



Nine Months Report
July 2008 - March 2009

Contents

Corporate Information	02
Directors' Report	04
Balance Sheet	06
Profit & Loss Account	08
Cash Flow Statement	09
Statement of Changes in Equity	10
Notes to the Financial Statements	11

Company Information

Board of Directors

Samad A. Habib

(Chairman)

Ahmed Reza

(CEO and Managing Director)

Abdul Majid M. Siddique

Syed Hasan Jafri

Abdullah A. Rahman

Sajid Qurban Ali

Audit Committee

Abdul Majid M. Siddique

(Chairman)

Syed Hasan Jafri

Abdullah A. Rahman

Company Secretary

Haroon Usman

Chief Financial Officer

Muhammad Rafiq Jangda

Auditors

Rahman Sarfaraz Rahim Iqbal Rafiq

Chartered Accountants

Legal Advisors

Bawaney & Partners

Company Information

Bankers

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

Registered Office

60-64, Karachi Stock Exchange Building
Stock Exchange Road, Karachi - 74000
Phones: 2415213-15
Fax No: 2416072 - 2429653
E-mail : ahl@arifhabibltd.com

Research and Corporate Finance

Pardesi House, 2/1, R.Y. 16, Old Queens Road Karachi-74000
Phones: 2460717-19 Fax No: 2470496
E-mail: corporate_finance@arifhabibltd.com
E-mail: equities_research@arifhabibltd.com

Website: www.arifhabibltd.com

Registrar & Share Transfer Office

Shares Registrar Department
Central Depository Co; of Pakistan Ltd.
CDC House, 99-B, Block-B
S.M.C.H.S., Main Shahra-e-Faisal
Karachi-74400
Phones: (92-21) 111-111-500 Ext: 3410
Fax: (92-21) 4326034

Directors' Report to the Members

Dear members,

On behalf of the Company's Board of Directors, I have pleasure in presenting to you the Quarterly Report of Arif Habib Limited (AHL) for the period ended 31 March 2009. The Report is accompanied by the un-audited financial statements for the Quarter and for nine months' period ended 31 March 2009.

Financial performance

During the Quarter under review, AHL earned operating revenues of PKR 140.3 million and posted net profit after tax of PKR 362.3 million. This represents earnings per share of PKR 15.1 on a fully diluted basis, and the highest-ever net profit posted for any quarter since the Company's inception.

On a Quarter-on-Quarter (QOQ) basis, i.e. compared to the Quarter ended 31 March 2008, operating revenues shrank by 24.7 percent. The primary factors responsible for this were the drastically low levels of both average share prices and the daily turnover volumes at the Exchange during the Quarter under review compared to the Quarter ended 31 March 2008. Net profit after tax, on the other hand, appreciated by a handsome 176.3 percent QOQ. The principal factor here was the strong gain on account of favorable change in the market value of AHL's investments portfolio.

For the nine months' period ended 31 March 2009, the Company recorded operating revenues of PKR 423.1 million and net profit after tax of PKR 303.2 million. These represent period-on-period declines of 19.6 percent and 20.7 percent respectively. However, considering the very difficult market conditions prevalent during much of the second half of calendar 2008, diluted earnings per share of PKR 10.1 for the nine months' period is considered most satisfactory. On 31 March 2009, the paid-in capital of the Company stood at PKR 300 million and its total equity at PKR 1,297.1 million.

The market

The benchmark Karachi Stock Exchange (KSE)-100 Index posted a healthy appreciation of 17.0 percent during the Quarter under review to close on 6,860.22 points on 31 March 2009. On the other hand, the market opportunity represented by the average daily volumes—the average number of shares traded per day—was down 31.1 percent QOQ to 175.02 million during the Quarter under review. This, coupled with significantly lower average share prices at the Exchange QOQ meant the market opportunity for brokerage revenues was weaker.

Directors' Report to the Members

Outlook

The near term outlook for the Company's brokerage business appears promising, with sustained increases in both valuations and traded volumes recorded at the Exchange. Corporate Finance and Advisory businesses are also likely to pick up with improvements in investor sentiment and asset values at the bourse.

Receivables

With the improvement in market conditions, the Company has redoubled its efforts to recover receivables from clients who had found it difficult to settle their dues in the immediate aftermath of market "closure" from August to December 2008. AHL's efforts in this regard have been reasonably successful to date, with a significant reduction in the overall level of trade debts during the Quarter under review.

