transaction with employees and key management personnel		
- Brokerage commission to key management personnel	**1,129,081**	6,385,950
- Amount repaid to Mr. Arif Habib	**530,000,000**	-
- Loan received from Mr. Arif Habib	**1,093,500,000**	-
Transaction with other related parties		
- Payment to employees' provident fund / voluntary pension scheme	**4,276,463**	5,421,319
- Advance received	**7,452,548**	-
- Sale of goods	**15,236,097**	-
- Purchase of goods	**4,474,713**	-
- Payment of rent and maintenance	**15,540,184**	19,373,803
- Brokerage commission charged to related parties	**4,284,080**	-

46. PRODUCTION CAPACITY (Clinker):

	2014	2013
	(Metric Tonnes)	
Subsidiary Company, PSL:		
Installed capacity	**900,000**	900,000
Actual production	**458,900**	577,160

46.1 Production capacity utilization is 51% (2012: 65%) of total installed capacity.

46.2 Actual production is less than the installed capacity due to planned shut down for maintenance and in line with the industry demand.

47. SEGMENT INFORMATION

For management purposes the Group is organized into following major business segments:

Capital market operations Principally engaged in trading of equity securities and maintaining strategic and trading portfolios.

Brokerage This comprise brokerage, underwriting, corporate consultancy, research and corporate finance services.

Material and Construction This comprise sales less cost of sales of the segment

Others Others includes assets of dairy farming and energy development entities

Notes to the Consolidated Financial Statements
For the year ended 30th June 2014

	2014				
	Capital market operations	**Brokerage**	**Material and constructions**	**Others**	**Consolidated**
			(Rupees)		
Continuing operations					
Revenues					
Operating revenue	388,649,651	702,934,639	62,113,878	21,568	1,153,719,736
(Loss) / gain on sale of securities - net	931,308,558	517,985,132	(27,389,838)	(21,805,342)	1,400,098,510
	1,319,958,209	1,220,919,771	34,724,040	(21,783,774)	2,553,818,246
Gain on distribution of shares	-	-	-		-
Loss on loss of control of subsidiary	(3,212,433)	-	-		(3,212,433)
Operating, administrative and other expenses	(99,369,296)	(231,467,771)	(69,026,000)	(43,720,524)	(443,583,591)
Impairment of goodwill	-	-	-		-
Impairment loss on investment	(15,900,000)	-	-	-	(15,900,000)
	1,201,476,480	989,452,000	(34,301,960)	(65,504,298)	2,091,122,222
Other income	(114,666)	116,707,091	266,926,000	804,534	384,322,959
	1,201,361,814	1,106,159,091	232,624,040	(64,699,764)	2,475,445,181
Bargain purchase gain	-	-	-	-	-
Finance cost and other charges	(290,598,494)	(378,292,555)	(379,563,878)	(3,980,812)	(1,052,435,739)
	910,763,320	727,866,536	(146,939,838)	(68,680,576)	1,423,009,442
Share of profit from equity accounted associates - net of tax	1,177,978,427	-	-	-	1,177,978,427
Segment results	2,088,741,747	727,866,536	(146,939,838)	(68,680,576)	2,600,987,869
Unallocated expenditures	-	-	-	-	-
Profit / (loss) before tax	2,088,741,747	727,866,536	(146,939,838)	(68,680,576)	2,600,987,869
Taxation	(165,604,025)	(31,962,175)	34,982,000	-	(162,584,200)
Profit / (loss) after tax from continuing operations	1,923,137,722	695,904,361	(111,957,838)	(68,680,576)	2,438,403,669
Loss for the year from discontinued operations - net of tax	-	-	-	(37,412,501)	(37,412,501)
Profit / (loss) for the year	**1,923,137,722**	**695,904,361**	**(111,957,838)**	**(106,093,077)**	**2,400,991,168**

	2013 (Restated)				
	Capital market operations	Brokerage	Material and constructions	Others	Consolidated
			(Rupees)		
Continuing operations					
Revenues					
Operating revenue	544,067,454	136,584,378	483,733,705	475,672	1,164,861,209
(Loss) / gain on sale of securities - net	296,156,440	295,905,475	-	-	592,061,915
	840,223,894	432,489,853	483,733,705	475,672	1,756,923,124
Gain on distribution of shares	-	-	-		-
Loss on loss of control of subsidiary	-	-	-		-
Operating, administrative and other expenses	(95,059,292)	(207,201,140)	(51,208,000)	(22,871,782)	(376,340,214)
Impairment of goodwill	-	(80,966,951)	-	-	(80,966,951)
Impairment loss on investment - net	-	-	-	-	-
	745,164,602	144,321,762	432,525,705	(22,396,110)	1,299,615,959
Other income	194,924	193,343,498	319,999,000	492,688	514,030,110
	745,359,526	337,665,260	752,524,705	(21,903,422)	1,813,646,069
Bargain purchase gain	-	-	-	-	-
Finance cost and other charges	(549,376,319)	(203,849,676)	(339,881,705)	70,278	(1,093,037,422)
	195,983,207	133,815,584	412,643,000	(21,833,144)	720,608,647
Share of profit from equity accounted associates - net of tax	396,333,986	-	-	-	396,333,986
Segment results	592,317,193	133,815,584	412,643,000	(21,833,144)	1,116,942,633
Unallocated expenditures	-	-	-	-	-
Profit / (loss) before tax	592,317,193	133,815,584	412,643,000	(21,833,144)	1,116,942,633
Taxation	56,491,243	(19,011,066)	(33,142,000)	-	4,338,177
Profit / (loss) after tax	648,808,436	114,804,518	379,501,000	(21,833,144)	1,121,280,810

Notes to the Consolidated Financial Statements

For the year ended 30th June 2014

	Capital market operations	Brokerage	Material and constructions	Others	Consolidated
			2014		
			(Rupees)		
Other information					
Segment assets	6,305,718,022	2,884,919,953	4,721,666,343	3,203,893,278	17,116,197,596
Investment in equity accounted associates	12,374,772,753	-	-	-	12,374,772,753
Unallocated corporate assets	-	-	-	-	-
Consolidated total assets	**18,680,490,775**	**2,884,919,953**	**4,721,666,343**	**3,203,893,278**	**29,490,970,349**
Segment liabilities	5,324,682,372	2,616,673,901	4,525,167,676	78,692,843	12,545,216,792
Unallocated corporate liabilities	-	-	-	-	-
Consolidated total liabilities	**5,324,682,372**	**2,616,673,901**	**4,525,167,676**	**78,692,843**	**12,545,216,792**
Capital expenditure	**27,196,975**	**7,674,650**	**209,473,471**	**34,987,318**	**279,332,414**
Depreciation and amortization	**7,656,788**	**9,954,679**	**99,140,445**	**(148,571,689)**	**(31,819,777)**
Expenses other than depreciation and amortization	**91,712,508**	**221,513,092**	**2,795,261,555**	**240,949,910**	**3,349,437,065**

