



MCB-Arif Habib Savings and Investments Limited

AM2 ++ by PACRA

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Vision

To become synonymous with Savings.

Mission

To become a preferred Savings and Investment Manager in the domestic and regional markets, while maximizing stakeholder's value.

Core Values

The Company takes pride in its orientation towards client service. It believes that its key success factors include continuous investment in staff, systems and capacity building, and its insistence on universal best practices at all times.

COMPANY INFORMATION

Board of Directors	Mian Mohammad Mansha Mr. Nasim Beg Mr. Muhammad Saqib Saleem Dr. Syed Salman Ali Shah Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Mahmood Ahmad	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
Audit Committee	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Nasim Beg	Chairman Member Member Member
Human Resource & Remuneration Committee	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir	Chairman Member Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Financial Officer	Mr. Asif Mehdi Rizvi	
Company Secretary	Mr. Abdul Basit	
Share Registrar	Central Depository Company of Pakistan Ltd. CDC House B, Block B, S.M.C.H.S, Main Shahra-e-Faisal, Karachi. Tel: (021) 111-111-500 Fax: (021) 34326053 Web: www.cdcpakistan.com	
Bankers	MCB Bank Limited Summit Bank Limited Bank Al Habib Limited NIB Bank Limited	
Auditors	A.F. Ferguson & Co. Chartered Accountants (a member firm of PWE Network) State Life Building 1-C I.I. Chundrigar Road Karachi.	
Legal Advisor	Akhund Forbes D-21, Block-4, Scheme-5 Clifton, Karachi. Bawaney & Partners 3rd & 4th Floor, 68 C Lane 13 Bukhari Commercial Area Phase VI D.H.A, Karachi	
Registered Office	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centrepont, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi Postal Code: 74900	
Rating	Asset Manager: "AM2++" (PACRA) Entity Rating: "AA-" Long Term (PACRA) "A1+" Short Term (PACRA)	

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the sixteenth (16th) Annual General Meeting of MCB-Arif Habib Savings and Investments Limited will be held on Monday, October 24, 2016 at 10:00 a.m. at Aquarius Hall, Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi – Pakistan to transact the following business:

Ordinary Business:

1. To confirm the minutes of the last Annual General Meeting held on October 12, 2015.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2016 together with Directors' and Auditor's Reports thereon.
3. To consider and approve final cash dividend of 17.50% i.e. Rs. 1.75 per ordinary share of Rs. 10/- each as recommended by the Board of Directors. This is in addition to the interim cash dividend of 15.00% i.e. Rs. 1.50 per ordinary share of Rs. 10/- each already paid to the shareholders during the year, thus making a total cash dividend of 32.50% i.e. Rs. 3.25 per ordinary share of Rs. 10/- each for the year ended June 30, 2016.
4. To appoint external auditors of the Company for the year ending June 30, 2017 and fix their remuneration. The Board of Directors, on the recommendation of Audit Committee of the Company, has proposed the appointment of M/s KPMG Taseer Hadi & Co. Chartered Accountants as external auditors for the year ending June 30, 2017 in place of retiring auditors M/s A.F. Ferguson & Co. Chartered Accountants.. The Company has also received a notice under Section 253(1) of the Companies Ordinance 1984.
5. To transact any other business with the permission of the Chair.

By Order of the Board



Abdul Basit
Company Secretary

September 30, 2016
Karachi

Notes:

1. Book Closure Notice

The Share Transfer Books of the Company will remain closed from Monday, October 17, 2016 to Monday, October 24, 2016 (both days inclusive). Transfers received in order at the office of our Share Registrar M/s. Central Depository Company of Pakistan Limited, CDC House, Block B, SMCHS, Main Shahrah-e-Faisal, Karachi – 74400, by the close of business (5:00 p.m) on Friday, October 14, 2016, will be considered in time for the determination of the entitlement of the shareholders to final cash dividend and to attend and vote at the meeting.

2. Appointment of Proxy and Participation in the AGM

A member entitled to attend, speak and vote at the Annual General Meeting is entitled to appoint another person as his/her proxy to attend, speak and vote for his/her behalf. A proxy need not be a member of the Company. A proxy shall also have the right to demand and join in demanding a poll and vote on a poll.

The instrument appointing proxy, together with the power of attorney or other authority under which it is signed, as the case may be, or a notarially certified copy of the power or authority, must be deposited at the Registered Office of the Company at least 48 hours before the time of the meeting. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company. Form of Proxy is enclosed in English and Urdu language.

Beneficial owners of the physical shares and the shares deposited with the Central Depository Company of Pakistan Ltd. (CDC) and / or their proxies are required to produce their original Computerized National Identity Card (CNIC) or Passport for identification purpose at the time of attending the meeting.

3. Notice of Submission of Valid CNIC Copies (Mandatory)

SECP vide SRO No. 831(1)/2012 dated July 05, 2012 directed the companies to issue dividend warrant only crossed as "A/c Payee only" which should bear the Computerized National Identity Card (CNIC) of the registered member or authorized person. Moreover, the availability of valid CNIC of all members is also necessary for filing, with SECP, the list of members along with Annual Return of the Company.

Members, who have not yet submitted attested photocopy of their valid CNIC along with folio number are requested to send the same, at the earliest, directly to the Company's Share Registrar. In case of non-availability of valid copy of CNIC of any member, in the Company's records, the Company will be constrained to withhold the Dividend Warrants of such members, which will be released only upon providing the copy.

NOTICE OF ANNUAL GENERAL MEETING

4. Dividend Mandate (Optional)

Dividend Mandate Forms are available at the Registered Office of the Company. Members are encouraged to provide, duly filled in dividend mandate form, to receive the cash dividend declared by the Company, if any, directly into their bank account through e-dividend payment mechanism, as advised by the Securities and Exchange Commission of Pakistan vide its communication reference No. 8(4)SM/CDC2008 dated April 05, 2013. The members who wish to avail e-Dividend payment facility shall not receive the dividend warrant. Members not providing dividend mandate shall continue to be paid through the dividend warrants.

5. Deduction of Withholding Tax on the Amount of Dividend under Section 150 the Income Tax Ordinance, 2001 (Mandatory)

(i) Pursuant to the provisions of the Finance Act 2016 effective July 1, 2016, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:

- a) Rate of tax deduction for filer of income tax return 12.50%
- b) Rate of tax deduction for non-filers of income tax return 20.00%

To enable the company to make tax deduction on the amount of cash dividend @ 12.50% instead of 20.00%, shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to immediately make sure that their names are entered in ATL before the date for payment of the cash dividend i.e. November 15, 2016 (tentative) otherwise tax on their cash dividend will be deducted @ 20.00% instead of 12.5%. List of Filers is available at Federal Board of Revenue's (FBR) website: <http://www.fbr.gov.pk>.

(ii) Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder (s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

Folio/CDC A/c No.	Total Number of shares	Principal Shareholders		Joint Holder (s)	
		Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

(iii) The required information must reach our Share Registrar by the close of business (5:00 p.m) on Friday, October 14, 2016; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

(iv) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or Share Registrar. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

For any query/problem/information, the investors may contact the company and/or the Share Registrar at the following phone Numbers, email addresses:

Company: MCB-Arif Habib Savings & Investments Ltd
UAN: 11-11-622-24 email: info@mcbah.com

Share Registrar: Central Depository Company of Pakistan Ltd
Tel #: 0800-23275 email: info@cdcpak.com

6. Change in Members Addresses

Members are requested to immediately notify any change in their address to the Share Registrar M/s. Central Depository Company of Pakistan Limited in order that the dividend warrants may be dispatched to their correct addresses.

7. Placement of Audited Financial Statements on the Website

The financial statements for the year ended June 30, 2016 and reports have been placed on the Company's website: www.mcbah.com.

8. Circulation of Annual Audited Financial Statements and Notice of AGM through emails

Pursuant to S.R.O. 787(I)/2014 dated 8th September 2014 SECP has permitted companies to circulate Annual Audited Financial Statements along with Notice of Annual General Meeting to its members through e-mail. A Standard Consent Form is available at the Company's website: www.mcbah.com. Members, who wish to avail this facility, should send duly filled-in Consent Form along with a copy of CNIC or valid passport (in case of foreign shareholder) to Company Secretary at Registered Office of the Company or a scan copy through email at Company.secretary@mcbah.com. It will be the responsibility of members to intimate any change in their valid registered email address to the Company in timely manner. In case any member opt to this facility, can subsequently request for printed copy of Annual Audited Financial Statements, the same shall be provided free of cost within 7 days of receipt of such request.

اطلاع برائے سالانہ اجلاس عام

حصص رجسٹرار: سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ

فون: 0800-23275

ای میل: info@cdcpak.com

کمپنی: ایم سی بی عارف حبیب سیونگزا اینڈ اسٹیٹمنٹس لمیٹڈ

یو اے این: 11-11-622-24

ای میل: info@mcbah.com

6. ممبران کے پتے میں تبدیلی

ممبران سے درخواست ہے کہ اگر ان کے رجسٹرڈ پتے میں کوئی تبدیلی آئے تو ہمارے حصص رجسٹرار، میسرز سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ کو فوراً مطلع کریں تاکہ ان کے ڈیویڈنڈ وارنٹس درست پتے پر ارسال کیے جاسکیں۔

7. ویب سائٹ پر آڈیٹڈ مالیاتی اسٹیٹمنٹس کی اشاعت:

مالیاتی اسٹیٹمنٹ برائے سال 30 جون 2016ء اور اس کی رپورٹس کمپنی کی ویب سائٹ www.mcbah.com پر موجود ہے۔

8. بذریعہ ای میل، سالانہ آڈیٹڈ مالیاتی اسٹیٹمنٹس اور سالانہ اجلاس عام کے نوٹس کی تقسیم:

ایس آر او 787(I)/2014 بتاریخ 8 ستمبر 2014ء کے مطابق، ایس ای سی پی نے کمپنی کو یہ اجازت دے دی ہے کہ وہ سالانہ آڈیٹڈ مالیاتی اسٹیٹمنٹس اور سالانہ اجلاس عام کے نوٹس بذریعہ ای میل ممبران کو بھیج سکتے ہیں۔ ایک اسٹیٹمنٹ رٹرن Consent Form کمپنی کی ویب سائٹ www.mcbah.com پر موجود ہے۔ جو ممبران یہ سہولت حاصل کرنا چاہتے ہیں وہ Consent Form کو باقاعدہ طور پر پُر کر کے سی این آئی سی یا پاسپورٹ (غیر ملکی حصص یافتگان کی صورت میں) کی کاپی کے ساتھ کمپنی کے رجسٹرڈ دفتر پر کمپنی سیکریٹری کو بھیجیں یا ایک اسکین کاپی company.secretary@mcbah.com پر ای میل کریں۔ ممبران کی ذمہ داری ہے کہ وہ اپنے رجسٹرڈ ای میل ایڈریس میں تبدیلی کی اطلاع فوراً کمپنی کو دے۔ اگر کوئی ممبر یہ سہولت بھی منتخب کرتا ہے، وہ سالانہ آڈیٹڈ مالیاتی اسٹیٹمنٹس کی پرنٹ کاپی حاصل کرنے کے لیے درخواست بھی دے سکتا ہے جو کہ درخواست وصول ہونے کے 7 دنوں کے اندر اندر بنا کسی معاوضے کے فراہم کی جائے گی۔

اطلاع برائے سالانہ اجلاس عام

کمپنی کو نقد منافع منقسمہ کی رقم پر لاگو ٹیکس کی کٹوتی 20.00 فیصد کی بجائے 12.50 فیصد کرنا ہے جس کے لیے حصص یافتگان کو چاہیے کہ جن کے نام ایف بی آر کی ویب سائٹ پر موجود Active Tax-payers کی فہرست میں درج نہیں ہیں اور اگر وہ فائلنگ بھی نہیں ہیں تو وہ اپنے نام نقد منافع منقسمہ کی تاریخ ادا ٹیکس جو کہ 15 نومبر، 2016 (عبوری) ہے، سے قبل اے ٹی ایل کی فہرست میں درج کروالیں، ورنہ نقد منافع منقسمہ کی رقم پر لاگو ٹیکس میں کٹوتی 12.50 فیصد کی بجائے 20.00 فیصد کر دی جائے گی۔ فائلنگ کی فہرست فیڈرل بورڈ آف ریونیو کی ویب سائٹ <http://www.fbr.gov.pk> پر موجود ہے۔

ii. مزید یہ کہ فیڈرل بورڈ آف ریونیو کی طرف سے موصول ہونے والی وضاحت کے مطابق پرنسپل حصص یافتگان کے فائلر / نان فائلر اسٹیٹس پر کٹوتی ٹیکس علیحدہ علیحدہ لگایا جائے گا اور مشترکہ اکاؤنٹ ہولڈر کی صورت میں، مشترکہ ہولڈرز کے حصص کے تناسب سے ٹیکس کٹوتی کا حساب لگایا جائے گا۔ اس حوالے سے، وہ تمام حصص یافتگان جو مشترکہ حصص رکھتے ہیں وہ ہمارے حصص رجسٹر کو تحریری طور پر اپنے حصص کا تناسب درج ذیل طریقے کے مطابق مہیا کریں۔

مشترکہ ہولڈر (ہولڈرز)		پرنسپل حصص یافتگان		حصص کی کل تعداد	فولیو/سی ڈی سی اکاؤنٹ نمبر
حصص کا تناسب (حصص کی تعداد)	نام اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر	حصص کا تناسب (حصص کی تعداد)	نام اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر		

iii. درکار معلومات ہمارے حصص رجسٹر کو جمعہ 14 اکتوبر، 2016ء شام 5 بجے تک پہنچ جانا چاہئیں، ورنہ یہ تصور کیا جائے گا کہ پرنسپل حصص یافتہ اور مشترکہ حصص یافتہ (یا فزیکل) کے حصص کی تعداد مساوی ہے۔

iv. وہ کارپوریٹ حصص یافتگان جو سی ڈی سی اکاؤنٹس رکھتے ہیں، ان کو چاہیے کہ وہ اپنے پیش منسل ٹیکس نمبر کو اپنے حصص داران کے مطابق اپ ڈیٹ کروالیں، جبکہ کارپوریٹ فزیکل حصص یافتگان کو اپنے این ٹی این سرٹیفیکٹ کی کاپی کمپنی یا حصص رجسٹر کو بھیجنا ہوگی۔ حصص یافتگان کو این ٹی این سرٹیفیکٹ بھیجنے وقت کمپنی کا نام اور اپنا فولیو نمبر لازمی لکھنا ہوگا۔

کسی بھی قسم کے سوالات / مسائل / معلومات کے لیے، سرمایہ کار ذیل میں دیئے گئے فون نمبرز اور ای میل ایڈریس پر کمپنی اور ایہ حصص رجسٹر سے رابطہ کر سکتے ہیں۔

اطلاع برائے سالانہ اجلاس عام

2. پراکسی کی تقرری اور سالانہ اجلاس عام میں شرکت:
سالانہ اجلاس عام میں شرکت، بولنے اور ووٹ کا حق رکھنے والا ممبر اپنی جگہ کسی اور ممبر کو بطور پراکسی اجلاس میں شرکت کرنے، بولنے اور ووٹ دینے کیلئے نامزد کرنے کا مجاز ہوگا۔ پراکسی کیلئے کمپنی کا ممبر ہونا ضروری نہیں ہے۔ پراکسی کو مطالبہ کرنے اور انتخاب کے مطالبے میں شمولیت اور انتخاب میں ووٹ دینے کا حق بھی حاصل ہوگا۔ پراکسی کے تقرر اور پاور آف اٹارنی یا وہ اجازت نامہ جس کے تحت اس پر دستخط کئے گئے ہیں یا پورا یا اتھارٹی کی تصدیق شدہ نقل، کمپنی کے رجسٹرڈ دفتر میں اجلاس شروع ہونے سے 48 گھنٹے قبل جمع کروانی ہوگی۔ کارپوریٹ ادارہ ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی بمعہ نامزد شدہ کے دستخط پراکسی فارم کے ساتھ کمپنی کو فراہم کیے جائیں (اگر پہلے فراہم نہ کیے گئے ہوں)۔ پراکسی فارم انگریزی اور اردو زبان میں منسلک ہے۔ اجلاس میں شرکت کے وقت شناخت کیلئے حاضر شخص اور سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ (سی ڈی سی) کے نام پر رجسٹرڈ حصص کے بینیفیشل اوزر اور/یا ان کے پراکسی کو اپنے اصل کمپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) یا پاسپورٹ پیش کرنا ہوں گے۔