Acknowledgements

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

For and on behalf of the Board

Karachi, 09 April 2009

Ahmed Reza, CFA
Chief Executive Officer

Balance Sheet

As At 31 March 2009

	Note	Un-audited 31 March 2009 Rupees	Audited 30 June 2008 Rupees
Shares Capital and Reserves			
Authorised capital			
50,000,000 Ordinary shares of Rs. 10/- each		<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid-up capital			
30,000,000 (2008 : 24,000,000) Ordinary shares of Rs. 10/- each		<u>300,000,000</u>	<u>240,000,000</u>
Shares premium reserve		<u>120,000,000</u>	<u>180,000,000</u>
Unappropriated profit		<u>877,115,359</u>	<u>633,901,009</u>
		1,297,115,359	1,053,901,009
Current liabilities			
Short term running finance		<u>994,465,032</u>	<u>168,894,551</u>
Trade & other payables		<u>1,099,452,270</u>	<u>327,873,795</u>
Accrued markup		<u>100,335,195</u>	<u>21,718,668</u>
Taxation	3	<u>8,934,744</u>	<u>48,528,447</u>
		2,203,187,241	567,015,461
		<u>3,500,302,601</u>	<u>1,620,916,470</u>

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

Balance Sheet

As At 31 March 2009

	Note	Un-audited 31 March 2009 Rupees	Audited 30 June 2008 Rupees
Property & equipments	5	45,744,445	11,761,526
Memberships & licences		57,150,000	57,150,000
Investment property		52,000,000	-
Long term deposits		13,975,387	13,975,387
Current assets			
Investments - held for trading		1,125,542,068	169,127,651
Proceed receivable		13,011,265	-
Investment in CFS		13,321,105	11,873,267
Trade debts		1,934,142,885	437,370,800
Loans & advances		4,247,453	41,109,912
Deposits, prepayments		28,508,634	133,324,620
Advance tax		17,993,689	55,859,789
Other receivables		11,191,671	18,483,829
Cash & bank balances		183,473,998	670,879,690
		3,331,432,769	1,538,029,558
		3,500,302,601	1,620,916,470

CHIEF EXECUTIVE

DIRECTOR

Profit and Loss Account

For nine months and third quarter ended 31 March 2009

	Nine Months Ended		Third Quarter Ended	
	31 March 2009 Rupees	31 March 2008 Rupees	31 March 2009 Rupees	31 March 2008 Rupees
Operating revenues	423,141,474	526,380,164	140,332,966	186,443,921
Capital gain / (loss) on investment	(97,684,283)	32,327,596	3,101,009	2,932,583
	325,457,191	558,707,760	143,433,975	189,376,504
Operating expenses	(57,640,101)	(109,819,548)	(11,599,313)	(37,318,708)
Bad debt written off directly	(22,764,622)	-	(22,764,622)	-
Provision for doubtful debt	(300,000,000)	-	-	-
	(380,404,723)	(109,819,548)	(34,363,935)	(37,318,708)
Operating profit / (loss)	(54,947,532)	448,888,212	109,070,040	152,057,796
Financial charges	(196,417,561)	(41,833,175)	(70,258,459)	(17,432,105)
Other income	344,530,183	10,223,282	8,202,957	4,051,932
Other charges	(3,703)	(96,755)	(3,703)	(48,160)
Net gain / (loss) due to change in market value of investment	218,987,708	(142,008)	316,777,320	5,251,303
	367,096,626	(31,848,655)	254,718,114	(8,177,030)
Profit before taxation	312,149,094	417,039,557	363,788,154	143,880,766
Provision for taxation-Prior	-	1,804,229	-	1,804,229
Provision for taxation-Current	(8,934,744)	(36,484,285)	(1,514,584)	(14,587,329)
	(8,934,744)	(34,680,056)	(1,514,584)	(12,783,100)
Profit after taxation	303,214,350	382,359,501	362,273,570	131,097,666
Earning per share - basic & diluted	10.11	12.75	12.08	4.37

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

CHIEF EXECUTIVE

DIRECTOR

Cash Flow Statement

For nine months ended 31 March 2009

	31 March 2009 Rupees	31 March 2008 Rupees
Cash flow from operating activities		
Profit before taxation	312,149,094	417,039,557
Adjustment for:		
Depreciation	2,123,283	2,157,256
Dividend income	(28,725,788)	(5,071,000)
Loss on sale of asset	3,703	96,755
Financial charges	196,417,561	41,833,175
	169,818,759	39,016,186
Operating profit before working capital changes	481,967,853	456,055,742
Changes in working capital		
(Increase)/Decrease in current assets		
Trade debts	(1,496,772,086)	(962,107,879)
Loans & advances	36,862,459	(6,136,261)
Deposits, prepayments	104,815,986	190,421,619
Other receivable	8,490,148	2,191,332
Increase/(Decrease) in current liabilities		
Trade & other payables	771,578,475	1,290,118,563
	(575,025,018)	133,644,136
Cash generated / (used) in operating activities	(93,057,165)	589,699,879
Income tax paid	(10,662,348)	(37,353,275)
Financial charges paid	(117,801,033)	(36,119,375)
Net cash generated from operating activities	(221,520,546)	516,227,229
Cash flow from investing activities		
Fixed capital expenditure	(38,536,506)	(5,261,612)
Proceed from sale of assets	2,426,601	1,433,369
Memberships & licences	-	(15,550,000)
Investment property	(52,000,000)	-
Dividend received	27,527,798	5,071,000
Net cash used in investing activities	(60,582,107)	(14,307,243)
Cash flow from financing activities		
Dividend paid	(60,000,000)	(200,000,000)
Issue of right shares	-	200,000,000
Net cash used in financing activities	(60,000,000)	-
Increase in cash and cash equivalents	(342,102,653)	501,919,987
Cash and bank balance at beginning of the period	682,986,058	578,266,270
Cash and cash equivalent at end of the period	340,883,405	1,080,186,257