	Capital market operations	Brokerage	Material and constructions	Others	Consolidated
			2013 (Restated)		
			(Rupees)		
Other information					
Segment assets	3,801,591,103	1,387,969,028	3,829,671,840	4,386,296,860	13,405,528,831
Investment in equity accounted associates	10,520,116,984	-	-	-	10,520,116,984
Unallocated corporate assets	-	-	-	-	-
Consolidated total assets	14,321,708,087	1,387,969,028	3,829,671,840	4,386,296,860	23,925,645,815
Segment liabilities	2,660,372,923	2,295,152,717	3,667,855,335	87,629,659	8,711,010,634
Unallocated corporate liabilities	-	-	-	-	-
Consolidated total liabilities	2,660,372,923	2,295,152,717	3,667,855,335	87,629,659	8,711,010,634
Capital expenditure	567,570	1,287,816	132,673,000	48,455,768	182,984,154
Depreciation and amortization	6,882,502	11,498,193	108,362,000	6,343,660	133,086,355
Non-cash expenses other than depreciation	88,176,790	195,702,947	2,768,222,000	48,035,478	3,100,137,215

Reconciliations of reportable segment revenues, profit or loss and assets and liabilities

	2014	2013 (Restated)
	(Rupees)	
Operating revenues		
Total revenue for reportable segments	**2,788,107,131**	1,836,187,667
Elimination of inter-segment revenue	**(196,604,053)**	(215,089,157)
Consolidated revenue	**2,591,503,078**	1,621,098,510
Profit or loss		
Total profit or loss before tax for reportable segments	**2,798,574,030**	1,272,111,813
Elimination of inter-segment revenue / expense	**(159,901,329)**	(155,059,180)
Consolidated profit before tax	**2,638,672,701**	1,117,052,633

Information about major customers

AHL is involved in a brokerage business. Its major client are banking institutions such as National Bank of Pakistan Limited, United Bank Limited and Allied Bank Limited.

Notes to the Consolidated Financial Statements
For the year ended 30th June 2014

47.1 Geographical segment analysis

	2014			
	Profit / (loss) before tax	**Total assets employed**	**Net assets**	**Contingencies and commitments**
	(Rupees)			
Pakistan	**2,680,219,820**	**29,320,201,014**	**16,851,656,010**	**997,583,866**
Colombo, Srilanka	**(37,210,290)**	**69,628,401**	**45,812,709**	**-**
Dubai, UAE	**(4,336,829)**	**101,140,934**	**48,284,838**	**1,279,998**
	2,638,672,701	**29,490,970,349**	**16,945,753,557**	**998,863,864**

	2013			
	Profit / (loss) before tax	Total assets employed	Net assets	Contingencies and commitments
	(Rupees)			
Pakistan	1,120,108,896	23,721,172,434	15,087,502,996	865,697,829
Colombo, Srilanka	(26,322,096)	93,068,211	73,663,455	-
Dubai, UAE	(3,426,263)	104,935,640	53,468,730	-
	1,090,360,537	23,919,176,285	15,214,635,181	865,697,829

48. NUMBER OF EMPLOYEES

	2014	**2013**
Holding Company:		
Average number of employees	**21**	21
Number of employees as at 30 June	**19**	22
Subsidiary Company, AHL:		
Average number of employees	**68**	63
Number of employees as at 30 June	**68**	63
Subsidiary Company, PCL:		
Average number of employees	**265**	273
Number of employees as at 30 June	**275**	265
Subsidiary Company, SEDPL:		
Average number of employees	**8**	8
Number of employees as at 30 June	**8**	9

Notes to the Consolidated Financial Statements
For the year ended 30th June 2014

49. GENERAL

Corresponding figures have been re-arranged and / or re-classified, wherever necessary, for the purposes of comparison and better presentation the impact of which is not material, except for the following

Reclassified from	Reclassified to	Rupees
Short term running finance from banks	Istisna	130,000,000
Trade and other payables - Other liabilities	Trade and other payables - Unclaimed dividend	126,000
Trade and other payables - Other liabilities	Deferred liability - Staff gratuity	33,164,000
Long term investments	Investment in equity - accounted investee	10,520,116,984
Long term investments	Other long term investment	292,660,401

50. NON ADJUSTING EVENTS AFTER BALANCE SHEET DATE

The Board of Directors of the Parent Company has proposed a cash dividend of Rs. 2.5 per share amounting to Rs. 1,134,375,000 at its meeting held on 28 August 2014 for the approval of the members at the annual general meeting to be held on 25 October 2014. These consolidated financial statements do not reflect this appropriation as explained in note 3.31.

51. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements have been authorized for issue on 27th September 2014 by the Board of Directors.

Chief Executive Officer

Director

Corporate Calendar of Major Events

- **Results**

The Company follows the period of 1st July to 30th June as the Financial Year.

For the Financial Year ending on 30th June 2015, Financial Results will be announced as per the following tentative schedule:

1st quarter ending	30th September 2014	Last Week of October, 2014	2nd quarter ending	31st December 2014	Last Week of January, 2015
3rd quarter ending	31st March 2015	Last Week of April, 2015	Year ending	30th June 2015	Last Week of July, 2015

- **Issuance of Annual Report**

21 days before AGM i.e. on or before 3rd October 2014.

- **20th Annual General Meeting**

The 20th Annual General Meeting of the Shareholders of Arif Habib Corporation Limited ("the Company") will be held on Saturday, 25th October 2014 at 05:00 P.M at the Beach Luxury Hotel, Moulvi Tamizuddin Khan Road Karachi.

- **CASH DIVIDEND**

A final Cash Dividend for the year ended 30th June 2014 at Rs. 2.50 per share i.e. 25% as recommended by the Board of Directors. Subject to the approval by members in the AGM, the date of entitlement of cash dividend shall be 16th October 2014, and the company expects to dispatch the final dividend warrants on or before 24th November 2014, being the statutory limit of 30 days from the date of General Meeting in which the dividend is approved.