3. درست کمپیوٹرائزڈ قومی شناختی کارڈ کی کاپیاں جمع کروانے کا نوٹس (لازمی):
ایس ای سی پی کی جانب سے 5 جولائی 2012ء کو جاری کردہ ایس آر او نمبر 2012/1(831) میں کمپنیز کو ہدایت دی گئی ہے کہ وہ صرف ایسے نقد منافع منقسمہ وارنٹ جاری کریں جن پر "A/C Payee Only" اور رجسٹرڈ ممبر کا کمپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) درج ہے۔ تاہم، ایس ای سی پی کی فائلنگ کے لیے درست کمپیوٹرائزڈ قومی شناختی کارڈ کی دستیابی بھی ضروری ہے۔ جن ممبران نے اپنے درست سی این آئی سی کی فوٹو کاپی بمعہ فوٹو نمبر ابھی تک جمع نہیں کروائی ہے ان سے درخواست ہے کہ وہ یہ فوری طور پر کمپنی کے سیکرٹری رجسٹرار کو بھجوائیں۔ کسی بھی ممبر کے درست کمپیوٹرائزڈ قومی شناختی کارڈ کی کاپی موصول نہ ہونے کی صورت میں، کمپنی ان ممبران کے منافع منقسمہ کو روک دے گی جو کہ کاپی فراہم کرنے پر بحال کیے جائیں گے۔

4. ڈیویڈنڈ مینڈیٹ (اختیاری):
ڈیویڈنڈ مینڈیٹ فارم کمپنی کے رجسٹرڈ دفتر میں دستیاب ہیں۔ ممبران سے درخواست ہے کہ وہ باقاعدہ طور پر پر کیے گئے ڈیویڈنڈ مینڈیٹ فارم فراہم کریں تاکہ وہ کمپنی کی طرف سے اعلان کردہ نقد منافع منقسمہ، اگر کوئی ہو، کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے تحت رابطہ ریفرنس نمبر SM/CDG2008(4) مورخہ 5 اپریل، 2013 کے تجویز کردہ ای۔ ڈیویڈنڈ مینڈیٹ طریقہ کار کے ذریعے براہ راست اپنے بینک اکاؤنٹ میں حاصل کریں۔ جو ممبران ای۔ ڈیویڈنڈ کی سہولت حاصل کرنا چاہتے ہیں، انہیں ڈیویڈنڈ وارنٹ نہیں دیا جائے گا۔ جو ممبران ڈیویڈنڈ مینڈیٹ فراہم نہیں کر رہے ہیں، ان کے لیے بذریعہ ڈیویڈنڈ وارنٹس، ادائیگی جاری رکھی جائے گی۔

5. انکم ٹیکس آرڈیننس، 2001 کے سیکشن 150 کے تحت منقسمہ رقم پر لاگو ٹیکس کی کٹوتی (لازمی):

i. یکم جولائی، 2016 سے مؤثر فنانس ایکٹ، 2016 کے مطابق ڈیویڈنڈ کی ادائیگی پراکم ٹیکس آرڈیننس کے تحت انکم ٹیکس میں کٹوتی کی شرحوں میں نظر ثانی کی گئی ہے جو کہ درج ذیل ہے:

- (a) انکم ٹیکس گوشوارے کے فائلر کے لیے ٹیکس کٹوتی کی شرح 12.50%
(b) انکم ٹیکس گوشوارے کے نان فائلر کے لیے ٹیکس کٹوتی کی شرح 20.00%

اطلاع برائے سالانہ اجلاس عام

بذریعہ ہذا اطلاع دی جاتی ہے کہ ایم سی بی۔ عارف حبیب سیونگز اینڈ انویسٹمنٹس لمیٹڈ کا سولہواں سالانہ اجلاس عام مورخہ 24 اکتوبر 2016ء بروز پیر بوقت 10:00 بجے صبح بمقام ایکویریٹس ہال، نیچ لگژری ہوٹل، مولوی تمیز الدین خان روڈ، کراچی پاکستان میں مندرجہ ذیل امور کی انجام دہی کے لئے منعقد کیا جائے گا۔

عمومی کاروبار:

1. 12 اکتوبر 2015ء کو ہونے والے سالانہ اجلاس عام کے نکات کی تصدیق۔
2. 30 جون 2016ء کو ختم ہونے والے سال کیلئے ڈائریکٹرز اور آڈیٹرز کی رپورٹ کے ساتھ کمپنی کے مالی گوشوارہ کو وصول کرنا، ان پر غور کرنا اور ان کی منظوری دینا۔
3. بورڈ آف ڈائریکٹرز کی جانب سے تجویز کردہ 17.50 فیصد حتمی نقد منافع منقسمہ پر غور کرنا اور اس کی منظوری دینا، جو کہ ہر 10 روپے والے عمومی حصص پر 1.75 روپے فی حصص ہے۔ یہ 15.00 فیصد عبوری نقد منافع منقسمہ کے علاوہ ہے جو کہ ہر 10 روپے والے عمومی حصص پر 1.50 روپے فی حصص کے حساب سے سال کے دوران حصص یافتگان کو پہلے ہی ادا کئے جچکے ہیں۔ لہذا 30 جون 2016ء کو ختم ہونے والے سال کیلئے کل نقد منافع منقسمہ 32.50 فیصد یعنی ہر 10 روپے کے عمومی حصص پر 3.25 روپے فی حصص ہے۔
4. 30 جون 2017ء کو ختم ہونے والے سال کیلئے کمپنی کیلئے ایکسٹرنل آڈیٹرز کا تقرر اور ان کے مشاہرے کا تعین کرنا۔ بورڈ آف ڈائریکٹرز نے کمپنی کی آڈٹ کمیٹی کی سفارش پر 30 جون 2017ء کو ختم ہونے والے سال کیلئے میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کوریٹرز ہونے والے آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی جگہ بطور ایکسٹرنل آڈیٹرز تقرر کی تجویز پیش کی ہے۔ کمپنی نے کمپینیز آرڈیننس 1984 کے سیکشن (1) 253 کے تحت نوٹس بھی وصول کر لیا ہے۔
5. چیئرمین کی اجازت سے دیگر امور کی انجام دہی۔

بحکم بورڈ



عبدالباسط

کمپنی سیکریٹری

30 ستمبر 2016ء

کراچی

نوٹ:

1. کتاب کی بندش کا نوٹس: کمپنی کی منتقلی حصص کی کتابیں پیر 17 اکتوبر 2016ء سے پیر 24 اکتوبر 2016ء (بشمول دونوں ایام) بند رہیں گی۔ ہمارے رجسٹرار میسرز سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ، سی ڈی سی ہاؤس، بلاک B، ایس ایم سی ایچ ایس، مین شاہراہ فیصل کرا 74400 پر جمعہ 14 اکتوبر 2016ء کو شام 5 بجے کاروبار کے اختتام تک موصول ہونے والے ٹرانسفرز کو حصص یافتگان کیلئے حتمی نقد منافع منقسمہ کا اہل ہونے اور اجلاس میں شرکت اور ووٹ دینے کیلئے بروقت تصور کیا جائیگا۔

DIRECTORS' REPORT

The Board of Directors of **MCB-Arif Habib Savings and Investments Limited** (the Company) is pleased to present the Annual Report on the affairs of the Company for the year ended June 30, 2016.

The Company recorded a total income of Rs. 782.37 million, which includes management/investment advisory fee and other income. After accounting for administrative, operating & financial expenses and income sharing of Rs. 432.56million, the Company earned a profit before tax of Rs. 349.81 million. The net profit after tax for the year amounts to Rs. 239.11 million, as compared to net profit of Rs. 278.86 million for the corresponding year ended June 30, 2015. With stability in the funds under management and improved performance expectations, the Company is expected to deliver better results going forward.

The earning per share of current financial year ended June 30, 2016 is Rs. 3.32 per share as compared to Rs. 3.87 per share in the previous financial year ended June 30, 2015.

The Board of Directors has also proposed a final dividend of 17.50 % (Rs1.75 per share). In addition, the Company has paid an interim dividend of 15.00% (Rs1.50 per share) to its shareholders during the year.

MARKET & ECONOMIC REVIEW

Economy & Money Market Review

Economic trajectory kept on improving with each passing month of this year. The blessing in disguise came from further plunge in oil prices, which succumbed to expanding supply glut led by weaker global demand, increased inflows from Iran post removal of sanctions and resilience of shale producers. The lower oil prices helped curtail the inflationary pressures along with the import bill. However, exports kept on falling amid stiff competition and weak demand outlook.

Inflation during the outgoing year continued to remain benign triggered by subdued oil prices and higher base effect of last year. Inflation averaged around 2.85% for the year whereas, average for first half of the year remained close to 2%. Despite the withering of the low base effect from 3QFY16, inflationary pressures remained well anchored supported by dip in oil prices in 3QFY16 and government's decision to defer the increase in prices of petroleum products along with recovery in crude.

Exports continued to remain problematic for balance of payments position over the year decreasing by ~9% relative to last year. Lower commodity prices induced by weak global demand, slowdown in target markets and relatively unfavorable rupee-dollar parity versus competitors continued to cause worries for the current account position. Adding to trade deficit imports reduced only by about 3.5% as benefit of lower oil prices was offset by higher import of machinery for power while significantly lower cotton production also had to be filled in with imports. Remittances though remained resilient to weak economic outlook of gulf economies posting an increase of ~6%. Balance of Payment position, however, closed on in net surplus of USD 1.05 billion through external borrowings and disbursements from multilateral agencies.

The industrial growth picked up during the year with Large Scale Manufacturing index posting an increase of 3.26% YoY (July-May 2016). Noteworthy contributions came from autos, cement, power and consumer segment.

On the fiscal front, the government managed to contain the fiscal deficit at 4.3% of GDP in the FY'16 against 5.3% in FY15. The Government is targeting FY17 deficit of 3.8% of GDP.

The monetary policy committee decreased the policy rate by a cumulative 75 bps during the fiscal year. Status quo was kept after reducing 50 bps in September for 6 months. Despite, the monetary policy board maintaining a cautious view relative to remittances, reversal in oil prices, non-oil imports and foreign market considerations, the monetary policy board decided to reduce policy rate by 25 bps in May. Positive balance of foreign flows, improved external account outlook and strong foreign exchange reserves balance of near USD 23 billion along with strict vigilance of SBP kept the rupee relatively stable during the year.

M2 growth gained traction with FY16 growth of 13.67%. Net Domestic Assets, supported by an increase in net non-government borrowing of PKR 267 billion, increased by PKR 253 billion.

The State Bank of Pakistan conducted Ijara Sukuk auction based on fixed rate rental arrangement providing yields of 6.10% and 5.59% in the successive auctions allowing comparatively lucrative avenue for Islamic financial industry.

The Yield Curve shifted downward further which remains more influenced by outlook for improved fiscal deficit, better foreign inflows, issuance of Ijara Sukuks (near Rs. 200 Billion) and liquidity pressure after maturity of PIBs worth~PKR 1.4 trillion.

DIRECTORS' REPORT

Equities Market Review

The local equity market measured by PSX-100 Index gained 9.8% during FY16, witnessing its weakest performance during last seven years. While the macro environment in general improved significantly, the same wasn't evident in the equity returns as rout in commodities and exodus of foreign investors from local equity market kept the benchmark under pressure. Foreigners selling remained unabated, dumping USD 281 million worth of equities during the year. The selling during the period was primarily absorbed by NBFCs with net buying of USD 187.8 million, while individuals bought USD 127.7 million of equities.

Cement sector led the sector charts, posting a gain of 29.0% during the year, as robust cement dispatches along with the potential growth from China Pakistan Economic Corridor (CPEC) lead activities kept investors' interests alive in the sector. Power sector rallied by 19.8% during the period, after 75 bps of cut in discount rate brought the yield plays into limelight. Similarly, pharmaceutical sector gained traction, returning an astounding 43.0% during the period as Drug Regulatory Authority ("DRAP") approved the pricing policy for pharmaceutical companies. On the flip side, the index heavyweight Oil & Gas Exploration sector underperformed the benchmark, losing 5.4% during the year. The sector performance followed the trend in crude oil prices (Arab Light) after it declined by 22.0%, as fears of oversupply resurfaced after the sanctions on Iran were lifted. Commercial banks also remain laggards, returning a mere 2.5% after the central bank reduced the discount rate by 75 bps during the year. Similarly, fertilizer sector also returned only 2.8%, after concerns on the pricing power of the fertilizer sector emerged as international urea prices went below the local prices for the first time.

Pakistan's reclassification to the Emerging Market index was the headline news during the year, as expectations of upgrade were finally met. Going forward, we believe the market has a strong potential of re-rating owing to expected inflows from Emerging Market Funds. It is expected that net inflow of USD 300-400 million would flow, following Pakistan's reclassification. Thus, we recommend investors to focus on long term value and potential offered by the bourse to build positions in equity funds.

MARKET & ECONOMY - FUTURE OUTLOOK

Given current global economic environment, the local economic scorecard is expected to remain stable. The oil prices are expected to remain range bound with refineries having ample stock piles of petroleum products, increase in rig counts along with recovery in oil prices, along with low probability of major oil producers reaching any agreement to curtail supply. The weak global outlook evident from slow down in China, Bank of Japan and European Central Bank adopting negative interest rates is also a concern for the commodities market along with global uncertainty after Britain exited European Union. The weak global commodity outlook would keep import bill on the lower end but as a result recovery in exports may also be delayed.

The average Consumer Price Index is expected to remain below 5% for the year. Whereas, stability in oil prices & exchange rate would allow inflation over the first half to remain well anchored around 4% thus framework remains favorable for a stable monetary policy environment with room for easing subject to stability on external front.

Fiscal deficit is expected to remain controlled and progressive upward economic growth targets appear achievable with enough room for the government to bring required structural changes in the economy. The incumbent government's aggressive plans for power sector would also weigh on the import bill with extensive import of power machinery keeping current account in check.

The Pakistani rupee is expected to show further resilience backed by strong foreign inflows lined up for next year. Risks to external account remain high as the major support in balance of payment account is through flows that are uncertain and self fulfilling as they are also contingent upon favorable external account environment.

The macro stability along with China Pakistan Economic Corridor is expected to provide impetus to the construction and power space. Furthermore, expansionary cycle along with stable interest rate environment is expected to provide better global positioning compared with other emerging market economies. Construction and steel sector is expected to remain the proxy for infrastructure led economic growth. Long-term stability in oil prices is expected to provide impetus to exploration & production sector driven by exploration growth. Banks are expected to gain limelight with stability in interest rates along with growth in advances and focus is on the attractive Price to Book ratios. The upgradation into the emerging markets index would provide impetus for foreign flows into PSX-100 index and would lead to re-rating of market towards higher multiples.

MUTUAL FUND INDUSTRY REVIEW

The Net Assets of the open end mutual fund industry stood at around PKR 452 billion at the end of FY16. The sizes of Aggressive Fixed Income (Islamic/Conventional), Equity (Islamic/Conventional), Asset Allocation (Islamic/Conventional), Fund of Funds (Islamic/Conventional), Shariah Compliant Balanced Funds, and Income (Islamic/Conventional) funds increased, while assets under management of Balanced, Money Market (Islamic/Conventional) and Shariah Compliant capital protected funds decreased in FY16.

In terms of the segment share, Equity and Equity related funds continued to be the leader with a share of around 54.61 per cent, followed by Income funds 32.07 per cent and Money Market funds 12.29 per cent as at the end of FY16.

DIRECTORS' REPORT

MUTUAL FUND INDUSTRY OUTLOOK

Strong macro environment fundamentals would translate into strong equity market performance and enhance attractiveness towards equity funds for an investor with medium to long term investment horizon. We expect interest in equity funds to remain high due to relatively lower returns in fixed income space. Money market funds are expected to remain stable serving short term stable return needs. Income Funds already saw relatively fewer inflows due to limited capital gains, however, the funds expected to remain stable and appropriate for investors looking for potential to marginally enhance fixed income returns. With pressures on returns in the wake of relatively lower interest rate environment, investors are keen to explore higher risk avenues / hybrid products to enhance returns and we thus expect room for growth in advisory services to support bottom line going forward.

We are increasing our focus on retail investors and service quality. We are also making investment in our infrastructure and support services to achieve high quality service and are working on various IT based initiatives which we expect in turn will improve our long-term growth and penetration among retail investors.

Asset Manager Rating and Ratings of Funds under Management

Pakistan Credit Rating Agency Limited (PACRA) has harmonized the asset manager rating of the Company to the new scale introduced during the year. Accordingly, the Company has been assigned a long-term rating of "AM2++" with a stable outlook dated June 08, 2016(2015:AM2+).

Ratings of the Collective Investment Schemes under management of the Company are as under:

Fund	As at June 30, 2016		As at June 30, 2015		Rating agency
	Long-term	Short-term	Long-term	Short-term	
MCB Pakistan Asset Allocation Fund	5 - star	4 - star	4 - star	4 - star	PACRA
MCB Pakistan Islamic Stock Fund (Formerly Pakistan Strategic Allocation Fund)	3 - star	3 - star	2 - star	4 - star	PACRA
MCB Pakistan Stock Market Fund	4 - star	5 - star	3 - star	3 - star	PACRA
Pakistan Capital Market Fund	3 - star	4 - star	3 - star	4 - star	PACRA
Pakistan International Element Islamic Asset Allocation Fund	3 - star	4 - star	3 - star	4 - star	PACRA

	As at June 30, 2016		As at June 30, 2015		Rating agency
	Stability rating				
MCB Cash Management Optimizer	AA (f)		AA (f)		PACRA
MCB DCF Income Fund	A + (f)		A + (f)		PACRA
MCB Islamic Income Fund	AA - (f)		AA - (f)		PACRA
MCB Pakistan Frequent Payout Fund*	N/A		-		-
MCB Pakistan Sovereign Fund	A+ (f)		A+ (f)		PACRA
Pakistan Cash Management Fund	AAA (f)		AAA (f)		PACRA
Pakistan Income Enhancement Fund	A + (f)		A + (f)		PACRA
Pakistan Income Fund	A + (f)		A + (f)		PACRA
Pakistan Sarmaya Mehfooz Fund	CP2+		-		PACRA

*MCB Pakistan Frequent Payout Fund was launched on November 13, 2015.