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

CHIEF EXECUTIVE

DIRECTOR

Statement of Changes in Equity

For the period ended 31 March 2009

	Share capital (Rupees)	Premium Reserve (Rupees)	Accumulated profit/ loss (Rupees)	Total (Rupees)
Balance as at July 01 2007	200,000,000	-	397,459,366	597,459,366
Pofit for the period	-	-	382,359,501	382,359,501
Dividend 2007	-	-	(200,000,000)	(200,000,000)
Issue of bonus	20,000,000	-	(20,000,000)	-
Issue of right shares	20,000,000	180,000,000	-	200,000,000
Balance as at March 31 2008	240,000,000	180,000,000	559,818,867	979,818,867
Balance as at July 01 2008	240,000,000	180,000,000	633,901,009	1,053,901,009
Pofit for the period	-	-	303,214,350	303,214,350
Dividend 2008	-	-	(60,000,000)	(60,000,000)
Issue of bonus	60,000,000	(60,000,000)	-	-
Balance as at Mar. 31 2009	300,000,000	120,000,000	877,115,359	1,297,115,359

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

CHIEF EXECUTIVE

DIRECTOR

Notes to the Financial Statements

For nine months ended 31 March 2009

1 Status and Nature of Business

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

2 Accounting Convention, Basis of Preparation and Significant Accounting Policies

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

These financial statements have been prepared using the same accounting convention, basis of preparation and significant accounting policies as those applied in the preparation of the audited financial statements for the year ended 30 June 2008, except for investment property.

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business or for administrative purposes. Investment property is measured at fair value with any change therein recognised in profit or loss.

	31 March 2009 Rupees	30 June 2008 Rupees
--	-------------------------------------	------------------------------------

3 Taxation

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

4 Commitments

Continuous Funding System (including transactions to be rolled over) entered into by the Company in respect of which the purchase transactions has not been settled as at 31 March 2009

104,346,027	699,206,079
--------------------	-------------

Future purchase and sale transactions of equity securities entered into by the Company in respect of which the sale transaction has not been settled as at 31 March 2009

-	1,048,392,665
104,346,027	1,747,598,744

5 Property & Equipment

Fixed capital expenditure during the period amounting to Rs.127 thousand (30 June 2008: Rs.6,516 thousand). Deletion of fixed assets made during the period was amounting to Rs.1,330 thousand (30 June 2008: Rs. 2,741 thousand).

Notes to the Financial Statements

For nine months ended 31 March 2009

6 Related Parties Transactions

Significant transaction with related parties during the nine month period are as follows:

	Nine Months Ended		Third Quarter Ended	
	31 March 2009 Rupees	31 March 2008 Rupees	31 March 2009 Rupees	31 March 2008 Rupees
Brokerage commission				
Parent	5,303,168	9,430,097	1,445,795	4,364,970
Key management personnel	5,274,221	4,152,124	1,112,444	1,038,570
Other related parties	12,626,680	35,228,647	3,347,660	10,629,539
Rent income	7,920,000	7,200,000	2,640,000	2,400,000
Interest earned on deposits	5,499,911	5,174,778	1,937,193	5,174,778
Interest on running finance facilities	4,066,990	9,591,414	-	5,908,575
Contribution to staff provident fund	685,671	586,229	210,403	223,234
Remuneration to key management personnel				
Remuneration to Chief Executive Officer	4,713,742	6,026,170	1,373,334	1,797,192
Remuneration to Executives	7,049,349	7,341,276	1,706,439	2,310,971
	11,763,091	13,367,446	3,079,773	4,108,163

Amounts Receivable from / (payable to) related parties at the end of nine month period:

	31 March 2009 Rupees	30 June 2008 Rupees
Balances in accounts maintained with Bank	179,008,261	662,100,406
Parent	7,022,764	-
Key management personnel	(26,920)	(11,081,097)
Key management personnel	147,949	5,191,868
Other related parties	(979,176,830)	(118,088,971)
Other related parties	179,014	2,947,866
Investments:		
Investments in marketable securities	203,755,739	85,622,740

7 Date of Authorization for Issue

These financial statements have been authorized for issue on 09 April 2009 by the Board of Directors of the company.

8 General

- Figures have been rounded off to the nearest rupee

CHIEF EXECUTIVE

DIRECTOR



60-64, Karachi Stock Exchange Building,
Stock Exchange Road, Karachi-74000
Phone : 2415213 - 15 Fax : 2429653 - 2416072