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 given below:

Investments in Associated Companies & Associated Undertakings

The Board of Directors of the Company has approved the specific limits for equity investments and loans/advances alongwith other particulars for investments in its following existing and planned associated companies and associated undertakings subject to the consent of members under Section 208 of the Companies Ordinance, 1984/Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012. The Board of Directors do hereby undertake that necessary due diligence for the following proposed investments have been carried out. The principle purpose of this special resolution is to make the Company in a ready position to captalise on the investment opportunities as and when they arrive. It is prudent that the Company should be able to make the investment at the right time when the opportunity is available.

I Investment in Securities

Sr.No	Description	Information Required
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	**SUMMIT BANK LIMITED** **An associated undertaking due to common directorships of Mr. Nasim Beg and Mr. Asadullah Khawaja in both the companies**
2	Purpose, benefits and period 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.
3	Maximum amount of investment	Fresh limit of Rs.250 million is requested for approval. This is in addition to: - renewal requested seperately for the unutilised limit of equity investment of Rs.250 million; and - Investment at cost of Rs.255.8 million already made upto 30 June 2014.
4	Maximum price at which securities will be acquired	At par/premium/market/offered/negotiated price prevailing on the date of transaction/investment.
5	Maximum number of securities to be acquired	No. of securities purchasable under approved limit in accordance with/based on Sr. Nos. 3 & 4 above.
6	Number of securities and percentage thereof held before and after the proposed investment	Before: 1,000,355 shares being 0.09% holding in the company as on 30 June 2014. After: Increase in securities/percentage in accordance with/based on Sr. No. 3, 4 & 5 above.
7	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired	Rs. 3.46
8	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6(1)	Not applicable
9	"Break-up value of securities intended to be acquired on the basis of the latest audited financial statements"	Rs. 3.14
10	Earning per share of the associated company or associated undertaking for the last three years	2014 : Rs.(1.52) 2013 : Rs (2.54) 2012 : Rs (1.17)
11	Sources of fund from which securities will be acquired	From company's own available liquidity and credit lines.
12	Where the securities are intended to be acquired using borrowed funds	
(i)	justification for investment through borrowings	Company foresee the return on this strategic investment higher than the borrowing cost.
(ii)	detail of guarantees and assets pledged for obtaining such funds	Pledge of listed securites.
13	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	There is no agreement as yet.
14	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Following directors of the company have no interest in the investee company except in their capacity as director/shareholder: Mr. Nasim Beg and Mr. Asadullah Khawaja

1 Investment in Securities

Sr.No	Description	Information Required
15	Any other important details necessary for the members to understand the transaction	Not applicable
16	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely	Not applicable
(i)	description of the project and its history since conceptualization	
(ii)	starting and expected dated of completion of work	
(iii)	time by which such project shall become commercially operational	
(iv)	expected time by which the project shall start paying return on investment	

2 Investment in Securities

Sr.No	Description	Information Required
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	**Dolmen City REIT (Proposed Fund of Arif Habib Dolmen REIT Management Limited (formerly: Arif Habib REIT Management Limited))** **An associated undertaking due to common directorships of Mr. Nasim Beg, Mr. Asadullah Khawaja, Mr. Samad A. Habib and Mr. Muhammad Ejaz in Arif Habib Corporation Limited and Arif Habib Dolmen REIT Management Limited (the REIT Management Company of Dolmen City REIT)**
2	Purpose, benefits and period 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.
3	Maximum amount of investment	Fresh limit of Rs.1,000 million is requested for approval.
4	Maximum price at which securities will be acquired	At NAV/par/premium/market/offered/negotiated price prevailing on the date of transaction/investment.
5	Maximum number of securities to be acquired	No. of securities purchasable under approved limit in accordance with/based on Sr. Nos. 3 & 4 above.
6	Number of securities and percentage thereof held before and after the proposed investment	Before: Not applicable After: Securities/percentage in accordance with/based on Sr. No. 3, 4 & 5 above.
7	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired	Not applicable

Sr.No	Description	Information Required
8	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6(1)	Not applicable
9	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements	Not applicable
10	Earning per share of the associated company or associated undertaking for the last three years	Not applicable
11	Sources of fund from which securities will be acquired	From company's own available liquidity and credit lines.
12	Where the securities are intended to be acquired using borrowed funds	
(i)	justification for investment through borrowings	Company foresee the return on this strategic investment higher than the borrowing cost.
(ii)	detail of guarantees and assets pledged for obtaining such funds	Pledge of listed securites.
13	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	There is no agreement as this would be Long Term Strategic Investment.
14	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Following directors of the company have no interest in the investee company / fund except in their capacity as director / shareholder : Mr. Nasim Beg, Mr. Asadullah Khawaja, Mr. Samad A. Habib and Mr. Muhammad Ejaz.
15	Any other important details necessary for the members to understand the transaction	Not applicable
16	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely	
(i)	description of the project and its history since conceptualization	Proposed fund will be perpetual, listed, closed-end rental REIT fund. The REIT Management Company is in the process of obtaining regulatory approvals.
(ii)	starting and expected dated of completion of work	Expected date of launch of proposed fund is December 2014.
(iii)	time by which such project shall become commercially operational	Expected date of launch of proposed fund is December 2014.
(iv)	expected time by which the project shall start paying return on investment	Within the first year of launch.