DIRECTORS' REPORT

Holding Company

MCB Bank Limited, being the parent company of MCB-Arif Habib Savings and Investments Limited, holds 51.33% of the outstanding ordinary shares of the Company.

Corporate Governance

The Company is committed to implement the highest standards of corporate governance. With three (3) independent Directors on the Board, as governing body of the Company the Board is accountable to the shareholders for good corporate governance. The management is continuing to comply with the provisions of best practices set out in the code of corporate governance particularly with regard to independence of non-executive directors. The Company remains committed to conduct business in line with the listing regulations of the Pakistan Stock Exchange Limited, which clearly defined the role and responsibilities of the Board of Directors and the management.

The following specific statements are being given to comply with the requirements of the Code of Corporate Governance:

- a. Financial statements prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- b. Proper books of accounts of the Company have been maintained.
- c. Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Financial Reporting Standards, as applicable in Pakistan have been followed in the preparation of financial statements and any departures from there have been adequately disclosed and explained.
- e. The system of internal control is sound in design and has been effectively implemented and monitored with ongoing efforts to improve it further.
- f. There are no doubts what so ever upon the Company's ability to continue as going concern.
- g. There has been no material departure from the best practices of Corporate Governance, as detailed in the Pakistan Stock Exchange Limited Regulations.
- h. Key operating and financial data of the last 6 years in summarized form is annexed.
- i. Outstanding taxes, duties, levies and charges have been disclosed in notes 18.1, 18.2 and 19 to the annexed audited financial statements.
- j. During the year, the Chief Executive Officer and an independent director have attended the Directors' Training Program organized by the Institute of Chartered Accountants of Pakistan. The remaining directors have either completed the course or are exempt from attending training courses due to sufficient working experience.
- k. Summary of shares acquired or disposed during the year by the directors, executives and their spouses and minor children is provided below:

	Purchases	Sales
Mr.Asif Mehdi Rizvi (*former Head of Internal Audit) * Presently the CFO of the Company	-	185,121
Mr. Shaukat Hussain Rizvi * Presently the Head of HR&R Department	-	100,000

The expression "executive" means the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Head of Internal Audit and Company Secretary by whatever name called and other employees of the Company whose basic salary exceeds Rs 500,000 in a financial year.

- l. The detailed pattern of share holding as on June 30, 2016 is annexed.

DIRECTORS' REPORT

m. Meetings of the Board of Directors.

During the year, six (6) meetings of the Board of Directors were held. The attendance of each Director is as follows:

Name of Persons	Number of meetings held	Number of meetings		
		Attendance required	Attended	Leave granted
1 Mian Muhammad Mansha (Chairman)	8	8	-	8
2 Mr. Nasim Beg	8	8	7	1
3 Dr. Syed Salman Ali Shah	8	8	8	-
4 Mr. Haroun Rashid	8	8	8	-
5 Mr. Ahmed Jahangir	8	8	7	1
6 Mr. Samad A. Habib	8	8	6	2
7 Mr. Mirza Mahmood Ahmad	8	8	-	8
8 Mr. Yasir Qadri *	8	3	3	-
9 Mr. Muhammad Saqib Saleem**	8	5	5	-

* He resigned from the post of the Chief Executive Officer of the Company on January 4, 2016.

** He was appointed as the officiating CEO on January 4, 2016.

n. Meetings of the Audit Committee.

During the year, four (4) meetings of the Audit Committee were held. The attendance of each participant is as follows:

Name of Persons	Number of meetings held	Number of meetings		
		Attendance required	Attended	Leave granted
1 Mr. Haroun Rashid (Chairman)	4	4	4	-
2 Mr. Samad A. Habib	4	4	3	1
3 Mr. Ahmed Jahangir	4	4	4	-
4 Mr. Nasim Beg*	-	-	-	-

*With effect from April 18, 2016, he was added as a member of the Audit Committee after which no meeting of the Audit Committee was held during the year.

o. Meetings of the Human Resource and Remuneration Committee.

During the year, six (6) meetings of the Human Resource and Remuneration Committee were held. The attendance of each participant is as follows:

Name of Persons	Number of meetings	Number of meetings		
		Attendance required	Attended	Leave granted
1 Dr. Syed Salman Ali Shah (Chairman)	6	6	6	-
2 Mr. Nasim Beg	6	6	5	1
3 Mr. Ahmed Jahangir	6	6	5	1
4 Mr. Haroun Rashid	6	6	3	3
5 Mr. Yasir Qadri *	2	2	2	-
6 Mr. Muhammad Saqib Saleem **	1	1	1	-

* Resigned from the post of the Chief Executive Officer after the second meeting

** Attended the sixth meeting as the Acting CEO

DIRECTORS' REPORT

Auditors

The present auditors, A.F. Ferguson & Co., Chartered Accountants, have completed their engagement for the year ended June 30, 2016 and shall retire on the conclusion of the 16th Annual General Meeting due to change in auditors of the parent company i.e. MCB Bank Limited.

The Audit Committee considered and recommended the appointment of KPMG Taseer Hadi & Co. Chartered Accountants as statutory auditors of the Company for the year ending June 30, 2017 and the Board of Directors also endorsed the recommendation of the Audit Committee to comply with the requirements of the Code of Corporate Governance.

Acknowledgement

The Board of Directors of the Management Company is thankful to the Securities and Exchange Commission of Pakistan, the management of the Pakistan Stock Exchange Limited for their continued support and cooperation. The Directors also appreciate the efforts put in by the employees of the Company for their commitment and dedication and shareholders for their confidence in the Company.

For and on Behalf of Board



Muhammad Saqib Saleem

Chief Executive Officer

Karachi: August 05, 2016.

ڈائریکٹرز رپورٹ

* دوسری میٹنگ کے بعد سی ای او کے عہدے سے مستعفی ہو گئے۔


** چھٹی میٹنگ میں قائم مقام سی ای او کے طور پر شرکت کی۔

آڈیٹرز

موجودہ آڈیٹرز، اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، نے 30 جون 2016ء پر ختم ہونے والے سال کے لئے اپنے معاہدے کی مدت مکمل کر لی ہے اور parent کمپنی، ایم سی بی بینک لمیٹڈ، کے آڈیٹرز کی تبدیلی کی وجہ سے 16th سالانہ عمومی اجلاس کی تکمیل پر وہ ریٹائر ہو جائیں گے۔ آڈٹ کمیٹی نے اس معاملے پر غور کیا اور KPMG تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، کو 30 جون 2017ء پر ختم ہونے والے سال کے لئے کمپنی کے قانونی آڈیٹرز کے طور پر مقرر کرنے کی سفارش پیش کی، اور بورڈ آف ڈائریکٹرز نے بھی کارپوریٹ گورننس کے ضابطہء اخلاق کی شرائط کی تعمیل کرتے ہوئے آڈٹ کمیٹی کی سفارش کی توثیق کی۔

اظہار شکر

انتظامی کمپنی کے بورڈ آف ڈائریکٹرز سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان - پاکستان اسٹاک ایکسچینج لمیٹڈ کی انتظامیہ - کی مسلسل معاونت اور تعاون کے لئے شکر گزار ہے۔ علاوہ ازیں، ڈائریکٹرز کمپنی کے ملازمین کو ان کی مخلص کوششوں اور حصص یافتگان کو کمپنی میں ان کے اعتماد کے لئے خراج تحسین پیش کرتے ہیں۔



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

کراچی، 05 اگست 2016ء

ڈائریکٹرز رپورٹ

.m ڈائریکٹرز کی میٹنگ

میٹنگز کی تعداد				فرد کا نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری	منعقدہ میٹنگز کی تعداد	
8	-	8	8	1. میاں محمد منشاء (چیئرمین)
1	7	8	8	2. جناب نسیم بیگ
-	8	8	8	3. ڈاکٹر سید سلمان علی شاہ
-	8	8	8	4. جناب ہارون رشید
1	7	8	8	5. جناب احمد جہانگیر
2	6	8	8	6. جناب صدقہ حبیب
8	-	8	8	7. جناب مرزا محمود احمد
-	3	3	8	8. جناب یاسر قادری *
-	5	5	8	9. جناب محمد ثاقب سلیم **

* 04 جنوری 2016ء کو کمپنی کے چیف ایگزیکٹو آفیسر کے عہدے سے مستعفی ہوئے۔

** 04 جنوری 2016ء کو عارضی سی ای او مقرر کئے گئے۔

.n آڈٹ کمیٹی کی میٹنگ

دوران سال آڈٹ کمیٹی کی چار (04) میٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

میٹنگز کی تعداد				فرد کا نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری	منعقدہ میٹنگز کی تعداد	
-	4	4	4	1. جناب ہارون رشید (چیئرمین)
1	3	4	4	2. جناب صدقہ حبیب
-	4	4	4	3. جناب احمد جہانگیر
-	-	-	-	4. جناب نسیم بیگ *

* آپ کو 18 اپریل 2016ء کو آڈٹ کمیٹی کے رکن کی حیثیت سے شامل کیا گیا جس کے بعد آڈٹ کمیٹی کی کوئی میٹنگ نہیں ہوئی۔

.o ہیومن ریسورس اینڈ ریویژن کمیٹی کی میٹنگ

دوران سال ہیومن ریسورس اینڈ ریویژن کمیٹی کی چھ (06) میٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

میٹنگز کی تعداد				فرد کا نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری	منعقدہ میٹنگز کی تعداد	
-	6	6	6	1. ڈاکٹر سید سلمان علی شاہ (چیئرمین)
1	5	6	6	2. جناب نسیم بیگ
1	5	6	6	3. جناب احمد جہانگیر
3	3	6	6	4. جناب ہارون رشید
-	2	2	2	5. جناب یاسر قادری *
-	1	1	1	6. جناب محمد ثاقب سلیم **

ڈائریکٹرز رپورٹ

جس میں بورڈ آف ڈائریکٹرز اور انتظامیہ کے کردار اور ذمہ داریوں کو با تفصیل واضح کیا گیا ہے۔

ذیل میں کارپوریٹ گورننس کے ضابطہء اخلاق کی شرائط کی تعمیل کے لئے خصوصی بیانات دیئے جا رہے ہیں:

- a. کمپنی کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے کمپنی کے معاملات کی صورتحال، اس کی سرگرمیوں کے نتائج، نقد کی آمد و رفت اور اس کی ایکویٹی میں تبدیلیوں کی منصفانہ عکاسی کرتے ہیں۔
- b. کمپنی کی درست بکس آف اکاؤنٹس تیار کی گئی ہیں۔
- c. مالیاتی گوشواروں کی تیاری میں موزوں اکاؤنٹنگ پالیسیوں کا اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینے معقول اور محتاط اندازوں پر مبنی ہیں۔
- d. مالیاتی گوشواروں کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی، جس حد تک ان کا پاکستان میں اطلاق ہوتا ہے، تعمیل کی گئی ہے اور ان سے کسی بھی انحراف کو مناسب طور پر ظاہر اور واضح کیا گیا ہے۔
- e. انٹرنل کنٹرول کا نظام بھرپور خطوط پر استوار اور نافذ ہے اور اس کی موثر نگرانی کی جاتی ہے، اور اسے مزید بہتر بنانے کی کوششیں جاری ہیں۔
- f. کمپنی کے کاروبار جاری رکھنے کی صلاحیت میں کوئی شہادت نہیں ہے۔
- g. پاکستان اسٹاک ایکسچینج ریگولیشنز میں تفصیلاً بیان کردہ کارپوریٹ گورننس کی بہترین روایات سے کوئی قابل ذکر انحراف نہیں کیا گیا ہے۔
- h. گزشتہ 6 برسوں کے کلیدی آپریٹنگ اور مالیاتی اعداد و شمار کا خلاصہ ملحق ہے۔
- i. واجب الادا، ٹیکسز، ڈیوٹی، محصولات اور چارجز کو ملحقہ آڈٹ شدہ مالیاتی گوشواروں کے نوٹ 18.1، 18.2 اور 19 میں ظاہر کیا گیا ہے۔
- j. دوران سال چیف ایگزیکٹو آفیسر اور ایک خود مختار ڈائریکٹر نے دی انٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کے منعقدہ ڈائریکٹرز تری بی پروگرام میں شرکت کی۔ باقی تمام ڈائریکٹرز یہ کورس مکمل کر چکے ہیں یا خاطر خواہ تجربے کی بنیاد پر تری بی کورسز سے مستثنیٰ ہیں۔
- k. دوران سال ڈائریکٹرز / ایگزیکٹو اور ان کے شوہر / کی بیوی اور نابالغ بچوں نے جتنے حصص خریدے یا فروخت کئے اس کا خلاصہ درج ذیل ہے:

فروخت	خریداری	
185,121	-	جناب آصف مہدی رضوی (سابقہ ہیڈ آف انٹرنل آڈٹ، موجودہ سی ایف او)
100,000	-	جناب شوکت حسین رضوی (ہیڈ آف HR&R ڈپارٹمنٹ)

لفظ "ایگزیکٹو" سے مراد چیف ایگزیکٹو آفیسر، چیف آپریٹنگ آفیسر، چیف فنانشل آفیسر، ہیڈ آف انٹرنل آڈٹ اور کمپنی سیکرٹری، چاہے انھیں کسی بھی نام سے پکارا جائے، اور ایسے دیگر ملازمین ہیں جن کی basic salary ایک مالی سال میں 500,000 روپے سے زیادہ ہو۔

i. حصص یا ٹانگی تاریخ 30 جون 2016ء کا تفصیلی pattern ملحق ہے۔

ڈائریکٹرز رپورٹ

کمپنی کے زیر انتظام Collective Investment اسکیمیں درج ذیل ہیں:

		30 جون 2015ء	30 جون 2016ء		
		کارکردگی کی درجہ بندی			
فونڈ	طویل المیعاد	مختصر المیعاد	طویل المیعاد	مختصر المیعاد	درجہ بندی کرنے والا ادارہ
ایم سی بی پاکستان Asset ایلوکیشن فنڈ	5-star	4-star	4-star	4-star	PACRA
ایم سی بی پاکستان اسلامک اسٹاک فنڈ	3-star	3-star	2-star	4-star	PACRA
ایم سی بی پاکستان اسٹاک مارکیٹ فنڈ	4-star	5-star	3-star	3-star	PACRA
پاکستان کیپیٹل مارکیٹ فنڈ	3-star	4-star	3-star	4-star	PACRA
پاکستان انٹرنیشنل ایلیمینٹ اسلامک Asset ایلوکیشن فنڈ	3-star	4-star	3-star	4-star	PACRA
		30 جون 2015ء	30 جون 2016ء		
		استحکام کی درجہ بندی		درجہ بندی کرنے والا ادارہ	
ایم سی بی کیش مینجمنٹ آپٹیمائزر	AA (f)	AA (f)	AA (f)	PACRA	
ایم سی بی ڈی سی ایف اے کم فنڈ	A+ (f)	A+ (f)	A+ (f)	PACRA	
ایم سی بی اسلامک اے کم فنڈ	AA - (f)	AA - (f)	AA - (f)	PACRA	
ایم سی بی پاکستان فریکوینٹ پے آؤٹ فنڈ *	N/A	N/A	N/A	-	
ایم سی بی پاکستان Sovereign فنڈ	A+ (f)	A+ (f)	A+ (f)	PACRA	
پاکستان کیش مینجمنٹ فنڈ	AAA (f)	AAA (f)	AAA (f)	PACRA	
پاکستان اے کم Enhancement فنڈ	A+ (f)	A+ (f)	A+ (f)	PACRA	
پاکستان اے کم فنڈ	A+ (f)	A+ (f)	A+ (f)	PACRA	
پاکستان سرمایہ محفوظ فنڈ	CP2+	CP2+	CP2+	PACRA	

* ایم سی بی پاکستان فریکوینٹ پے آؤٹ فنڈ 13 نومبر 2015ء کو متعارف کرایا گیا

ہولڈنگ کمپنی

ایم سی بی-عارف حبیب سیونگن کی parent کمپنی، ایم سی بی بینک لمیٹڈ، کمپنی کے 51.33% واجب الاداء عمومی حصص کی مالک ہے۔

کارپوریٹ گورننس

کمپنی کارپوریٹ گورننس کے اعلیٰ ترین معیارات نافذ کرنے کے لئے کوشاں ہے۔ کمپنی کی گورننگ باڈی کی حیثیت سے بورڈ، جو تین (3) خود مختار ڈائریکٹرز پر مشتمل ہے، عمدہ کارپوریٹ گورننس کے حوالے سے حصص یافتگان کو جوابدہ ہے۔ انتظامیہ کارپوریٹ گورننس کے ضابطہء اخلاق میں قائم کی گئی بہترین طریقوں کی شفوق، خاص طور پر غیر ایگزیکٹو ڈائریکٹرز کی خود مختاری کے حوالے سے شق، کی بدستور تعمیل کر رہی ہے۔ کمپنی کراچی پاکستان اسٹاک ایکسچینج کے لسٹنگ ضوابط کے مطابق کاروبار چلانے پر بدستور کاربند ہے