I Loans and Advances

Sr.No	Description	Information Required
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	**JAVEDAN CORPORATION LIMITED** **An associated undertaking due to common directorships of Mr. Samad A. Habib, Mr. Kashif A. Habib and Mr. Muhammad Ejaz in both the companies**
2	Amount of loans or advances	Fresh limit for issuance of Corporate Guarantee upto Rs.200 million is requested for approval. Corporate Guarantee will be issued by Arif Habib Corporation Limited in favor of any bank/finacial institution/company etc. in connection with financing or other facilities availed/to be aviled by Javedan Corporation Limited This is in addition to renewal requested for the previously sanctioned limit of loan in the nature of running finance amounting to Rs.2,231.55 million. Above facilities shall be renewable in next general meeting(s) for further period(s) of one year(s).
3	Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances	To support the functionality , operations and growth of the associated undertaking.
4	In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof	Outstanding amount of facility in the nature of running finance as on 30th June 2013 was Rs.757.4 million. During 2013-14, further payment of Rs.322 million was made to the associated undertaking; whereas the associated undertaking has repaid the amount of Rs.1,079.4 million. Outstanding amount of facility as on 30th June 2014 is NIL. The facility carries a markup rate of 3 month Kibor + 3% (2012-13 : 3 month Kibor + 3%) which is higher than company borrowing cost. Approval from shareholders for renewal of the loan amounting to Rs.2,231.55 million in the nature of running finance for a period of one year and shall be renewable in next general meeting(s) for further period(s) of one year(s) has also been sought.
5	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements	Total Equity, Total assets and total liability amounting to Rs. 5,454 million, Rs. 11,239 million and Rs. 5,785 million respectively as on 30th June 2013. Profit before tax and Profit after tax amounting to Rs. 723 million and Rs. 711 million respectvely for 2012-13.
6	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period	Average borrowing cost of the investing company is 11.55% in 2013-14.
7	Rate of interest, mark up, profit, fees or commission etc. to be charged	Negotiable; in line with prevailing commercial rates for similar facilities.
8	Sources of funds from where loans or advances will be given	Not applicable as facility is Unfunded.
9	Where loans or advances are being granted using borrowed funds	Not applicable as facility is Unfunded.
(i)	justification for granting loan or advance out of borrowed funds	
(ii)	detail of guarantees / assets pledged for obtaining such funds, if any	
(iii)	repayment schedules of borrowing of the investing company	

Sr.No	Description	Information Required
10	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any	Letter of indemnity to be obtained from associated undertaking before execution of unfunded facility.
11	If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	Not applicable
12	Repayment schedule and terms of loans or advances to be given to the investee company	Fresh facility will be in the nature of Guarantee for a period of one year and shall be renewable in next general meeting(s) for further period(s) of one year(s).
13	Salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	As disclosed
14	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Following directors of the company have no interest in the investee company except in their capacity as director / shareholding : Mr. Samad A. Habib, Mr. Kashif A. Habib and Mr. Muhammad Ejaz
15	Any other important details necessary for the members to understand the transaction	Not applicable
16	In case of investment in a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information is required, namely	Not applicable
(i)	a description of the project and its history since conceptualization	
(ii)	starting date and expected date of completion	
(iii)	time by which such project shall become commercially operational	
(iv)	expected return on total capital employed in the project	
(v)	funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts	

2 Loans and Advances

Sr.No	Description	Information Required
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	**AISHA STEEL MILLS LIMITED** **An associated undertaking due to common directorships of Mr. Arif Habib, Mr. Samad A. Habib, Mr. Kashif A. Habib, Mr. Nasim Beg and Mr. Muhammad Ejaz in both the companies**

2 Loans and Advances

Sr.No	Description	Information Required
2	Amount of loans or advances	Fresh limit for issuance of Corporate Guarantee upto Rs.1,500 million is requested for approval. Corporate Guarantee will be issued by Arif Habib Corporation Limited in favor of any bank/finacial institution/company etc. in connection with financing or other facilities availed/to be aviled by Aisha Steel Mills Limited. This is in addition to renewal requested for the previously sanctioned limit of loan in the nature of running finance amounting to Rs.2,750 million. Above facilities shall be renewable in next general meeting(s) for further period(s) of one year(s).
3	Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances	To support the functionality, operations and growth of the associated undertaking.
4	In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof	Outstanding amount of facility in the nature of running finance as on 30th June 2013 was Rs.17 million. During 2013-14, further payment of Rs.1,362 million was made to the associated undertaking ; whereas the associated undertaking has repaid the amount of Rs.937 million. Outstanding amount of facility as on 30th June 2014 is Rs.442 million. The facilities carry markup rates of 3 month Kibor + 3% (2012-13 : Nil) and 6 month Kibor + 3.25% (2012-13 : 6 month Kibor + 3.25%) which are higher than company borrowing cost. Approval from shareholders for renewal of the loan amounting to Rs.2,750 million in the nature of running finance for a period of one year and shall be renewable in next general meeting(s) for further period(s) of one year(s) has also been sought.
5	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements	Total Equity, Total assets and total liability amounting to Rs. 2,252 million, Rs. 14,351 million and Rs. 12,099 million respectively as on 30th June 2013. Loss before tax and Loss after tax amounting to Rs.1,115 million and Rs.746 million respectvely for 2012-13.
6	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period	Average borrowing cost of the investing company is 11.55% in 2013-14.
7	Rate of interest, mark up, profit, fees or commission etc. to be charged	Negotiable; in line with prevailing commercial rates for similar facilities.
8	Sources of funds from where loans or advances will be given	Not applicable as facility is Unfunded.
9	Where loans or advances are being granted using borrowed funds	Not applicable as facility is Unfunded.
(i)	justification for granting loan or advance out of borrowed funds	
(ii)	detail of guarantees/assets pledged for obtaining such funds, if any	
(iii)	repayment schedules of borrowing of the investing company	

2 Loans and Advances

Sr.No	Description	Information Required
10	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any	Letter of indemnity to be obtained from associated undertaking before execution of unfunded facility.
11	If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	Not applicable
12	Repayment schedule and terms of loans or advances to be given to the investee company	Fresh facility will be in the nature of Guarantee for a period of one year and shall be renewable in next general meeting(s) for further period(s) of one year(s).
13	Salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	As disclosed
14	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Following directors of the company have no interest in the investee company except in their capacity as director/shareholding: Mr. Arif Habib, Mr. Samad A. Habib, Mr. Kashif A. Habib, Mr. Nasim Beg and Mr. Muhammad Ejaz
15	Any other important details necessary for the members to understand the transaction	Not applicable
16	In case of investment in a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information is required, namely	Not applicable
(i)	a description of the project and its history since conceptualization	
(ii)	starting date and expected date of completion	
(iii)	time by which such project shall become commercially operational	
(iv)	expected return on total capital employed in the project	
(v)	funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts	

3 Loans and Advances

Sr.No	Description	Information Required
1	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	**POWER CEMENT LIMITED** **A subsidiary company**

3 Loans and Advances

Sr.No	Description	Information Required
2	Amount of loans or advances	Fresh limit for issuance of Corporate Guarantee upto Rs.500 million is requested for approval. Corporate Guarantee will be issued by Arif Habib Corporation Limited in favor of any bank/finacial institution/company etc. in connection with financing or other facilities availed/to be aviled by Power Cement Limited. This is in addition to renewal requested for the previously sanctioned limit of loan in the nature of running finance amounting to Rs.1,000 million. Above facilities shall be renewable in next general meeting(s) for further period(s) of one year(s).
3	Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances	To support the functionality, operations and growth of the associated undertaking.
4	In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof	Outstanding amount of facility in the nature of running finance as on 30th June 2013 was Rs.588 million. During 2013-14, further payment of Rs.338 million was made to the associated undertaking; whereas the associated undertaking has repaid the amount of Rs.916 million. Outstanding amount of facility as on 30th June 2014 is Rs.10 million. The facility carries a markup rate of 3 month Kibor + 2.5% (2012-13 : 3 month Kibor + 2.5%) which is higher than company borrowing cost. Approval from shareholders for renewal of the loan amounting to Rs.1,000 million in the nature of running finance for a period of one year and shall be renewable in next general meeting(s) for further period(s) of one year(s) has also been sought.
5	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements	Total Equity, Total assets and total liability amounting to Rs. 1,429 million, Rs. 5,785 million and Rs. 4,357 million respectively as on 30th June 2014. Loss before tax and Loss after tax amounting to Rs. 140 million and Rs. 74 million respectvely for 2013-14
6	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period	Average borrowing cost of the investing company is 11.55% in 2013-14.
7	Rate of interest, mark up, profit, fees or commission etc. to be charged	Negotiable; in line with prevailing commercial rates for similar facilities.
8	Sources of funds from where loans or advances will be given	Not applicable as facility is Unfunded.
9	Where loans or advances are being granted using borrowed funds	Not applicable as facility is Unfunded.
(i)	justification for granting loan or advance out of borrowed funds	
(ii)	detail of guarantees/assets pledged for obtaining such funds, if any	
(iii)	repayment schedules of borrowing of the investing company	

3 Loans and Advances

Sr.No	Description	Information Required
10	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any	Letter of indemnity to be obtained from associated undertaking before execution of unfunded facility.
11	If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	Not applicable.
12	Repayment schedule and terms of loans or advances to be given to the investee company	Fresh facility will be in the nature of Guarantee for a period of one year and shall be renewable in next general meeting(s) for further period(s) of one year(s).
13	Salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	As disclosed.
14	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Following directors of the company have no interest in the investee company except in their capacity as director / shareholding : Mr. Nasim Beg, Mr. Kashif A. Habib, Mr. Samad A. Habib and Mr. Muhammad Ejaz.
15	Any other important details necessary for the members to understand the transaction	Not applicable.
16	In case of investment in a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information is required, namely	Not applicable.
(i)	a description of the project and its history since conceptualization	
(ii)	starting date and expected date of completion	
(iii)	time by which such project shall become commercially operational	
(iv)	expected return on total capital employed in the project	
(v)	funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts	

* **Following directors of the company have no inertest in the investee companies except in their capacity as director/shareholder**

Mr. Arif Habib	Chairman and shareholder of Aisha Steel Mills Limited
Mr. Samad A. Habib	Chief Executive and shareholder of Javedan Corporation Ltd., Director and shareholder of Aisha Steel Mills Ltd., Power Cement Ltd. & Arif Habib Dolmen REIT Management Limited (RMC of Dolmen City REIT)
Mr. Kashif Habib	Chief Executive and shareholder of Power Cement Ltd. & Director and shareholder of Javedan Corporation Ltd., Aisha Steel Mills Ltd. & Arif Habib Dolmen REIT Management Limited (RMC of Dolmen City REIT)
Mr. Nasim Beg	Chairman and shareholder of Power Cement Ltd. and Arif Habib Dolmen REIT Management Limited (RMC of Dolmen City REIT) & Director and shareholder of Aisha Steel Mills Ltd. & Summit Bank Ltd.
Mr. Muhammad Ejaz	Chairman and shareholder of Javedan Corporation Ltd., Chief Executive and shareholder of Arif Habib Dolmen REIT Management Limited (RMC of Dolmen City REIT) & Director and shareholder of Aisha Steel Mills Ltd. & Power Cement Ltd.
Mr. Asadullah Khawaja	Director and shareholder of Arif Habib Dolmen REIT Management Limited (RMC of Dolmen City REIT) & Summit Bank Ltd.

Statement under Section 160(1)(b) of the Companies Ordinance, 1984, in compliance with Regulation 4(2) of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012, for decision to make investment under the authority of a resolution passed pursuant to provisions of section 208 of the Ordinance is not implemented either fully or partially:

The Company in its previous general meetings had sought approvals under section 208 of the Companies Ordinance, 1984 for investments in the following Associated Companies and Associated Undertakings in which investment has not been made so far, either fully or partially. Approval of renewal of unutilised portion of equity investments and sanctioned limit of loans and advances is also hereby sought for some of the companies as per following details:

1 Name of associated company/undertaking: Javedan Corporation Limited

Sr.No	Description	Investment in Securities		Loans and Advances	
a)	total investment approved;	2,250,000,000		2,231,550,000	
b)	amount of investment made to date;	1,803,247,066		-	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation		Facility is in the nature of running finance and availed as and when needed in the interest of the shareholders	
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:	**2013**	**2012**	**2013**	**2012**
i	Eanings/(Loss) per share	12.23	(5.78)	12.23	(5.78)
ii	Net Profit/(Loss)	710,892,000	(335,743,000)	710,892,000	(335,743,000)
iii	Shareholders Equity	5,454,113,000	4,743,221,000	5,454,113,000	4,743,221,000
iv	Total Assets	11,239,235,000	10,670,147,000	11,239,235,000	10,670,147,000
v	Break-up value	31.91	27.75	31.91	27.75
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	**Unutilised**	**446,752,934**	**Sanctioned**	**2,231,550,000**

2 Name of associated company/undertaking: Summit Bank Limited

Sr.No	Description	Investment in Securities		Loans and Advances	
a)	total investment approved;	505,822,522		-	
b)	amount of investment made to date;	255,822,522		-	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders		N/A	
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:	**Dec-13**	**Dec-12**	**Dec-13**	**Dec-12**
i	Loss per share	(1.52)	(2.54)	(1.52)	(2.54)
ii	Net (Loss)	(1,828,224,000)	(2,734,156,000)	(1,828,224,000)	(2,734,156,000)
iii	Shareholders Equity	3,388,743,000	3,064,145,000	3,388,743,000	3,064,145,000
iv	Total Assets	125,560,035,000	134,385,195,000	125,560,035,000	134,385,195,000
v	Break-up value	3.14	2.84	3.14	2.84
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	**Unutilised upto**	**250,000,000**	**Sanctioned**	**N/A**