ڈائریکٹرز رپورٹ

گا۔ بینک متوقع طور پر انٹریسٹ کی شرح میں استحکام اور ایڈوانسز میں اضافے کے سبب منظر عام پر آئیں گے، اور پُرکشش Price to Book ratios پر سب کی نظریں ہیں۔ اُبھرتی ہوئی مارکیٹس میں پاکستان کی دوبارہ درجہ بندی سے غیر ملکی آمدات کے لئے KSE PSX-100 انڈیکس میں تیزی فراہم ہو سکتی ہے اور مارکیٹ کی شرح کے دوبارہ تعین کی راہ ہموار ہوگی۔

Mutual فنڈ کی صنعت کا جائزہ

مالی سال 2016ء کے اختتام پر open end، mutual فنڈ کی صنعت کے net اثاثہ جات تقریباً 452 بلین روپے ہیں۔ Aggressive Fixed Income (اسلامی/کنوینشنل)، ایکویٹی (اسلامی/کنوینشنل)، اثاثوں کے اختصاص (اسلامی/کنوینشنل)، فنڈ آف فنڈز (اسلامی/کنوینشنل)، شریعت کے مطابق Balanced فنڈز، اور آمدنی (اسلامی/کنوینشنل) فنڈز کے حجم میں اضافہ ہوا، جبکہ Balanced، کرنسی مارکیٹ (اسلامی/کنوینشنل) اور شریعت کے مطابق capital protected فنڈز میں مالی سال 2016ء میں کمی واقع ہوئی۔

ذکورہ شعبے کی طرف سے ڈالے گئے حصے کے اعتبار سے ایکویٹی اور ایکویٹی سے متعلقہ فنڈز بدستور سب سے آگے رہے۔ ان کا حصہ 54.61% تھا، اور دوسرے نمبر پر انکم فنڈز اور کرنسی مارکیٹ کے فنڈز تھے، جن کا حصہ مالی سال 2016ء کے اختتام پر بالترتیب 32.07% اور 12.29% تھا۔

Mutual Fund کی صنعت کی صورتحال

Macro ماحول کے مضبوط مبادیات کے نتیجے میں ایکویٹی مارکیٹ کی کارکردگی مضبوط ہوگی اور درمیانے اور طویل میعاد کی استعداد والے سرمایہ کار کی ایکویٹی فنڈز میں دلچسپی مزید گہری ہوگی۔ توقع ہے کہ فلسفہ انکم کی خلاء میں نسبتاً کم منافعوں کی وجہ سے ایکویٹی فنڈز میں انٹریسٹ کی شرح زیادہ رہے گی۔ بازار زر کے فنڈز کے مستحکم رہنے کی توقع ہے جس سے مختصر میعاد کے مستحکم منافعوں کی ضروریات پوری ہوں گی۔ سرمائے کے محدود منافعوں کے باعث فنڈز میں نسبتاً کم آمدات ہوں گی، تاہم فلسفہ انکم کے منافعوں میں معمولی اضافے کے متلاشی سرمایہ کاروں کے لئے فنڈز متوقع طور پر مستحکم اور موافق رہیں گے۔ انٹریسٹ کی نسبتاً پست شرحوں کے ماحول میں منافعوں پر دباؤ کے باعث سرمایہ کار زیادہ risk کے مواقع / hybrid مصنوعات کو آزمانے کی طرف مائل ہیں تاکہ منافعوں میں اضافہ ہو، چنانچہ ایڈوانسزری سروسز میں ترقی کی گنجائش متوقع ہے۔

ہم ریٹیل سرمایہ کاروں اور سروس کے معیار پر اپنی توجہ مزید مرکوز کر رہے ہیں۔ علاوہ ازیں، ہم اپنے انفراسٹرکچر اور معاونتی خدمات میں سرمایہ کاری کر رہے ہیں تاکہ اعلیٰ معیاری سروس حاصل کر سکیں، اور انفارمیشن ٹیکنالوجی پر مبنی مختلف اقدامات پر کام کر رہے ہیں، جس سے ہمیں توقع ہے کہ ہم طویل المیعاد ترقی حاصل کریں گے اور تمام ریٹیل سرمایہ کاروں میں مزید سرائیت کر سکیں گے۔

Asset مینیجمنٹ درجہ بندی اور مینجمنٹ کے زیر انتظام فنڈز کی درجہ بندی

پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے کمپنی کی asset مینیجمنٹ درجہ بندی کو دوران سال متعارف کرائے گئے نئے اسکیل کے ساتھ ہم آہنگ کر دیا ہے۔ چنانچہ کمپنی کو 08 جون 2016ء کو "AM2++" کی ایک طویل المیعاد درجہ بندی دی گئی ہے (2015:AM2+)۔

ڈائریکٹرز رپورٹ

ڈرگ ریگولیٹری اتھارٹی پاکستان ("DRAP") نے ادویات کے اداروں کے لئے قیمتوں کے تعین کی پالیسی کی منظوری دے دی۔ دوسری جانب بھاری انڈیکس کا حامل آئل اینڈ گیس ایکسپلوریشن کا شعبہ معیار کے مطابق کام نہیں کر سکا اور اسے دوران سال 5.4% خسارہ ہوا۔ یہی رجحان خام تیل کی قیمتوں (Arab Light) میں بھی رہا اور اس میں 22.0% کا خسارہ ہوا کیونکہ ایران پر عائد پابندیاں اٹھائے جانے کے بعد ضرورت سے زیادہ رسد کا خوف دوبارہ پیدا ہو گیا۔ کمرشل بینک بھی سست روی کا شکار رہے اور صرف 2.5% منافع دیا جبکہ سینٹرل بینک نے دوران سال ڈسکاؤنٹ کی شرح کو 75 bps کم کر دیا تھا۔ اسی طرح کھاد کے شعبے نے بھی صرف 2.8% منافع دیا جب کھاد کے شعبے کی قیمتوں کے تعین کی طاقت پر سوال اٹھے کیونکہ یوریا کی بین الاقوامی قیمتیں پہلی مرتبہ مقامی قیمتوں سے بھی کم ہو گئیں۔

اُبھرتی ہوئی مارکیٹس کے انڈیکس میں پاکستان کی دوبارہ درجہ بندی اس سال کی ششماہی تھی، کیونکہ اس پیش رفت کی توقعات یا لآخر پوری ہوئیں۔ آگے بڑھتے ہوئے، ہمیں اعتماد ہے کہ مارکیٹ میں شرحیں دوبارہ طے کرنے کی بھرپور استعداد موجود ہے کیونکہ اُبھرتی ہوئی مارکیٹ کے فنڈز سے آمدات متوقع ہیں۔ اُمید کی جارہی ہے کہ پاکستان کی دوبارہ درجہ بندی کے بعد 300-400 ملین ڈالر کی آمد ہوگی۔ چنانچہ سرمایہ کاروں کو ہمارا مشورہ ہے کہ اسٹاک مارکیٹ کی فراہم کردہ طویل المیعاد قدر اور استعداد پر توجہ مرکوز کریں تاکہ ایکویٹی فنڈز میں جگہ بنائی جاسکے۔

مارکیٹ اور معیشت - مستقبل کی صورتحال

موجودہ عالمی معاشی ماحول کو دیکھتے ہوئے مقامی معاشی صورتحال متوقع طور پر مستحکم رہے گی۔ تیل کی قیمتیں آئل ریفاٹریز میں پٹرول کی مصنوعات کے خاطر خواہ اسٹاک، rig کی تعداد میں اضافے اور تیل کی قیمتوں کی وصولی کی وجہ سے متوقع طور پر قابل رسائی رہیں گی، اور اس وجہ سے بھی کہ اس بات کی توقع بہت کم ہے کہ بڑے آئل پروڈیوسرز رسد کو کم کرنے کے مقصد سے کوئی معاہدہ کریں گے۔ چین میں مندی سے کمزور عالمی صورتحال کی عکاسی ہوتی ہے، اور بینک آف جاپان اور یورپین سینٹرل بینک کا انٹریسٹ کی منفی شرحیں اختیار کرنا بھی اشیاء کی مارکیٹ کے لئے ایک تشویش ناک امر ہے، اور اس کے ساتھ ساتھ برطانیہ کے یورپی یونین کو خیر باد کہہ دینے کے بعد عالمی سطح پر غیر یقینی صورتحال۔ عالمی سطح پر اشیاء کی کمزور صورتحال کے باعث درآمداتی بل کمزور رہے گا لیکن اس کے نتیجے میں برآمدات کی وصولی بھی تاخیر کا شکار ہو سکتی ہے۔

سال مذکورہ کا اوسط کمزور پراس انڈیکس متوقع طور پر 5% سے کم رہے گا۔ جبکہ تیل قیمتوں اور زرمبادلہ کی شرح میں استحکام کی بدولت افزائی زریں پہلی ششماہی میں تقریباً 4% کی سطح پر قابو میں رہے گی، چنانچہ ایک مستحکم مانیٹری پالیسی کے ماحول کے لئے فریم ورک موافق ہے اور اس میں کسی عنصر کو بیرونی جہت میں مستحکم کرنے کی گنجائش موجود ہے۔

مالیاتی خسارہ متوقع طور پر قابو میں رہے گا اور ترقی کے مثبت اہداف قابل حصول نظر آ رہے ہیں، اور حکومت کے پاس معیشت میں ساخت سے متعلق مطلوبہ تبدیلیاں لانے کی گنجائش موجود ہے۔ علاوہ ازیں، بجلی کے شعبے کے لئے حکومت کے ناگزیر متحرک منصوبے درآمداتی بل پر بوجھ ڈالیں گے اور بجلی کی مشینری کی بڑے پیمانے پر درآمد سے کرنٹ اکاؤنٹ قابو میں رہے گا۔

پاکستانی روپیہ متوقع طور پر مزید چمک کا مظاہرہ کرے گا کیونکہ اسے اگلے سال بھر پور غیر ملکی آمدات کی پشت پناہی حاصل ہوگی۔ ایکسٹرنل اکاؤنٹ کے خطرات بدستور بلند ہیں کیونکہ ادائیگیوں کے توازن کے اکاؤنٹ میں بڑی مدد آمدات سے ہوتی ہے، جو غیر یقینی اور ناگزیر ہیں، جس کی ایک وجہ یہ بھی ہے کہ وہ بیرونی اکاؤنٹ کے موافق ماحول پر منحصر ہیں۔

مجموعی استحکام اور اس کے ساتھ ساتھ چین پاکستان معاشی راہداری متوقع طور پر تعمیر اور بجلی کے شعبے میں تیزی لائیں گے۔ علاوہ ازیں، توسیعی پیکر اور اس کے ساتھ ساتھ انٹریسٹ کی شرح کے مستحکم ماحول سے دیگر اُبھرتی ہوئی مارکیٹ کی معیشتوں کے مقابلے میں عالمی سطح پر بہتر درجہ بندی متوقع ہے۔ تعمیر اور انٹریسٹ کے شعبے متوقع طور پر انفراسٹرکچر پر مبنی معاشی ترقی کے متبادل بنے رہیں گے۔ تیل کی قیمتوں میں طویل المیعاد استحکام متوقع طور پر ایکسپلوریشن اور پیداوار کے شعبے کو ایکسپلوریشن میں ترقی کے ذریعے تحریک فراہم کرے

ڈائریکٹرز رپورٹ

صنعتی ترقی میں اس سال تیزی آئی جیسا کہ بڑے پیمانے پر مینوفیکچرنگ کے انڈیکس میں YoY 3.26% (جولائی - مئی 2016ء) اضافے سے ظاہر ہے۔ گاڑیوں، سیمنٹ، بجلی اور صارفین کے شعبوں نے قابل ذکر کردار ادا کیا۔

مالیاتی میدان میں حکومت نے مالی سال 2016ء میں مالیاتی خسارے کو مجموعی ملکی پیداوار (GDP) کے 4.3% (بالمقابل 5.3% برائے مالی سال 2015ء) سے آگے بڑھنے نہیں دیا۔ حکومت کا ہدف ہے کہ مالی سال 2017ء میں یہ خسارہ GDP کے 3.8% تک کم کیا جائے۔

مانیٹری پالیسی کمیٹی نے اس سال پالیسی کی شرح کو مجموعی طور پر 75 bps کم کیا۔ ستمبر میں 6 ماہ کے لئے 50 bps کم کرنے کے بعد موجودہ صورتحال برقرار رکھی گئی۔ اس کے باوجود مانیٹری پالیسی بورڈ نے ترسیل زر، تیل کی قیمتوں میں دوبارہ کمی، تیل کے علاوہ دیگر اشیاء کی درآمدات اور غیر ملکی مارکیٹ کے معاملات سے متعلق محتاط رویہ اختیار کرتے ہوئے مئی میں پالیسی کی شرح کو 25 bps کم کرنے کا فیصلہ کیا۔

غیر ملکی آمدورفت کے مثبت توازن، ایکسٹرنل اکاؤنٹ کی بہتر صورتحال اور تقریباً 23 بلین ڈالر کے زرمبادلہ کے مضبوط ذخائر، اور اس کے ساتھ ساتھ اسٹیٹ بینک آف پاکستان کی کڑی نگرانی نے دوران سال روپے کو مستحکم رکھا۔

مالی سال 2016ء کی 13.67% ترقی کے ساتھ M2 ترقی نے زور پکڑا۔ Net غیر حکومتی قرض کے حصول میں 267 بلین روپے اضافے کی مدد سے Net مقامی اثاثہ جات میں 253 بلین روپے اضافہ ہوا۔

اسٹیٹ بینک آف پاکستان نے طے شدہ کرائے کے طریقے پر مبنی اجارہ سسٹم نیلامی منعقد کی، اور اس کے بعد ہونے والی نیلامیوں میں 6.10% اور 5.59% آمدنی ہوئی جس سے اسلامی مالیاتی صنعت کے لئے نسبتاً منافع بخش راہ ہموار ہوئی۔

نیم پیداوار مزید جھک گیا جس پر بنیادی اثر مالیاتی خسارے کی بہتر صورتحال، بہتر غیر ملکی آمدات، اجارہ سسٹم کے اجراء (تقریباً 200 بلین روپے) اور 1.4 ٹریلین روپے مالیت کی PIBs کی maturity کے بعد liquidity کے دباؤ کا ہے۔

ایکویٹیز مارکیٹ کا جائزہ

PSX-100 انڈیکس کے ذریعے پیمائش کردہ مقامی ایکویٹی مارکیٹ نے مالی سال 2016ء کے دوران 9.8% ترقی کی، جو گزشتہ سات برسوں میں اس کی کمزور ترین کارکردگی ہے۔ اگرچہ مجموعی صورتحال میں قابل ذکر بہتری آئی، لیکن ایکویٹی کے منافع میں اس کی عکاسی نہیں ہوئی کیونکہ اشیاء میں کمی اور مقامی مارکیٹ سے غیر ملکی سرمایہ کاروں کے بڑے پیمانے پر خروج نے معیار کو دباؤ میں رکھا۔ غیر ملکیوں کی فروخت میں کوئی کمی نہیں ہوئی جس سے دوران سال 281 ملین ڈالر مالیت کی ایکویٹیز ضائع ہوئیں۔ مذکورہ مدت میں ہونے والی فروخت کا اثر بنیادی طور پر NBFCs نے قبول کیا اور 187.8 ملین ڈالر کی net خریداری ہوئی جبکہ انفرادی طور پر 127.7 ملین ڈالر کی ایکویٹیز خریدی گئیں۔

سیمنٹ کا شعبہ مذکورہ مدت میں 29.0% ترقی کے ساتھ سب سے آگے رہا۔ بڑے پیمانے پر سیمنٹ کی فروخت اور اس کے ساتھ ساتھ چین پاکستان اکنامک کوریڈور (CPEC) کے زیر اہتمام سرگرمیوں سے ہونے والی متوقع ترقی نے اس شعبے میں سرمایہ کاروں کی دلچسپی کو قائم رکھا۔ بجلی کے شعبے نے 19.8% ترقی کی جب ڈسکاؤنٹ کی شرح میں 75 bps کمی سے پیداواری قوتیں منظر عام پر آئیں۔ اسی طرح، ادویات کے شعبے میں بھی تیزی آئی اور مذکورہ مدت میں 43.0% کی شاندار ترقی ہوئی جب

ڈائریکٹرز رپورٹ

ایم سی بی-عارف حبیب سیوگنڈا اینڈ انویسٹمنٹس لمیٹڈ (کمپنی) کے بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2016ء کو ختم ہونے والے سال کے لئے کمپنی کے معاملات کی سالانہ رپورٹ پیش خدمت ہے۔