3 Name of associated company/undertaking: Arif Habib Limited

Sr.No	Description	Investment in Securities		Loans and Advances	
a)	total investment approved;	2,921,676,000		500,000,000	
b)	amount of investment made to date;	2,733,252,036		-	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders		Facility is in the nature of to running finance; to be availed as and when needed in the interest of the shareholders	
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:	**2014**	**2013**	**2014**	**2013**
i	Eanings per share	14.88	6.95	14.88	6.95
ii	Net Profit	818,644,302	382,469,463	818,644,302	382,469,463
iii	Shareholders Equity	2,012,060,100	1,343,415,798	2,012,060,100	1,343,415,798
iv	Total Assets	4,770,940,062	3,616,899,486	4,770,940,062	3,616,899,486
v	Break-up value	36.60	26.90	36.60	26.90
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	**Unutilised**	**188,423,964**	**Sanctioned**	**500,000,000**

4 **Name of associated company/undertaking: MCB - Arif Habib Savings and Investments Limited**

Sr.No	Description	Investment in Securities		Loans and Advances	
a)	total investment approved;	281,200,000		-	
b)	amount of investment made to date;	81,947,527		-	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders		N/A	
d)	material change in financial statements of associated company or associated undertaking of investment in such company:	**2014**	**2013**	**2014**	**2013**
i	Eanings per share	2.54	2.19	2.54	2.19
ii	Net Profit	182,641,052	157,649,698	182,641,052	157,649,698
iii	Shareholders Equity	1,353,846,006	1,273,028,929	1,353,846,006	1,273,028,929
iv	Total Assets	1,607,734,001	1,411,536,548	1,607,734,001	1,411,536,548
v	Break-up value	18.80	17.68	18.80	17.68
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	**Unutilised upto**	**199,252,473**	**Sanctioned**	**N/A**

5 **Name of associated company/undertaking: Pakarab Fertilizers Limited**

Sr.No	Description	Investment in Securities		Loans and Advances	
a)	total investment approved;	2,324,332,000		1,000,000,000	
b)	amount of investment made to date;	1,324,332,073		-	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders		Waiting for an appropriate time in the interest of the shareholders	
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:	**Dec-13**	**Dec-12**	**Dec-13**	**Dec-12**
i	Loss per share	(4.06)	(0.53)	(4.06)	(0.53)
ii	Net (Loss)	(1,825,083,000)	(239,788,000)	(1,825,083,000)	(239,788,000)
iii	Shareholders Equity	18,084,194,000	19,896,491,000	18,084,194,000	19,896,491,000
iv	Total Assets	48,147,812,000	54,636,251,000	48,147,812,000	54,636,251,000
v	Break-up value	40.19	44.21	40.19	44.21
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	**Unutilised**	**999,999,927**	**Sanctioned**	**1,000,000,000**

6 **Name of associated company/undertaking: Fatima Fertilizer Company Limited**

Sr.No	Description	Investment in Securities		Loans and Advances	
a)	total investment approved;	1,500,000,000		1,000,000,000	
b)	amount of investment made to date;	700,037,106		-	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders		Waiting for an appropriate time in the interest of the shareholders	
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:	**Dec-13**	**Dec-12**	**Dec-13**	**Dec-12**
i	Eanings per share - basic	3.82	2.86	3.82	2.86
ii	Net Profit	8,022,185,000	6,111,119,000	8,022,185,000	6,111,119,000
iii	Shareholders Equity	32,758,958,000	28,950,354,000	32,758,958,000	28,950,354,00
iv	Total Assets	79,289,945,000	76,004,796,000	79,289,945,000	76,004,796,000
v	Break-up value	15.60	13.79	15.60	13.79
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	**Unutilised**	**799,962,894**	**Sanctioned**	**1,000,000,000**

7 **Name of associated company/undertaking: Rotocast Engineering Company (Private) Limited**

Sr.No	Description	Investment in Securities		Loans and Advances	
a)	total investment approved;	300,000,000		200,000,000	
b)	amount of investment made to date;	-		-	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders		Waiting for an appropriate time in the interest of the shareholders	
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:	**2013**	**2012**	**2013**	**2012**
i	(Loss)/Eanings per share	(126.17)	116.45	(126.17)	116.45
ii	Net (Loss)/Profit	(126,170,556)	116,450,235	(126,170,556)	116,450,235
iii	Shareholders Equity	2,471,389,772	2,588,788,359	2,471,389,772	2,588,788,359
iv	Total Assets	3,500,813,727	3,274,018,122	3,500,813,727	3,274,018,122
v	Break-up value	2,471.39	2,588.79	2,471.39	2,588.79
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	**Unutilised**	**300,000,000**	**Sanctioned**	**200,000,000**

8 Name of associated company/undertaking: Arif Habib Dolmen REIT Management Limited (formerly: Arif Habib REIT Management Limited) Investments Limited

Sr.No	Description	Investment in Securities		Loans and Advances	
a)	total investment approved;	1,500,000,000		1,000,000,000	
b)	amount of investment made to date;	-		-	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders		Waiting for an appropriate time in the interest of the shareholders	
d)	material change in financial statements of associated company or associated undertaking of investment in such company:	**2014**	**2013**	**2014**	**2013**
i	Loss per share	(1.56)	(1.84)	(1.56)	(1.84)
ii	Net (Loss)	(15,566,686)	(9,215,587)	(15,566,686)	(9,215,587)
iii	Shareholders Equity	37,451,388	3,012,341	37,451,388	3,012,341
iv	Total Assets	54,654,622	28,985,857	54,654,622	28,985,857
v	Break-up value	3.75	0.60	3.75	0.60
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	**Unutilised**	**1,500,000,000**	**Sanctioned**	**1,000,000,000**