کمپنی کی مجموعی آمدنی 782.37 ملین روپے ہے جس میں مینجمنٹ / انویسٹمنٹ ایڈوائزرز کی فیس اور دیگر آمدنی شامل ہے۔ ایڈمنسٹریٹو، آپریٹنگ اور فنانشل اخراجات 432.56 ملین روپے آمدنی کی شراکت داری کو منہا کرنے کے بعد کمپنی کا منافع قبل از ٹیکس 349.81 ملین روپے ہے۔ حتمی منافع بعد از ٹیکس 239.11 ملین روپے ہے جبکہ 30 جون 2015ء کو اختتام پذیر ہونے والے سال کا حتمی منافع 278.86 ملین روپے تھا۔ زیر انتظام مالیات میں استحکام اور بہتر کارکردگی کی توقعات کے ساتھ کمپنی بہتر نتائج حاصل کرنے کے لئے پُر امید ہے۔

30 جون 2016ء کو ختم ہونے والے موجودہ مالی سال کے لئے آمدنی فی شیئر 3.32 روپے ہے جبکہ 30 جون 2015ء کو ختم ہونے والے گزشتہ مالی سال کے لئے 3.87 روپے تھی۔

علاوہ ازیں، بورڈ آف ڈائریکٹرز نے 17.50% (روپے فی شیئر) حتمی ڈیویڈنڈ تجویز کیا ہے۔ مزید برآں، کمپنی نے دوران سال اپنے حصص یافتگان کو 15.00% (روپے فی شیئر) عبوری ڈیویڈنڈ ادا کیا ہے۔

مارکیٹ اور معیشت کا جائزہ

معیشت اور بازار کا جائزہ

اس سال ہرگزرتے مہینے کے ساتھ معاشی صورتحال بہتر ہوتی گئی۔ اس پر مزید خوش آئند بات یہ ہوئی کہ تیل کی گرتی ہوئی عالمی مانگ، ایران میں پابندیاں ختم ہونے کے بعد دو ماہ سے رسد میں اضافے اور shale بنانے والوں کی لچک کے باعث رسد میں غیر ضروری اضافہ ہو گیا اور تیل کی قیمتیں گر گئیں، جس کے سبب افراط زر کے دباؤ اور درآمداتی تیل میں بھی کمی ہوئی۔ تاہم کڑی مسابقت اور کمزور مانگ کی وجہ سے برآمدات مسلسل کم ہوتی چلی گئیں۔

تیل کی گری ہوئی قیمتوں اور گزشتہ سال کے بڑھے ہوئے base effect کی وجہ سے افراط زر اس سال بھی موافق رہی۔ افراط زر کا سال بھر کا اوسط تقریباً 2.85% ہے، جبکہ پہلی ششماہی میں تقریباً 2% تھا۔ مالی سال 2016ء کی تیسری سہ ماہی سے پست base effect کے موہوم ہوجانے کے باوجود افراط زر کے دباؤ قابو میں رہے جس میں تیل کی قیمتوں میں کمی اور پٹرولیم مصنوعات کی قیمتوں میں اضافے کو ملتی فیصلے اور اس کے ساتھ ساتھ خام تیل کی وصولی کی معاونت شامل تھی۔

دوران سال برآمدات میں گزشتہ سال کے مقابلے میں 9% کمی ہوئی اور ادائیگیوں کے توازن کی صورتحال بدستور مشکلات کا شکار رہی۔ عالمی سطح پر اشیاء کی کمزور مانگ، مطلوبہ مارکیٹس میں سست روی اور حربوں کے مقابلے میں روپے اور ڈالر کے نسبتاً غیر موافق توازن کے باعث اشیاء کی پست قیمتوں سے کرنٹ اکاؤنٹ کی صورتحال بدستور تشویش ناک رہی۔ درآمدات میں صرف تقریباً 3.5% کمی نے تجارتی خسارے میں اضافہ کیا کیونکہ تیل کی کم قیمتوں کا مثبت اثر بجلی کے لئے مشینز کی درآمد میں اضافے سے زائل ہو گیا جبکہ کپاس کی بہت کم پیداوار کی وجہ سے پیدا ہونے والے خلاء کو بھی درآمدات سے پُر کرنا پڑا۔ ترا سیل زرخیجی معیشتوں کی کمزور معاشی صورتحال کے مطابق لچکدار رہیں اور ان میں 6% کا اضافہ ہوا۔ تاہم ادائیگیوں کے توازن کی حتمی صورتحال بیرونی قرضوں کے حصول اور کثیر الجہتی ایجنسیوں سے فراہمیوں کے ذریعے 1.05 بلین USD فاضل پڑھی۔

**PATTERN OF SHAREHOLDING
AS OF JUNE 30, 2016**

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
ABDUS SAMAD	2	504	0.00
AHMED JAHANGIR	1	500	0.00
HAROUN RASHID	1	500	0.00
MIAN MOHAMMAD MANSHA	1	500	0.00
MIRZA MAHMOOD AHMAD (00028)	1	1,000	0.00
NASIM BEG	3 *	26,322	0.04
SYED SALMAN ALI SHAH	1	500	0.00
Associated Companies, undertakings and related parties			
MCB BANK LIMITED - TREASURY	1	36,956,768	51.33
ARIF HABIB CORPORATION LIMITED	1	21,664,167	30.09
Executives	1	150,000	0.21
Public Sector Companies and Corporations	1	70	0.00
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	10	1,555,650	2.16
Mutual Funds			
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	900,000	1.25
General Public			
a. Local	984	3,535,306	4.91
b. Foreign	2	102,004	0.14
Foreign Companies	1	3,302,500	4.59
Others	38	3,803,709	5.28
Totals	1047	72,000,000	100.00

Share holders holding 5% or more	Shares Held	Percentage
MCB BANK LIMITED - TREASURY	36,956,768	51.33
ARIF HABIB CORPORATION LIMITED	21,664,167	30.09

* This includes 22,200 physical shares which has not yet been transferred in name of purchasers.

**PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2016**

No of Shareholders	Shareholdings'Slab			Total Shares Held
341	1	to	100	4,815
142	101	to	500	46,846
235	501	to	1000	155,296
194	1001	to	5000	414,046
36	5001	to	10000	270,898
23	10001	to	15000	286,246
10	15001	to	20000	193,500
8	20001	to	25000	178,338
4	25001	to	30000	112,800
5	30001	to	35000	170,000
4	35001	to	40000	153,000
2	40001	to	45000	81,200
3	45001	to	50000	146,000
1	50001	to	55000	52,900
2	55001	to	60000	116,800
1	60001	to	65000	64,500
1	65001	to	80000	77,880
2	80001	to	85000	169,000
4	85001	to	95000	371,500
1	95001	to	100000	96,500
1	100001	to	105000	102,000
1	105001	to	110000	109,000
3	110001	to	115000	340,000
1	115001	to	120000	120,000
1	120001	to	125000	123,500
1	125001	to	130000	127,500
1	130001	to	150000	150,000
1	150001	to	155000	155,000
1	155001	to	160000	155,500
2	160001	to	170000	333,500
1	170001	to	180000	177,000
1	180001	to	190000	189,000
1	190001	to	200000	200,000
1	200001	to	210000	210,000
1	210001	to	215000	211,500
1	215001	to	230000	230,000
1	230001	to	240000	240,000
1	240001	to	255000	251,000
1	255001	to	265000	262,000
1	265001	to	315000	315,000
1	315001	to	430000	430,000
2	430001	to	495000	988,000
1	495001	to	595000	595,000
1	595001	to	900000	900,000
1	900001	to	3305000	3,302,500
1	3305001	to	21665000	21,664,167
1	21665001	to	36960000	36,956,768
1050				72,000,000

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2016

This statement is being presented by the Board of Directors of MCB-Arif Habib Savings and Investments Limited (the Company) to comply with the Code of Corporate Governance (the Code) contained in Regulation no. 5.19 of the listing regulations of the Pakistan Stock Exchange Limited 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 Code in the following manner:

- The Company encourages representation of independent non-executive directors on its Board of Directors (the Board). At present the Board includes:

Category	Names
Independent Directors	<ol style="list-style-type: none"> Dr. Salman Shah Mr. Haroun Rashid Mr. Mirza Mehmood
Executive Directors	<ol style="list-style-type: none"> Mr. Muhammad Saqib Saleem - Chief Executive Officer
Non – Executive Directors	<ol style="list-style-type: none"> Mian Mohammad Mansha - Chairman Mr. Nasim Beg - Vice Chairman Mr. Ahmed Jehangir Mr. Samad Habib

The independent directors meet the criteria of independence under clause 5.19.1 (b) of the Code.

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
- 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 NBFIs or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
- During the year, a casual vacancy occurring on January 04, 2016 consequent to the resignation of the former Chief Executive Officer of the Company was filled up by the directors the same day through the appointment of Mr Muhammad Saqib Saleem.
- 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.
- The Board has developed 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.
- 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 Chief Executive Officer, other executive and non-executive directors, have been taken by the Board. The Board has also approved the appointment, remuneration and terms and conditions of appointment of the Chief Executive Officer.
- 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. 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.
- During the year, the Chief Executive Officer of the Company and an independent director attended directors' training programs conducted by the Institute of Chartered Accountants of Pakistan (ICAP). All the remaining directors on the Board already possess the required training or qualification and experience as required by the Code.
- The Board has approved the appointment of the Chief Financial Officer, the Company Secretary and the Head of Internal Audit including their remuneration and terms and conditions of employment.
- The Directors' Report of the Company for the year ended June 30, 2016 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
- The financial statements of the Company were duly endorsed by the Chief Executive Officer and the Chief Financial Officer of the Company before approval of the Board.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2016

13. The Directors, Chief Executive Officer and executives of the Company 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 Code.
15. The Board has formed an Audit Committee for the Company. It comprises four members who 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 the interim and final results of the Company and as required by the Code. The terms of reference of the Committee have been approved by the Board and advised to the Committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises five members of whom four are non-executive directors including the chairman of the committee who is also an independent director.
18. The Board has set up an effective internal audit function. The Head of Internal Audit is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
19. The Board has formulated a mechanism for an annual evaluation of its own performance. The evaluation has been done in the board meeting held on August 05, 2016.
20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (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.
21. 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.
22. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of the Company's shares, was determined and intimated to directors, employees and the stock exchange.
23. Material/price sensitive information has been disseminated among all market participants at once through the stock exchange.
24. We confirm that all other material principles enshrined in the Code have been complied with.

On behalf of the Board



Muhammad Saqib Saleem
Chief Executive Officer
Karachi: August 05, 2016



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REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **MCB-Arif Habib Savings and Investments Limited** (the Company) for the year ended June 30, 2016 to comply with the requirements of Listing Regulation no. 5.19 of the Pakistan Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the 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 of Directors' 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.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of 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 as applicable to the Company for the year ended June 30, 2016.

Chartered Accountants

Dated: September 16, 2016

Karachi

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
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FINANCIAL AND BUSINESS HIGHLIGHTS

Financial highlights for the last 6 years

		2011	2012	2013	2014	2015	2016
Pre tax Margin	%	32%	39%	41%	41%	51%	46%
Net Margin	%	25%	27%	29%	31%	36%	31%
Performance							
Return on assets	%	5%	10%	11%	11%	14%	11%
Return on equity	%	6%	11%	12%	12%	19%	15%
Leverage							
Gearing (T-Debt:Equity)	times	0.00	0.00	0.00	0.00	0.00	0.00
Interest Coverage Ratio	times	-	-	-	-	65.03	-
Liquidity							
Current Ratio	times	6.32	7.83	7.33	4.17	2.63	2.38
Valuation							
Earnings per share	Rs.	1.97	2.01	2.19	2.54	3.87	3.32
No. of ordinary shares (in million)		72	72	72	72	72	72
Historical trend							
Management fee / Investment Advisory fee (Rs. in million)		237.23	479.61	469.98	510.67	640.09	703.55
Operating profit [PBIT] (Rs. in million)		91.72	205.19	220.16	239.35	398.77	349.81
Profit before tax (Rs. in million)		90.72	205.14	220.16	239.11	392.64	349.81
Profit after tax (Rs. in million)		71.65	144.58	157.65	182.64	278.86	239.11
Share capital (Rs. in million)		720.00	720.00	720.00	720.00	720.00	720.00
Shareholders equity (Rs. in million)		1269.62	1281.93	1273.03	1353.85	1505.04	1549.23
Total assets (Rs. in million)		1356.63	1410.02	1411.54	1607.73	2019.33	2173.87



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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **MCB-Arif Habib Savings and Investments Limited** as at June 30, 2016 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 accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - 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 June 30, 2016 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and
- 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.

A. Ferguson & Co.

Chartered Accountants

Engagement Partner: **Noman Abbas Sheikh**

Dated: September 16, 2016

Karachi

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BALANCE SHEET AS AT JUNE 30, 2016

	Note	2016	2015
		----- Rupees -----	
ASSETS			
Non-current assets			
Fixed assets	4	339,731,158	369,833,385
Long-term investments	5	456,022,751	433,477,071
Long-term loans and receivables	6	1,272,138	3,108,010
Long-term deposits		2,721,712	1,384,984
		799,747,759	807,803,450
Current assets			
Receivable from related parties	7	484,256,904	357,749,760
Loans and advances	8	4,909,746	2,280,786
Deposits, prepayments and other receivables	9	24,692,036	24,347,871
Accrued mark-up	10	5,243,237	7,980,335
Short-term investments	11	757,711,173	753,589,772
Taxation - net	12	55,442,878	49,667,230
Cash and bank balances	13	41,867,164	15,912,374
		1,374,123,138	1,211,528,128
Total assets		2,173,870,897	2,019,331,578
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital 72,000,000 (2015: 72,000,000) ordinary shares of Rs 10 each		720,000,000	720,000,000
Issued, subscribed and paid-up share capital	14	720,000,000	720,000,000
Reserves		829,228,787	773,857,836
Total equity		1,549,228,787	1,493,857,836
Surplus arising on revaluation of property - net of deferred tax	16	-	11,181,023
		1,549,228,787	1,505,038,859
Non-current liabilities			
Deferred taxation	17	47,237,901	53,850,439
Current liabilities			
Trade and other payables	18	577,404,209	460,442,280
Total liabilities		624,642,110	514,292,719
Total equity and liabilities		2,173,870,897	2,019,331,578
CONTINGENCIES AND COMMITMENTS			
	19		

The annexed notes 1 to 42 form an integral part of these financial statements.



 Chief Executive Officer



 Director

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016**

	Note	2016 ----- Rupees -----	2015
Revenue			
Management fee / investment advisory fee	20	703,548,128	640,094,001
Processing fee and other related income		3,916,758	5,776,610
Income from government securities		23,488,867	21,139,294
Profit on bank deposits	21	1,746,820	2,200,985
Dividend income	22	1,730,007	3,795,440
Capital gain on sale of investments - net	23	24,597,269	98,718,257
Unrealised appreciation on re-measurement of investments classified as "financial assets at fair value through profit or loss" - net	11.1.1	1,309,171	25,601
		<u>760,337,020</u>	<u>771,750,188</u>
Expenses			
Administrative expenses	24	(285,558,174)	(259,516,326)
Selling and distribution expenses		(139,117,058)	(106,519,513)
Financial charges	25	(454,854)	(6,132,024)
Other expenses	26	(7,428,029)	(8,013,012)
		<u>(432,558,115)</u>	<u>(380,180,875)</u>
Other income	27	327,778,905	391,569,313
		22,031,348	1,067,748
Profit for the year before taxation		<u>349,810,253</u>	<u>392,637,061</u>
Taxation - net	28	(110,701,367)	(113,773,711)
Profit for the year after taxation		<u>239,108,886</u>	<u>278,863,350</u>
Earnings per share - basic and diluted	29	<u>3.32</u>	<u>3.87</u>

The annexed notes 1 to 42 form an integral part of these financial statements.



Chief Executive Officer



Director

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016**

	2016	2015
	----- Rupees -----	
Profit for the year after taxation	239,108,886	278,863,350
Other comprehensive income for the year		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Unrealised appreciation on re-measurement of 'available-for-sale' financial assets	40,046,811	88,250,869
Related deferred tax liability	(1,466,837)	-
	38,579,974	88,250,869
Unrealised (gain) / loss transferred to profit and loss account on disposal of 'available-for-sale' financial assets	(5,015,306)	78,634
	33,564,668	88,329,503
Total comprehensive income for the year	272,673,554	367,192,853

The annexed notes 1 to 42 form an integral part of these financial statements.



Chief Executive Officer



Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016	2015
		----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before taxation		349,810,253	392,637,061
Adjustments for non-cash and other items:			
Capital gain on sale of investments - net		(24,597,269)	(98,718,257)
Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		(1,309,171)	(25,601)
Depreciation		11,870,911	13,335,707
Amortisation		3,320,640	5,092,417
Financial charges		454,854	6,132,024
(Gain) / loss on disposal of fixed assets - net		(21,952,338)	91,680
		(32,212,373)	(74,092,030)
Operating cash flows before working capital changes		<u>317,597,880</u>	<u>318,545,031</u>
Movement in working capital			
Decrease / (increase) in current assets			
Receivable from related parties		(125,150,334)	(176,348,283)
Loans and advances		(2,628,960)	(1,624,580)
Deposits, prepayments and other receivables		(344,165)	(15,131,181)
Accrued mark-up		2,737,098	(3,663,235)
		(125,386,361)	(196,767,279)
Increase in current liabilities			
Trade and other payables		116,961,929	254,486,095
Cash generated from operations		<u>309,173,448</u>	<u>376,263,847</u>
Taxes paid		(119,040,016)	(104,757,696)
Financial charges paid		(454,854)	(6,132,024)
Dividends paid		(234,000,000)	(216,000,000)
		(353,494,870)	(326,889,720)
Net cash (used in) / generated from operating activities		<u>(44,321,422)</u>	<u>49,374,127</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(58,034,312)	(3,665,350)
Proceeds against redemption of investments		(337,189,136)	328,949,588
Long-term deposits - net		(1,336,728)	126,252
Proceeds from disposal of fixed assets		93,540,516	58,500
Long-term loans and receivables		1,835,872	1,974,897
Net cash (used in) / generated from investing activities		<u>(301,183,788)</u>	<u>327,443,887</u>
Net (decrease) / increase in cash and cash equivalents		<u>(345,505,210)</u>	<u>376,818,014</u>
Cash and cash equivalents at the beginning of the year		387,372,374	10,554,360
Cash and cash equivalents at the end of the year	3.8 & 30	<u><u>41,867,164</u></u>	<u><u>387,372,374</u></u>

The annexed notes 1 to 42 form an integral part of these financial statements.



Chief Executive Officer



Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2016

	Reserves							Total
	Capital			Revenue				
	Issued, subscribed and paid-up capital	Share premium	Reserve arising on amalgamation (note 15.1)	Sub-total	Unappropriated profit	Unrealised appreciation on remeasurement of 'available- for-sale' financial assets	Sub-total	
Rupees								
Balance as at July 1, 2014	720,000,000	396,000,000	(60,000,000)	336,000,000	150,182,231	135,913,599	286,095,830	1,342,095,830
Transactions with owners recorded directly in equity								
Final dividend for the year ended June 30, 2014 at Rs 1.50 per share	-	-	-	-	(108,000,000)	-	(108,000,000)	(108,000,000)
Interim dividend for the year ended June 30, 2015 at Rs 1.50 per share	-	-	-	-	(108,000,000)	-	(108,000,000)	(108,000,000)
	-	-	-	-	(216,000,000)	-	(216,000,000)	(216,000,000)
Total comprehensive income for the year								
Profit after taxation for the year ended June 30, 2015	-	-	-	-	278,863,350	-	278,863,350	278,863,350
Other comprehensive income for the year ended June 30, 2015	-	-	-	-	-	88,329,503	88,329,503	88,329,503
Total comprehensive income for the year	-	-	-	-	278,863,350	88,329,503	367,192,853	367,192,853
Transfer from surplus on revaluation of property - net of deferred taxation	-	-	-	-	569,153	-	569,153	569,153
Balance as at June 30, 2015	720,000,000	396,000,000	(60,000,000)	336,000,000	213,614,734	224,243,102	437,857,836	1,493,857,836
Transactions with owners recorded directly in equity								
Final dividend for the year ended June 30, 2015 at Rs 1.75 per share	-	-	-	-	(126,000,000)	-	(126,000,000)	(126,000,000)
Interim dividend for the year ended June 30, 2016 at Rs 1.5 per share	-	-	-	-	(108,000,000)	-	(108,000,000)	(108,000,000)
	-	-	-	-	(234,000,000)	-	(234,000,000)	(234,000,000)
Total comprehensive income for the year								
Profit after taxation for the year ended June 30, 2016	-	-	-	-	239,108,886	-	239,108,886	239,108,886
Other comprehensive income for the year ended June 30, 2016	-	-	-	-	-	33,564,668	33,564,668	33,564,668
Total comprehensive income for the year	-	-	-	-	239,108,886	33,564,668	272,673,554	272,673,554
Transfer from surplus on revaluation of property - net of deferred taxation	-	-	-	-	16,697,397	-	16,697,397	16,697,397
Balance as at June 30, 2016	720,000,000	396,000,000	(60,000,000)	336,000,000	235,421,017	257,807,770	493,228,787	1,549,228,787

The annexed notes 1 to 42 form an integral part of these financial statements.



Chief Executive Officer



Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

1 STATUS AND NATURE OF BUSINESS

- 1.1** MCB-Arif Habib Savings and Investments Limited ("the Company") was incorporated in the name of Arif Habib Investment Management Limited (AHIML) on August 30, 2000 as an unquoted public limited company under the requirements of the Companies Ordinance, 1984. During 2008, AHIML was listed on the Karachi Stock Exchange Limited (now integrated into the Pakistan Stock Exchange Limited) by way of offer for sale of shares by a few of its existing shareholders to the general public. In the same financial year, the name of AHIML was changed from "Arif Habib Investment Management Limited" to "Arif Habib Investments Limited" (AHIL). On January 19, 2011, a transfer agreement was signed between Arif Habib Corporation Limited (AHCL) [the then parent of AHIL] and MCB Bank Limited (MCB Bank) [the then parent of MCB Asset Management Company Limited (MCB AMC)] for the transfer of the entire business of MCB AMC to AHIL to achieve synergies in business and to access a wider distribution network. The scheme of amalgamation ("the Scheme") was approved by the shareholders of AHIL and MCB AMC in their respective extraordinary general meetings held on May 21, 2011. The Scheme was also approved by the Securities and Exchange Commission of Pakistan (SECP) with the effective date of amalgamation being June 27, 2011 (the effective date). In accordance with the terms contained in the Scheme (as disclosed in note 15.1), the Company became a subsidiary of MCB Bank Limited from the end of the year ended June 30, 2011 which owns 51.33% ordinary shares in the Company till date. Pursuant to the merger of MCB AMC with and into AHIL, the name of AHIL has been changed to MCB-Arif Habib Savings and Investments Limited effective from May 23, 2013.
- 1.2** The Company is registered as a Pension Fund Manager under the Voluntary Pension System Rules, 2005 and as an Asset Management Company and an Investment Advisor under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.
- 1.3** During the year ended June 30, 2016, the registered office of the Company has been shifted to 24th Floor, Centrepoint, Off Shaheed-e-Millat Expressway, near K.P.T. Interchange, Karachi, Pakistan. Previously, the registered office of the Company was situated at 8th Floor, Techno City, Corporate Tower, Molana Hasrat Mohani Road, Karachi, Pakistan.
- 1.4** The Pakistan Credit Rating Agency Limited (PACRA) has harmonised the asset manager rating of the Company to the new scale introduced during the year. Accordingly, the Company has been assigned a long-term rating of "AM2++" with a stable outlook (2015: AM2+). The rating was determined by PACRA on June 8, 2016. Currently, the Company has the following funds under management:

	Note	Net asset value as at	
		June 30, 2016	June 30, 2015
----- Rupees in millions -----			
Open-end Collective Investment Schemes (CISs)			
MCB Cash Management Optimizer		3,958	12,533
MCB DCF Income Fund		6,849	11,273
MCB Islamic Income Fund		968	1,261
MCB Pakistan Asset Allocation Fund		2,718	2,640
MCB Pakistan Frequent Payout Fund	1.4.1	796	-
MCB Pakistan Islamic Stock Fund (Formerly Pakistan Strategic Allocation Fund)		1,123	666
MCB Pakistan Sovereign Fund		8,691	3,193
MCB Pakistan Stock Market Fund		8,018	6,075
Pakistan Capital Market Fund		627	682
Pakistan Cash Management Fund		1,993	1,442
Pakistan Income Enhancement Fund		2,463	969
Pakistan Income Fund		1,050	1,131
Pakistan International Element Islamic Asset Allocation Fund		821	804
Pakistan Sarmaya Mehfooz Fund		666	741
----- Rupees in millions -----			
Pension Schemes			
Pakistan Islamic Pension Fund		513	439
Pakistan Pension Fund		1,107	873

- 1.4.1** MCB Pakistan Frequent Payout Fund was launched during the year ended June 30, 2016 with an objective to provide regular monthly payments to investors by investing the assets of the Fund in debt and equity instruments.

- 1.5** The Company is also managing investments under discretionary portfolio management agreements, the details of which are given in note 20.3 to these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

1.6 In accordance with the requirements of Rule 9, of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, the Company has obtained insurance coverage from Jubilee General Insurance Company Limited against any loss that may be incurred as a result of employees' fraud or gross negligence. The insurance company has been assigned a credit rating of AA+ (2015: AA+) by the Pakistan Credit Rating Agency Limited (PACRA).

2 BASIS OF PRESENTATION

2.1 Statement of compliance

- These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. The approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.
- As more fully explained in note 2.2 the SECP has directed that the requirements of IFRS 10 'Consolidated Financial Statements' are not applicable in case of investments by companies in mutual funds established under Trust structure.

2.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

- IFRS 10, 'Consolidated Financial Statements' - effective for annual periods beginning on or after January 1, 2015. The standard requires an asset manager to assess whether there is a need to consolidate the funds under its management in its consolidated financial statements. The Standard builds on existing principles by identifying the concept of control as the determining factor for consolidation of funds in the financial statements and provides additional guidance to assist in the determination of control where this is difficult to assess. However, the SECP vide SRO 56 (I) / 2016 dated January 28, 2016 has directed that the requirements of consolidation under section 237 of the Companies Ordinance, 1984 and IFRS 10 are not applicable in case of investments made by companies in mutual funds established under trust schemes. Accordingly, the Company has not prepared consolidated financial statements in respect of mutual funds managed by it.
- IFRS 13, 'Fair Value Measurement' - effective for annual periods beginning on or after January 1, 2015. This standard establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs including IFRS 7 'Financial Instruments: Disclosures'. The change had no significant impact on the financial statements of the Company other than the inclusion of certain additional disclosures.

There are certain other amendments to the standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2015 but are considered not to be relevant or do not have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

2.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

- IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and, thus, has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction Contracts' and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2017 and earlier application is permitted. The Company is currently in the process of assessing the impact of this IFRS on the financial statements.

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after July 1, 2016 but are considered not to be relevant or do not have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

2.4 Critical accounting estimates and judgments

The preparation of these financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, income and expenses. It also requires the management to exercise its judgment in the application of the Company's accounting policies. The estimates, judgments and associated assumptions are based on management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both the current and future periods. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in the application of accounting policies are as follows:

- estimates of residual values, useful lives and depreciation methods of property and equipment (notes 3.1.1 and 4.1);
- estimates of useful lives and amortisation methods of intangible assets with finite useful life (notes 3.1.3.1 and 4.2);
- classification and valuation of financial assets (note 3.2.1.1);
- impairment of financial assets (note 3.2.1.4);
- impairment for doubtful debts and receivables (note 3.7);
- provision for taxation (notes 3.3 and 28);
- assessment of impairment on intangible assets with indefinite useful life (notes 3.1.3.2, 4.2.4 and 4.2.5); and
- impairment of non-financial assets (note 3.4).

2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except that investments have been marked to market and are carried at their respective fair values and building had been stated at revalued amount.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented unless otherwise stated.

3.1 FIXED ASSETS

3.1.1 Property and equipment

Items of property and equipment, except for building, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Building is carried under the revaluation model at a revalued amount being its fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent impairment losses, if any. Surplus arising on revaluation is credited to surplus on revaluation of building and is transferred to unappropriated profit to the extent of incremental depreciation charged net of related deferred tax. Such incremental depreciation is computed as a difference between depreciation based on the revalued carrying amount of the building and depreciation based on the building's original cost. Revaluation is made with sufficient regularity to ensure that the carrying amount does not materially differ from that which would have been determined using fair value at the end of the reporting period. Upon disposal of building, revaluation surplus thereon is transferred directly to unappropriated profit.

Subsequent costs are recognised as separate assets, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the items can be measured reliably. All other repairs and maintenance costs are charged to profit and loss account as and when incurred.

Depreciation is charged at the rates specified in note 4.1 using the straight line method on all items of property and equipment other than building for which depreciation was charged using the reducing balance method. Depreciation is charged from the month the asset is available for use while no depreciation is charged in the month of disposal.

The residual values, useful lives and depreciation methods are reviewed at each reporting period and adjusted, if appropriate, to reflect the current best estimate.

Gains or losses on disposal of assets are included in the profit and loss account in the year in which disposal is made.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

3.1.2 Capital work-in-progress

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. Items included in capital work-in-progress are stated at cost less accumulated impairment losses, if any. These are transferred to the relevant category of property and equipment as and when these become available for use.

3.1.3 Intangible assets

Intangible assets acquired separately are initially recognised at cost. Intangible assets acquired in a business combination are recognised at fair values as at the acquisition date.

The useful lives of intangible assets are assessed as either finite or indefinite.

3.1.3.1 Intangible asset with finite useful life

After initial recognition, an intangible asset with finite useful life is carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is charged at the rates specified in note 4.2 using the straight line method. Amortisation begins from the month the asset is available for use and ceases in the month of disposal. The amortisation period and amortisation method are reviewed at each financial year-end and are adjusted, if appropriate, to reflect the current best estimate.

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

3.1.3.2 Intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level.

(a) Goodwill

Goodwill acquired in a business combination is recognised as of the acquisition date as the excess of consideration transferred over the acquisition date fair value of identifiable assets acquired and liabilities assumed. It represents future economic benefits arising from other assets acquired in the business combination that are not individually identified and separately recognised.

For the purpose of impairment testing, goodwill is allocated from the acquisition date to each of the entity's cash-generating units or group of cash-generating units that is expected to benefit from the synergies of the combination. Each unit or group of units to which goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is higher of value in use and the fair value less cost to sell. Any impairment is recognised immediately as an expense in the profit and loss account and is not subsequently reversed.

(b) Management rights

Management rights represent the present value of future cash flows relating to the management fee that would be earned by the Company assuming growth factors, based on the necessary market assumptions, on Assets Under Management (AUMs) acquired by the Company. This benefit also considers the fact that the economic lifetime of these AUMs is unlimited. Based on this assumption, the intangible asset has been valued using certain valuation techniques.

At the time of initial recognition, the fair value of management rights had been determined by the management using the Multiple-period Excess Earnings Method. Under this method the value of a specific intangible asset is estimated from the residual earnings after fair returns on all other assets (if any) employed have been deducted from the asset's after-tax operating earnings.

After initial recognition, management rights are stated at cost less accumulated impairment losses (if any). Impairment is tested at the operating segment level at the end of each reporting period.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

3.2 Financial instruments

3.2.1 Financial assets

3.2.1.1 Classification

The management determines the appropriate classification of its financial assets in accordance with the requirements of International Accounting Standard 39 (IAS 39), "Financial Instruments: Recognition and Measurement" at the time of purchase of financial assets and re-evaluates this classification on a regular basis. The classification depends upon the purpose for which the financial assets are acquired. The financial assets of the Company are categorised as follows:

(a) Financial assets at fair value through profit or loss

These are acquired principally for the purpose of generating profit from short-term fluctuations in prices.

(b) Held-to-maturity investments

These are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity.

(c) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

(d) Available-for-sale financial assets

These are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments, or (c) financial assets at fair value through profit or loss.

3.2.1.2 Initial recognition and measurement

Financial assets are recognised at the time the Company becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and the transaction costs associated with these financial assets are taken directly to the profit and loss account.

3.2.1.3 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

a) 'Financial assets at fair value through profit or loss' and 'available-for-sale financial assets'

'Financial assets at fair value through profit or loss' and 'available-for-sale financial assets' are marked to market using the closing market rates and are carried on the balance sheet at fair values.

Net gains and losses arising on changes in the fair value of 'financial assets carried at fair value through profit or loss' are taken to the profit and loss account.

Net gains and losses arising on changes in fair value of 'available-for-sale financial assets' are taken to other comprehensive income until these are derecognised. At this time, the cumulative gain or loss previously shown under other comprehensive income is transferred to profit and loss account as capital gain / (loss).

b) 'Loans and receivables' and 'held-to-maturity investments'

'Loans and receivables' and 'held-to-maturity investments' are carried at amortised cost.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

3.2.1.4 Impairment

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. When there is an objective evidence that an impairment loss has been incurred, the amount of loss is measured as follows:

a) 'Assets carried at amortised cost' and 'loans and receivables'

Impairment loss in respect of 'assets carried at amortised cost' and 'loans and receivables' is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit and loss account.

b) Available-for-sale financial assets

Impairment loss in respect of financial assets classified as available-for-sale is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in the fair value of a listed equity investment below its cost is also considered an objective evidence of impairment. If any evidence for impairment exists, the cumulative loss (measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the profit and loss account) that had been recognised in other comprehensive income shall be reclassified from equity to the profit and loss account as a reclassification adjustment even though the financial asset has not been derecognised.

3.2.2 Financial liabilities

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

3.2.3 Derecognition

Financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised at the time when these are extinguished i.e. when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the profit and loss account.

3.2.4 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

3.2.5 Provisions

Provisions are recognised when the Company has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.2.6 Derivatives

Derivative instruments are initially recognised at fair value and are, subsequently, re-measured to their fair values with the resultant gain or loss recognised in the profit and loss account.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

3.3 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, and taxes paid under the final tax regime. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the year.