9 Name of associated company/undertaking: Aisha Steel Mills Limited

Sr.No	Description	Investment in Securities		Loans and Advances	
a)	total investment approved;	3,750,000,000		2,750,000,000	
b)	amount of investment made to date;	1,875,611,843		441,506,452	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders		Facility is in the nature of running finance and availed as and when needed in the interest of the shareholders	
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:	**2013**	**2012**	**2013**	**2012**
i	Loss per share	(3.15)	(0.82)	(3.15)	(0.82)
ii	Net (Loss)	(745,837,000)	(86,083,000)	(745,837,000)	(86,083,000)
iii	Shareholders Equity	2,251,700,000	2,997,537,000	2,251,700,000	2,997,537,000
iv	Total Assets	14,350,533,000	10,947,074,000	14,350,533,000	10,947,074,000
v	Break-up value	6.55	8.72	6.55	8.72
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	**Unutilised**	**1,874,388,157**	**Sanctioned**	**2,750,000,000**

10 Name of associated company/undertaking: Power Cement Limited

Sr.No	Description	Investment in Securities		Loans and Advances	
a)	total investment approved;	2,322,000,000		1,000,000,000	
b)	amount of investment made to date;	1,558,388,199		10,000,000	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation		Facility is in the nature of running finance and availed as and when needed in the interest of the shareholders	
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:	**2014**	**2013**	**2014**	**2013**
i	Eanings per share	(0.20)	1.01	(0.20)	1.01
ii	Net Profit	(73,909,000)	370,222,000	(73,909,000)	370,222,000
iii	Shareholders Equity	1,428,542,000	1,495,371,000	1,428,542,000	1,495,371,000
iv	Total Assets	5,785,815,000	5,619,144,000	5,785,815,000	5,619,144,000
v	Break-up value	3.91	4.09	3.91	4.09
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	**Unutilised**	**763,611,801**	**Sanctioned**	**1,000,000,000**

11 Name of associated company/undertaking: Sachal Energy Development Pvt Limited

Sr.No	Description	Investment in Securities		Loans and Advances	
a)	total investment approved;	2,250,000,000		250,000,000	
b)	amount of investment made to date;	310,000,060		-	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation		Waiting for an appropriate time in the interest of the shareholders	
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:	**2014**	**2013**	**2014**	**2013**
i	Loss per share	(0.12)	(0.63)	(0.12)	(0.63)
ii	Net (Loss)	(37,290,855)	(15,686,787)	(37,290,855)	(15,686,787)
iii	Shareholders Equity	200,271,691	177,562,546	200,271,691	177,562,546
iv	Total Assets	212,183,233	184,878,898	212,183,233	184,878,898
v	Break-up value	6.46	7.10	6.46	7.10
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	**Unutilised**	**1,939,999,940**	**Sanctioned**	**250,000,000**

12 Name of associated company/undertaking: Safe Mix Concrete Products Limited

Sr.No	Description	Investment in Securities		Loans and Advances	
a)	total investment approved;	1,500,000,000		150,000,000	
b)	amount of investment made to date;	-		-	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders		Waiting for an appropriate time in the interest of the shareholders	
d)	material change in financial statements of associated company or associated undertaking of investment in such company:	**2013**	**2012**	**2013**	**2012**
i	Earnings/(Loss) per share	0.76	(0.34)	0.76	(0.34)
ii	Net Profit/(Loss)	15,225,877	(6,754,736)	15,225,877	(6,754,736)
iii	Shareholders Equity	212,318,045	197,092,168	212,318,045	197,092,168
iv	Total Assets	346,208,180	328,989,914	346,208,180	328,989,914
v	Break-up value	10.62	9.85	10.62	9.85
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	**Unutilised**	**150,000,000**	**Sanctioned**	**150,000,000**

13 Name of associated company/undertaking: Pakistan Private Equity Management Limited

Sr.No	Description	Investment in Securities		Loans and Advances	
a)	total investment approved;	1,004,250,000		250,000,000	
b)	amount of investment made to date;	42,500,000		-	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders		Waiting for an appropriate time in the interest of the shareholders	
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:	**2014**	**2013**	**2014**	**2013**
i	Loss per share	(0.26)	(0.60)	(0.26)	(0.60)
ii	Net (Loss)	(1,314,520)	(2,980,149)	(1,314,520)	(2,980,149)
iii	Shareholders Equity	1,828,821	3,143,341	1,828,821	3,143,341
iv	Total Assets	1,867,555	3,222,357	1,867,555	3,222,357
v	Break-up value	0.37	0.63	0.37	0.63
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	**Unutilised**	**To be lapsed**	**Sanctioned**	**To be lapsed**

14 Name of associated company/undertaking: Real Estate Modaraba Management Limited

Sr.No	Description	Investment in Securities		Loans and Advances	
a)	total investment approved;	300,000,000		600,000,000	
b)	amount of investment made to date;	-		-	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders		Waiting for an appropriate time in the interest of the shareholders	
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:	**2013**	**2012**	**2013**	**2012**
i	Loss per share	(4.04)	(1.09)	(4.04)	(1.09)
ii	Net (Loss)	(1,010,736)	(272,264)	(1,010,736)	(272,264)
iii	Shareholders Equity	(135,402,825)	(134,392,089)	(135,402,825)	(134,392,089)
iv	Total Assets	136,059,431	131,497,537	136,059,431	131,497,537
v	Break-up value	(541.61)	(537.57)	(541.61)	(537.57)
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	**Unutilised**	**To be lapsed**	**Sanctioned**	**To be lapsed**

15 Name of associated company/undertaking: International Complex Projects Limited

Sr.No	Description	Investment in Securities		Loans and Advances	
a)	total investment approved;	1,500,000,000		1,000,000,000	
b)	amount of investment made to date;	-		-	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders		Waiting for an appropriate time in the interest of the shareholders	
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:	**2013**	**2012**	**2013**	**2012**
i	Eanings per share	54.93	268.34	54.93	268.34
ii	Net Profit	2,127,143,317	10,133,980,609	2,127,143,317	10,133,980,609
iii	Shareholders Equity	19,440,930,617	16,813,785,300	19,440,930,617	16,813,785,300
iv	Total Assets	21,267,071,665	19,812,097,101	21,267,071,665	19,812,097,101
v	Break-up value	502.00	445.22	502.00	445.22
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	**Unutilised**	**To be lapsed**	**Sanctioned**	**To be lapsed**