Deferred

Deferred taxation is recognised using the balance sheet liability method on all major temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognised for all taxable temporary differences. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. The Company also recognises deferred tax asset / liability on deficit / surplus on revaluation of property and equipment which is adjusted against the related deficit / surplus in accordance with the requirements of International Accounting Standard 12 (IAS 12), "Income Taxes". Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantially enacted by the end of the reporting period.

3.4 Impairment of non-financial assets

The carrying amounts of the Company's assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment loss. If such an indication exists, the asset's recoverable amount is estimated in order to determine the extent of impairment loss, if any. The resulting impairment loss is taken to the profit and loss account except for the impairment loss on revalued assets, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus arising on revaluation of that asset.

3.5 Non-current assets classified as held for sale

The Company classifies a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

A non-current asset held for sale is carried at the lower of its carrying amount and the fair value less costs to sell. Impairment losses are recognised through the profit and loss account for any initial or subsequent write down of the non-current asset to fair value less costs to sell. Subsequent gains in fair value less costs to sell are recognised to the extent they do not exceed the cumulative impairment losses previously recorded. A non-current asset is not depreciated while classified as held for sale.

3.6 Employee benefits - defined contributory plan

The Company had been contributing to an approved funded provident fund for all its permanent employees until March 2013 after which the provident fund was wound up and contributions ceased.

Subsequently, from April 2013 the Company and its employees have been contributing to an approved pension fund.

3.7 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice value less an estimate made for impairment against receivables which is determined based on management's review of outstanding amounts and previous repayment pattern. Balances considered bad and irrecoverable are written off immediately.

3.8 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. These include cash and cheques in hand, balances with banks in current and savings accounts and short-term highly liquid investments that are readily convertible to known amounts of cash (i.e. in three month) and which are subject to an insignificant risk of changes in value.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

3.9 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost, which is the fair value of consideration to be paid in the future for goods and services whether or not billed to the Company.

3.10 Revenue recognition

3.10.1 Management fee / investment advisory fee

- Remuneration for investment advisory and asset management services are recognised on an accrual basis. These are further disclosed in note 20 to the financial statements.
- Performance based remuneration for investment advisory services and management of discretionary portfolio are accrued once the terms of contract are honoured and the Company achieves the performance condition at the end of the period.

3.10.2 Processing fee and other related income

This is recognised once the services are provided to the unit holders in connection with their investments in collective investment schemes managed by the Company.

3.10.3 Profit on bank deposits and investments

Profit on bank deposits and on investments are recognised on an accrual basis. Premium or discount on acquisition of investments is amortised through the profit and loss account over the remaining period till maturity using the effective interest method.

3.10.4 Dividend income

Dividend income is recognised when the right to receive the dividend is established.

3.10.5 Capital gain on sale of investments - net

Capital gains / (losses) arising on sale of investments are included in the profit and loss account on the date at which the transaction takes place.

3.11 Basic and diluted earnings per share

The Company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of dilutive potential ordinary shares, if any.

3.12 Proposed dividends and transfers between reserves

Dividends declared and transfers between reserves made subsequent to the reporting date are considered as non-adjusting events and are recognised in the financial statements in the period in which such dividends are declared / transfers are made.

3.13 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupees, which is the Company's functional and presentational currency.

3.14 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

3.15 Commitments

Commitments are disclosed in the financial statements at committed amounts. Commitments denominated in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the reporting date.

3.16 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses that relates to transactions with any of the other components of the Company.

The Board of Directors and Chief Executive Officer have been identified as the chief operating decision-makers, who are responsible for allocating resources and assessing the performance of the operating segments. Currently, the Company is functioning as a single operating segment.

3.16.1 Geographical segment

The operations of the Company are currently based only in Pakistan.

	Note	2016	2015
		----- Rupees -----	
4 FIXED ASSETS			
Property and equipment	4.1	48,997,660	86,981,586
Intangible assets	4.2	282,862,707	282,851,799
Capital work-in-progress	4.3	7,870,791	-
		339,731,158	369,833,385

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

4.1 Property and equipment

Following is a statement of property and equipment:

Particulars	Computers	Building	Office equipment	Furniture and fixtures	Leasehold improvements	Vehicles	Total
----- Rupees -----							
As at July 1, 2015							
Cost / revaluation	30,679,139	84,494,665	13,579,008	15,904,067	2,725,000	7,662,267	155,044,146
Accumulated depreciation	(23,727,042)	(17,180,644)	(9,094,341)	(9,537,943)	(860,323)	(7,662,267)	(68,062,560)
Net book value	<u>6,952,097</u>	<u>67,314,021</u>	<u>4,484,667</u>	<u>6,366,124</u>	<u>1,864,677</u>	<u>-</u>	<u>86,981,586</u>
Year ended June 30, 2016							
Opening net book value	6,952,097	67,314,021	4,484,667	6,366,124	1,864,677	-	86,981,586
Additions during the year	3,201,745	-	4,900,450	8,222,120	30,259,863	-	46,584,178
Disposals							-
Cost	-	(84,494,665)	(2,920,659)	(14,250,186)	(2,725,000)	-	(104,390,510)
Accumulated depreciation	-	18,862,962	2,295,264	10,375,033	1,269,073	-	32,802,332
	-	(65,631,703)	(625,395)	(3,875,153)	(1,455,927)	-	(71,588,178)
Write-offs							
Cost	(2,178,849)	-	(2,854,737)	(99,900)	-	-	(5,133,486)
Accumulated depreciation	2,172,937	-	2,837,600	49,950	-	-	5,060,487
	(5,912)	-	(17,137)	(49,950)	-	-	(72,999)
Depreciation for the year	(3,609,963)	(1,682,318)	(3,266,874)	(2,133,936)	(1,467,181)	-	(12,160,272)
Impairment loss	(24,006)	-	(226,264)	(496,385)	-	-	(746,655)
Closing net book value	<u>6,513,961</u>	<u>-</u>	<u>5,249,447</u>	<u>8,032,820</u>	<u>29,201,432</u>	<u>-</u>	<u>48,997,660</u>
As at June 30, 2016							
Cost / revaluation	31,702,035	-	12,704,062	9,776,101	30,259,863	7,662,267	92,104,328
Accumulated depreciation	(25,188,074)	-	(7,454,615)	(1,743,281)	(1,058,431)	(7,662,267)	(43,106,668)
Net book value	<u>6,513,961</u>	<u>-</u>	<u>5,249,447</u>	<u>8,032,820</u>	<u>29,201,432</u>	<u>-</u>	<u>48,997,660</u>
Depreciation rates (% per annum)	<u>25%</u>	<u>5%</u>	<u>20% - 50%</u>	<u>10%</u>	<u>10% - 20%</u>	<u>25%</u>	
As at July 1, 2014							
Cost / revaluation	29,871,094	84,494,665	13,064,852	15,602,037	2,725,000	7,662,267	153,419,915
Accumulated depreciation	(21,125,175)	(13,637,343)	(7,258,661)	(8,253,478)	(315,323)	(5,886,171)	(56,476,151)
Net book value	<u>8,745,919</u>	<u>70,857,322</u>	<u>5,806,191</u>	<u>7,348,559</u>	<u>2,409,677</u>	<u>1,776,096</u>	<u>96,943,764</u>
Year ended June 30, 2015							
Opening net book value	8,745,919	70,857,322	5,806,191	7,348,559	2,409,677	1,776,096	96,943,764
Additions during the year	2,459,355	-	734,780	329,574	-	-	3,523,709
Disposals / transfers							-
Cost	(1,651,310)	-	(220,624)	(27,544)	-	-	(1,899,478)
Accumulated depreciation	1,546,612	-	193,734	8,952	-	-	1,749,298
	(104,698)	-	(26,890)	(18,592)	-	-	(150,180)
Write-offs							
Cost	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-
Depreciation for the year	(4,148,479)	(3,543,301)	(2,029,414)	(1,293,417)	(545,000)	(1,776,096)	(13,335,707)
Impairment loss	-	-	-	-	-	-	-
Closing net book value	<u>6,952,097</u>	<u>67,314,021</u>	<u>4,484,667</u>	<u>6,366,124</u>	<u>1,864,677</u>	<u>-</u>	<u>86,981,586</u>
As at June 30, 2015							
Cost / revaluation	30,679,139	84,494,665	13,579,008	15,904,067	2,725,000	7,662,267	155,044,146
Accumulated depreciation	(23,727,042)	(17,180,644)	(9,094,341)	(9,537,943)	(860,323)	(7,662,267)	(68,062,560)
Net book value	<u>6,952,097</u>	<u>67,314,021</u>	<u>4,484,667</u>	<u>6,366,124</u>	<u>1,864,677</u>	<u>-</u>	<u>86,981,586</u>
Depreciation rates (% per annum)	<u>25%</u>	<u>5%</u>	<u>20%</u>	<u>10%</u>	<u>20%</u>	<u>25%</u>	

4.1.1 During the year ended June 30, 2016 the Company disposed its building (including equipment, fixtures and fittings) situated at 8th floor, Techno City, Corporate Tower, Molana Hasrat Mohani Road, Karachi to a third party through an agreement dated September 14, 2015.

4.1.2 Included in cost of property and equipment are fully depreciated items which are still in use aggregating to Rs 16.26 million (2015: Rs 22.434 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

4.1.3 Particulars of operating assets having a net book value exceeding Rs 50,000 disposed of during the year are as follows:

Asset description	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of buyer
-----Rupees-----							
Mobile phone	57,200	16,684	40,516	40,516	-	Terms of employment Agreement	Aliya Irfan (Former employee)
Property and other fixtures	101,608,310	31,516,575	70,091,735	93,000,000	22,908,265	Agreement	Bank AL Habib Limited
Leasehold improvements	2,725,000	1,269,073	1,455,927	500,000	(955,927)	Sale	Zahida Zahid
	<u>104,390,510</u>	<u>32,802,332</u>	<u>71,588,178</u>	<u>93,540,516</u>	<u>21,952,338</u>		

4.1.4 Depreciation for the year has been allocated as follows:

Depreciation

Charged to profit and loss account

Allocated to Collective Investment Schemes

Note	2016 ----- Rupees -----	2015
24	11,870,911	13,335,707
24.3	289,361	-
	<u>12,160,272</u>	<u>13,335,707</u>

4.2 Intangible assets

Following is a statement of intangible assets:

Particulars	Computer software	Goodwill (note 3.1.3.2)	Management rights (note 3.1.3.2)	Total
----- Rupees -----				
As at July 1, 2015				
Cost	27,628,022	82,126,933	192,000,000	301,754,955
Accumulated amortisation	(18,903,156)	-	-	(18,903,156)
Net book value	<u>8,724,866</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>282,851,799</u>
Year ended June 30, 2016				
Opening net book value	8,724,866	82,126,933	192,000,000	282,851,799
Additions during the year	4,398,997	-	-	4,398,997
Disposals / transfers				
Cost	-	-	-	-
Accumulated amortisation	-	-	-	-
Amortisation for the year	(4,388,089)	-	-	(4,388,089)
Closing net book value	<u>8,735,774</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>282,862,707</u>
As at June 30, 2016				
Cost	32,027,019	82,126,933	192,000,000	306,153,952
Accumulated amortisation	(23,291,245)	-	-	(23,291,245)
Net book value	<u>8,735,774</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>282,862,707</u>
Amortisation rates (% per annum)	<u>25%</u>			
----- Rupees -----				
As at July 1, 2014				
Cost	27,486,381	82,126,933	192,000,000	301,613,314
Accumulated amortisation	(13,810,739)	-	-	(13,810,739)
Net book value	<u>13,675,642</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>287,802,575</u>
Year ended June 30, 2015				
Opening net book value	13,675,642	82,126,933	192,000,000	287,802,575
Additions during the year	141,641	-	-	141,641
Disposals / transfers				
Cost	-	-	-	-
Accumulated amortisation	-	-	-	-
Amortisation for the year	(5,092,417)	-	-	(5,092,417)
Closing net book value	<u>8,724,866</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>282,851,799</u>
As at June 30, 2015				
Cost	27,628,022	82,126,933	192,000,000	301,754,955
Accumulated amortisation	(18,903,156)	-	-	(18,903,156)
Net book value	<u>8,724,866</u>	<u>82,126,933</u>	<u>192,000,000</u>	<u>282,851,799</u>
Amortisation rates (% per annum)	<u>25%</u>			

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016	2015
		----- Rupees -----	
4.2.1	Amortisation for the year has been allocated as follows:		
Amortisation			
	24	3,320,640	5,092,417
	24.3	1,067,449	-
		4,388,089	5,092,417

4.2.2 In accordance with the requirement of IFRS 3: 'Business combinations', an acquiree shall measure goodwill acquired in a business combination, subsequent to initial recognition at cost less accumulated impairment losses, if any. Goodwill acquired in a business combination and intangible assets having indefinite useful life shall not be amortised, instead, they shall be tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired, in accordance with International Accounting Standard (IAS) 36: 'Impairment of Assets'. In addition, goodwill acquired in a business combination and intangible assets having indefinite useful lives shall be allocated to each of the acquirer's cash-generating unit (CGU) or a group of cash-generating units if they can be attributed directly, or allocated on a reasonable and consistent basis.

4.2.3 Goodwill is monitored by the management at the operating segment level. During the year, the management has carried out impairment testing of the operating segment. Based on this exercise and as per the management's assessment no impairment has been identified. The carrying value of the cash-generating-unit includes the amounts as stated above.

4.2.4 The recoverable amount of the CGU is based on the fair value less cost to sell calculations. In assessing fair value less cost to sell, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset. The management prepares a five year plan for its business unit. This five year plan has been used as the basis for fair value less cost to sell calculations. The management believes this to be a suitable time scale over which to review and consider annual performance before applying a fixed terminal value multiple to the final year cash flow of the detailed projections.

The following post-tax rates have been applied by the Company to the post-tax cash flows of the CGU:

	2016	2015
- Discount rate	17.50%	20.00%
- Terminal growth rate	4.50%	6.00%

4.2.5 Key assumptions used to determine the recoverable amounts

The growth rates used to estimate future performance of the business unit are based on a market participant's perspective and also take into account past performance. The calculation of fair value less cost to sell is most sensitive to the following assumptions:

- **Growth rate of assets under management**

Growth forecast is based on management's best estimates and also takes into account past trends.

- **Cost to income ratio**

Cost to income ratio for asset management business is based on management's best estimate and also takes into account past trends.

- **Discount rate**

The discount rate for the CGU is the cost of equity.

- **Terminal growth rate used to extrapolate the cash flows beyond the budgeted period**

It is based on the growth rate of cash flows during the explicit forecast period.

4.3 This includes cost in respect of IT related software developments and capital expenditure incurred on the current registered office which the Company has recently acquired on rent.

	Note	2016	2015
		----- Rupees -----	
5	LONG-TERM INVESTMENTS		
Investments in units of pension schemes - related parties			
	5.1	456,022,751	433,477,071

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

5.1 Available-for-sale investments

Name of the Investee Fund	As at July 01, 2015	Purchases during the year	Redemptions during the year	As at June 30, 2016	As at June 30, 2016			As at June 30, 2015		
					Carrying value	Market value	Unrealised appreciation on re-measurement of investments	Carrying value	Market value	Unrealised appreciation on re-measurement of investments
----- Number of units -----					----- Rupees -----					
Pakistan Islamic Pension Fund	905,160	-	29,031	876,129	108,787,629	234,794,054	126,006,425	112,534,000	219,223,081	106,689,081
Pakistan Pension Fund	852,196	-	46,891	805,305	102,112,651	221,228,697	119,116,046	108,396,061	214,253,990	105,857,929
					210,900,280	456,022,751	245,122,471	220,930,061	433,477,071	212,547,010

5.1.1 Net unrealised appreciation on re-measurement of investments classified as 'available-for-sale'

	Note	2016	2015
----- Rupees -----			
Market value of investments		456,022,751	433,477,071
Less: carrying value of investments		<u>(210,900,280)</u>	<u>(220,930,061)</u>
		245,122,471	212,547,010
Less: Net unrealised appreciation in fair value of investments at the beginning of the year		(212,547,010)	(135,992,233)
Add: amount realised on redemption		4,970,219	-
		<u>37,545,680</u>	<u>76,554,777</u>

6 LONG-TERM LOANS AND RECEIVABLES

Considered good

Loans:

- to executives	6.1	1,725,268	1,623,807
- to other employees		12,311	12,311
Less: current portion of loans	8	<u>(465,441)</u>	<u>(409,915)</u>
		1,272,138	1,226,203

Other receivables from related parties

MCB Pakistan Islamic Stock Fund (Formerly Pakistan Strategic Allocation Fund)		562,733	2,082,764
MCB Pakistan Stock Market Fund		544,939	1,680,851
	6.2	1,107,672	3,763,615
Less: current portion		<u>(1,107,672)</u>	<u>(1,881,808)</u>
		<u>1,272,138</u>	<u>3,108,010</u>

6.1 These represent interest-free loans given to executives as per the terms of employment for the purchase of motor vehicles. These are recovered through monthly deductions from salaries over the term of the loans and are secured against pension fund balances maintained with the Company. Based on month end balances, the maximum aggregate balance of loans to executives outstanding at any time during the year was Rs 1.819 million (2015: Rs 5.399 million).