16 Name of associated company/undertaking: Sweetwater Dairies Pakistan (Pvt.) Limited

Sr.No	Description	Investment in Securities		Loans and Advances	
a)	total investment approved;	600,000,000		100,000,000	
b)	amount of investment made to date;	349,174,383		-	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders		Waiting for an appropriate time in the interest of the shareholders	
d)	material change in financial statements of associated company or associated undertaking of investment in such company:	**2012**	**2011**	**2012**	**2011**
i	Loss per share	(7.71)	(1.75)	(7.71)	(1.75)
ii	Net (Loss)	(479,397,124)	(107,836,765)	(479,397,124)	(107,836,765)
iii	Shareholders Equity	129,229,479	580,880,962	129,229,479	580,880,962
iv	Total Assets	136,129,705	649,151,268	136,129,705	649,151,268
v	Break-up value	2.08	9.43	2.08	9.43
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	**Unutilised**	**To be lapsed**	**Sanctioned :**	**To be lapsed**

17 Name of associated company/undertaking: Arif Habib Foundation

Sr.No	Description	Investment in Securities		Loans and Advances	
a)	total investment approved;	-		250,000,000	
b)	amount of investment made to date;	-		-	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	N/A		Waiting for an appropriate time in the interest of the shareholders	
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:	**2014**	**2013**	**2014**	**2013**
i	Donation received during the year	19,500,000	15,550,000	19,500,000	15,550,000
ii	Donation utilised during the year	(19,527,404)	(12,888,278)	(19,527,404)	(12,888,278)
iii	Net Assets	324,602	1,024,831	324,602	1,024,831
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	**Unutilised**	**N/A**	**Sanctioned**	**To be lapsed**

18 Name of associated company/undertaking: Serendib Stock Brokers (Pvt.) Limited

Sr.No	Description	Investment in Securities		Loans and Advances	
a)	total investment approved;	150,000,000		100,000,000	
b)	amount of investment made to date;	100,398,493		-	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders		Waiting for an appropriate time in the interest of the shareholders	
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:	**Mar-13**	**Mar-12**	**Mar-13**	**Mar-12**
i	Loss per share	(1.11)	(4.08)	(1.11)	(4.08)
ii	Net (Loss)	(26,481,887)	(40,767,818)	(26,481,887)	(40,767,818)
iii	Shareholders Equity	73,663,455	(5,813,522)	73,663,455	(5,813,522)
iv	Total Assets	93,068,211	80,005,366	93,068,211	80,005,366
v	Break-up value	3.09	(0.58)	3.09	(0.58)
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	**Unutilised**	**N/A (To be lapsed)**	**Sanctioned**	**N/A (To be lapsed)**

19 Name of associated company/undertaking: Crescent Textile Mills Limited

Sr.No	Description	Investment in Securities		Loans and Advances	
a)	total investment approved;	700,000,000		-	
b)	amount of investment made to date;	292,566,283		-	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of theshareholders The company is no more an associated concern		N/A	
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:	**2013**	**2012**	**2013**	**2012**
i	Eanings/(Loss) per share	2.27	(2.38)	2.27	(2.38)
ii	Net Profit/(Loss)	111,932,000	(117,089,000)	111,932,000	(117,089,000)
iii	Shareholders Equity	5,116,553,000	4,082,060,000	5,116,553,000	4,082,060,000
iv	Total Assets	12,543,213,000	13,212,985,000	12,543,213,000	13,212,985,000
v	Break-up value	103.98	82.95	103.98	82.95
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	**Unutilised**	**N/A (To be lapsed)**	**Sanctioned**	**N/A**

20 Name of associated company/undertaking: Thatta Cement Co. Limited

Sr.No	Description	Investment in Securities		Loans and Advances	
a)	total investment approved;	300,000,000		-	
b)	amount of investment made to date;	188,370,257		-	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of theshareholders The company is no more an associated concern		N/A	
d)	material change in financial statements of associated company or associated undertaking of investment in such company:	**2013**	**2012**	**2013**	**2012**
i	Eanings/(Loss) per share	1.49	(0.44)	1.49	(0.44)
ii	Net Profit/(Loss)	148,478,000	(43,882,000)	148,478,000	(43,882,000)
iii	Shareholders Equity	1,106,718,000	958,240,000	1,106,718,000	958,240,000
iv	Total Assets	2,196,951,000	2,041,987,000	2,196,951,000	2,041,987,000
v	Break-up value	11.10	9.61	11.10	9.61
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	**Unutilised**	**N/A (To be lapsed)**	**Sanctioned**	**N/A**

21 Name of associated company/undertaking: Thatta Power (Pvt.) Limited

Sr.No	Description	Investment in Securities		Loans and Advances	
a)	total investment approved;	150,000,000		-	
b)	amount of investment made to date;	-		-	
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of theshareholders The company is no more an associated concern		N/A	
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:	**2013**	**2012**	**2013**	**2012**
i	Eanings per share	37.29	3.90	37.29	3.90
ii	Net Profit	162,028,000	10,243,000	162,028,000	10,243,000
iii	Shareholders Equity	651,130,000	336,102,000	651,130,000	336,102,000
iv	Total Assets	2,047,085,000	427,201,000	2,047,085,000	427,201,000
v	Break-up value	135.89	112.35	135.89	112.35
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :	**Unutilised**	**N/A (To be lapsed)**	**Sanctioned**	**N/A**

Form of Proxy

20th Annual General Meeting

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

I/ we ______________________ of ____________________ being a member(s) of Arif Habib Corporation Limited holding ____________________ ordinary shares as per 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 vote for me/us and on my/our behalf at the Twentieth Annual General Meeting of the Company to be held on October 25, 2014 and/or any adjournment thereof.

Signed this __________ day of __________ 2014.

Witnesses:

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

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

Signature on
Rs. 5/-
Revenue Stamp

NOTES:

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 passport and bring folio number at the time of attending the meeting

3. In order to be effective, the proxy Form must be received at the office of our Registrar M/s. Central Depository Company of Pakistan, Share Registrar Department, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahra-e-Faisal, Karachi, not later than 48 hours before the meeting duly signed and stamped and witnessed by two persons with their signature, name, address and CNIC number given on the form.

4. 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.

5. 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.

AFFIX
CORRECT
POSTAGE

ARIF HABIB CORPORATION LIMITED

Registrar:

Central Depository Company of Pakistan,
Share Registrar Department, CDC
House, 99-B, Block-B, S.M.C.H.S, Main
Shahra-e-Faisal, Karachi.

Fold : Here

Fold : Here