	2016	2015
----- Rupees -----		
Reconciliation of carrying amount of loans to executives is as follows:		
Opening balance	1,623,807	1,869,260
Disbursements during the year	576,800	875,429
Repayments made during the year	<u>(475,339)</u>	<u>(1,120,882)</u>
Closing balance	<u>1,725,268</u>	<u>1,623,807</u>

6.2 This represents expenses borne by the Company in connection with the registration, establishment and offering for sale and distribution of the securities of the Funds. These receivables are reimbursable by the Funds in equal amounts, payable annually over a period of five years or period till maturity, whichever is earlier.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

7	RECEIVABLE FROM RELATED PARTIES	Note	2016	2015
			----- Rupees -----	
	Unsecured - considered good			
	MCB Cash Management Optimizer		57,912,481	49,646,430
	MCB DCF Income Fund		139,204,495	126,127,195
	MCB Islamic Income Fund		12,307,321	11,504,043
	MCB Pakistan Asset allocation Fund		41,461,507	32,128,969
	MCB Pakistan Frequent Payout Fund		11,637,373	-
	MCB Pakistan Islamic Stock Fund (Formerly Pakistan Strategic Allocation Fund)		8,820,148	4,741,647
	MCB Pakistan Sovereign Fund		40,329,378	24,883,820
	MCB Pakistan Stock Market Fund		75,749,892	44,790,097
	Pakistan Capital Market Fund		7,601,360	4,530,037
	Pakistan Cash Management Fund		12,862,951	11,687,857
	Pakistan Income Enhancement Fund		28,379,458	10,971,674
	Pakistan Income Fund		11,120,962	7,922,105
	Pakistan International Element Islamic Asset Allocation Fund		9,511,365	5,662,717
	Pakistan Sarmaya Mehfooz Fund		4,934,531	8,420,263
	Pakistan Islamic Pension Fund		4,201,835	2,682,782
	Pakistan Pension Fund		8,507,272	5,004,530
		7.1	474,542,329	350,704,166
	Receivable from MCB Bank Limited in lieu of branch sharing expenses		-	206,162
	Advisory fee receivable on account of discretionary portfolio management of Adamjee Life Assurance Company Limited		9,714,575	6,839,432
			<u>484,256,904</u>	<u>357,749,760</u>
7.1	The above amounts represent receivable on account of management fee, sales tax and federal excise duty on management fee, sales load, current portion of long-term receivables and other expenses paid on behalf of the related parties. Federal Excise Duty amounting to Rs 399.62 million (2015: Rs 253.94 million) which has been accrued by the Company is receivable from the funds under its management. The matter is further explained in note 18.2 to the financial statements.			
		Note	2016	2015
8	LOANS AND ADVANCES		----- Rupees -----	
	Considered good - unsecured			
	Current portion of loans to employees	6	465,441	409,915
	Advances to employees		257,149	91,385
	Advance rent		3,267,680	-
	Advances to suppliers and contractors		919,476	1,779,486
			<u>4,909,746</u>	<u>2,280,786</u>
8.1	These are provided against routine business activities and are non-interest bearing.			
9	DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		2016	2015
			----- Rupees -----	
	Deposits		304,698	304,698
	Prepayments			
	Registration fee		869,830	742,028
	Insurance		2,479,006	1,997,286
	Others		2,404,177	1,473,044
			5,753,013	4,212,358
	Other receivables			
	Advisory fee receivable on account of discretionary portfolio management		18,490,242	19,767,541
	Others		144,083	63,274
			<u>18,634,325</u>	<u>19,830,815</u>
			<u>24,692,036</u>	<u>24,347,871</u>
10	ACCRUED MARK-UP			
	Mark-up receivable on government securities		5,222,502	7,848,811
	Mark-up receivable on bank deposits		20,735	131,524
			<u>5,243,237</u>	<u>7,980,335</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016	2015
		----- Rupees -----	
11 SHORT-TERM INVESTMENTS			
At fair value through profit or loss	11.1	388,799,299	38,025,601
Available-for-sale investments	11.2	368,911,874	715,564,171
		757,711,173	753,589,772

11.1 At fair value through profit or loss

Investments in units of collective investment schemes - related parties	11.1.1	388,799,299	38,025,601
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Name of the Investee Fund	As at July 01, 2015	Purchases during the year	Redemptions during the year	As at June 30, 2016	As at June 30, 2016			As at June 30, 2015		
					Carrying value	Market value	Unrealised appreciation on re-measurement of investments	Carrying value	Market value	Unrealised appreciation on re-measurement of investments
					----- Number of units -----				----- Rupees -----	
MCB Cash Management Optimizer	379,880	5,131,839	5,511,719	-	-	-	-	38,000,000	38,025,601	25,601
MCB DCF Income Fund	-	499,349	499,349	-	-	-	-	-	-	-
MCB Pakistan Asset Allocation Fund *	-	1,524,321	549,625	974,696	75,921,934	77,055,309	1,133,375	-	-	-
MCB Pakistan Sovereign Fund	-	17,763,386	11,903,536	5,859,850	311,568,194	311,743,990	175,796	-	-	-
					387,490,128	388,799,299	1,309,171	38,000,000	38,025,601	25,601

* These include units issued on reinvestment of dividend

	Note	2016	2015
		----- Rupees -----	
11.2 Available-for-sale investments			
Investments in units of collective investment schemes - related parties	11.2.1	167,398,815	82,250,918
Investments in government securities			
Pakistan Investment Bonds	11.2.2.1	102,057,759	162,005,253
Market Treasury Bills	11.2.2.2	99,455,300	471,308,000
		368,911,874	715,564,171

11.2.1 Investments in units of collective investment schemes - related parties

Name of the Investee Fund	As at July 01, 2015	Purchases during the year	Redemptions during the year	As at June 30, 2016	As at June 30, 2016			As at June 30, 2015		
					Carrying value	Market value	Unrealised appreciation on re-measurement of investments	Carrying value	Market value	Unrealised appreciation on re-measurement of investments
					----- Number of units -----				----- Rupees -----	
MCB Pakistan Stock Market Fund	988,236	933,900	-	1,922,136	153,492,504	167,398,815	13,906,311	73,231,442	82,250,918	9,019,476
					153,492,504	167,398,815	13,906,311	73,231,442	82,250,918	9,019,476

11.2.2 Investments in government securities

11.2.2.1 Pakistan Investment Bonds

Issue date	Tenor	Face Value			As at June 30, 2016	As at June 30, 2016			As at June 30, 2015		
		As at July 01, 2015	Purchased during the year	Disposed during the year		Carrying Value	Market value	Unrealised appreciation on re-measurement of investments	Carrying Value	Market value	Unrealised appreciation on re-measurement of investments
		----- Rupees -----									
July 19, 2012	10 years	50,000,000	-	50,000,000	-	-	-	55,786,400	55,898,400	112,000	
July 18, 2013	3 years	101,800,000	-	-	101,800,000	101,871,106	102,057,759	186,653	103,475,324	2,631,529	
July 17, 2014	5 years	-	50,000,000	50,000,000	-	-	-	-	-	-	
March 26, 2015	3 years	-	50,000,000	50,000,000	-	-	-	-	-	-	
March 26, 2015	5 years	-	312,500,000	312,500,000	-	-	-	-	-	-	
					101,871,106	102,057,759	186,653	159,261,724	162,005,253	2,743,529	

These Pakistan Investment Bonds have a cost of Rs 103,475,324 (2015: Rs 159,248,884) and carry interest at the rate of 11.25% (2015: 12.00%) per annum.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

11.2.2.2 Treasury Bills

Issue date	Tenor	Face Value			As at June 30, 2016			As at June 30, 2015			
		As at July 01, 2015	Purchased during the year	Disposed / matured during the year	As at June 30, 2016	Carrying Value	Market value	Unrealised appreciation on re-measurement of investments	Carrying Value	Market value	Unrealised appreciation/(diminution) on re-measurement of investments
Rupees											
May 28, 2015	3 months	375,000,000	275,000,000	650,000,000	-	-	-	371,522,332	371,460,000	(62,332)	
January 8, 2015	6 months	100,000,000	-	100,000,000	-	-	-	99,852,581	99,848,000	(4,581)	
August 6, 2015	12 months	-	200,000,000	100,000,000	100,000,000	-	-	-	-	-	
					99,396,128	99,455,300	59,172	471,374,913	471,308,000	(66,913)	

Market treasury bills carry effective interest at the rate of 5.88% (2015: 6.94% to 6.96%).

11.2.2.3 Investments in government securities include Pakistan Investment Bonds having a face value of Rs 35 million which have been pledged with the Central Depository Company of Pakistan Limited in its capacity as the trustee of Pakistan Sarmaya Mehfooz Fund as detailed in note 19.2.

11.2.3 Net unrealised appreciation / (diminution) in value of investments classified as 'available-for-sale'	Note	2016	2015
		----- Rupees -----	
Market value of investments		368,911,874	715,564,171
Less: carrying value of investments		(354,759,738)	(703,868,079)
		14,152,136	11,696,092
Less: net unrealised appreciation in fair value of investments at the beginning of the year		(11,696,092)	(78,634)
Add: amount realised on redemption net of related deferred tax		45,087	-
		2,501,131	11,617,458

12 TAXATION - NET

Advance tax		119,039,853	104,760,778
Income tax refundable		47,913,426	53,182,077
		166,953,279	157,942,855
Provision for taxation	28	(111,510,401)	(108,275,625)
	12.1	55,442,878	49,667,230

12.1 This includes assessed refunds for the tax years 2008, 2009, 2010, 2011 and 2013. The income tax returns upto Tax Year 2015 have been filed under the self assessment scheme and are deemed to be finalised under section 120 of the Income Tax Ordinance, 2001. Contingencies in respect of taxation have been disclosed in note 19.

13 CASH AND BANK BALANCES	Note	2016	2015
		----- Rupees -----	
Balances with bank in			
- savings accounts	13.1	37,847,659	11,607,068
- current accounts	13.2	3,994,505	4,280,306
		41,842,164	15,887,374
Cash in hand		25,000	25,000
		41,867,164	15,912,374

13.1 These denote deposits made with conventional banks under mark-up arrangements with mark-up rate ranging between 3.75% and 5.75% (2015: 5.50% and 6.25%) per annum and include balances in accounts maintained with MCB Bank Limited (a related party) amounting to Rs 3.718 million (2015: Rs 8.608 million) which carry mark-up at the rate of 3.75% (2015: 6%) per annum.

13.2 These denote balances in accounts maintained with conventional banks and include amounts placed with MCB Bank Limited (a related party) amounting to Rs 3.764 million (2015: Rs 2.001 million).

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

14 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2016	2015		Note	2016	2015
Number of shares				----- Rupees -----	
		Ordinary shares of Rs 10 each			
5,000,000	5,000,000	- Fully paid in cash		50,000,000	50,000,000
31,000,000	31,000,000	- Allotted as bonus shares		310,000,000	310,000,000
<u>36,000,000</u>	<u>36,000,000</u>	- Issued for consideration other than cash	15.1	<u>360,000,000</u>	<u>360,000,000</u>
<u>72,000,000</u>	<u>72,000,000</u>			<u>720,000,000</u>	<u>720,000,000</u>

14.1 Shares held by the related parties of the Company

	2016	2015
	---- Number of shares ----	
Particulars of the shareholders		
MCB Bank Limited	36,956,768	36,956,768
Arif Habib Corporation Limited	21,664,167	21,664,167
Adamjee Insurance Company Limited	-	1,142,340
Directors, spouses and their minor children	29,826	32,026
Executives	150,000	435,121
Others	1,200	1,200

15 RESERVE ARISING ON AMALGAMATION

	Note	2016	2015
		----- Rupees -----	
Deficit arising on amalgamation	15.1	<u>60,000,000</u>	<u>60,000,000</u>

15.1 In accordance with the scheme of amalgamation of MCB AMC and AHIL, the entire undertaking of MCB AMC including all properties, assets, liabilities, receivables, payables and all other rights and obligations were transferred into and vested in the Company as on the effective date. As part of the Scheme, the Company issued and allotted 36 million ordinary shares of Rs 10 each, as fully paid shares, to the registered ordinary shareholders of MCB AMC in the ratio of 1.2 ordinary shares of the Company for each share of Rs 10 of MCB AMC as consideration. Deficit arising on amalgamation represents difference in share capital of AHIL and MCB AMC at the time of merger.

**16 SURPLUS ARISING ON REVALUATION OF PROPERTY
- NET OF DEFERRED TAX**

	Note	2016	2015
		----- Rupees -----	
Surplus on revaluation of building as at July 1, 2015		16,697,397	17,505,206
Surplus realised on disposal during the year - net of deferred tax		(16,279,962)	-
Transferred to unappropriated profit in respect of:			
Incremental depreciation charged during the year - net of deferred tax		(283,856)	(569,153)
Related deferred tax liability		(133,579)	(238,656)
		(417,435)	(807,809)
Surplus on revaluation of building as at June 30, 2016		-	16,697,397
Less: Related deferred tax liability			
Opening balance		5,516,374	5,755,030
Surplus realised on disposal during the year		(5,382,795)	-
Incremental depreciation charged during the year transferred to unappropriated profit		(133,579)	(238,656)
		-	5,516,374
		<u>-</u>	<u>11,181,023</u>

17 DEFERRED TAXATION

Deferred tax liabilities arising on taxable temporary differences

- Surplus arising on revaluation of property		-	5,516,374
- Property and equipment		1,236,998	10,520,901
- Intangible assets		44,206,773	36,860,962
- Investments at fair value through profit or loss		327,293	-
- Available-for-sale investments		1,466,837	952,202
	17.1	<u>47,237,901</u>	<u>53,850,439</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016	2015
		----- Rupees -----	
17.1 Reconciliation of deferred tax liability			
As at July 1		53,850,439	47,931,810
On surplus on revaluation of building realised on disposal		(5,382,795)	-
On incremental depreciation charged during the year		(133,579)	-
On components of 'other comprehensive income'		1,466,837	-
On amount (reversed) / charged during the year		<u>(2,563,001)</u>	<u>5,918,629</u>
As at June 30		<u>47,237,901</u>	<u>53,850,439</u>
18 TRADE AND OTHER PAYABLES			
Accrued expenses		83,278,062	92,725,451
Workers' Welfare Fund	18.1	29,905,142	22,477,113
Withholding tax payable		4,639,559	549,648
Indirect taxes and duties payable	18.2	421,369,247	262,903,048
Payable to facilitators / distributors		33,387,448	79,330,469
Unclaimed dividend		3,942,935	2,105,842
Others		881,816	350,709
		<u>577,404,209</u>	<u>460,442,280</u>

18.1 Workers' Welfare Fund

The Company was liable to contribute to Worker's Welfare Fund (WWF) in accordance with the amendments introduced in Finance Act, 2008 but has filed a constitutional petition (CP No.1391/2014) dated March 20, 2014 with the Honourable High Court of Sindh to challenge the applicability of Worker's Welfare Fund thereon. The Honourable High Court of Sindh has passed a restraining order for not taking any coercive action to the extent of WWF. The matter is still subjudice to Court. However, the Company as a matter of abundant caution has decided to maintain a provision for WWF amounting to Rs 29.91 million as at June 30, 2016 (2015: Rs 22.48 million).

18.2 Federal excise duty payable on remuneration of the Company

As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Company has been applied effective June 13, 2013. The Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of law.

On September 4, 2013, a Constitutional Petition was filed in the Honourable Sindh High Court (SHC) by the Company jointly with other Asset Management Companies, together with their respective Collective Investment Schemes through their trustees, challenging the levy of FED. In this respect, the SHC issued a stay order against recovery proceedings till the date of the next hearing.

In a recent order of the SHC, all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) have been set aside. However, as a matter of abundant caution, the accrual made till June 30, 2016 in respect of FED on management fee has not been reversed as the management believes that the Federal government retains the right to appeal against the said order in the Supreme Court within the prescribed timeline.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by Finance Act, 2016.

19 CONTINGENCIES AND COMMITMENTS

19.1 On June 20, 2014, the Punjab Revenue Authority issued a show cause notice to the Company to pay Sales Tax on management fee earned in Punjab under the Punjab Sales Tax on Services Act, 2012 with effect from May 22, 2013.

The Management Company jointly with other Asset Management Companies through the trustees of their Collective Investment Schemes challenged the above notice vide a petition filed on July 8, 2014 in the Sindh High Court (SHC). The SHC has ordered suspension of the show cause notice in its order dated July 10, 2014 till the date of the next hearing of appeals. The management is expecting no outflow of economic resources in this respect as the payments relating to sales tax have already been made to the Sindh Revenue Board and in case decision is made against the Company, the same is required to be settled between the two authorities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

- 19.2** On December 19, 2014, the Company launched a capital protected fund namely "Pakistan Sarmaya Mehfooz Fund". In accordance with the terms of the agreement, the Company has guaranteed the Gap Risk through a Guarantee Agreement signed between the trustee of the Fund and the Company. According to the agreement, the Company is liable to provide Gap Risk coverage of the initial fund size (adjusted for redemptions, if any, during the life of the Fund, and inclusive of any front-end load) upto a maximum of 5% of the total subscription amount. In compliance with the above mentioned requirements, the Company has pledged Pakistan Investment Bonds with a face value of Rs 35 million and having maturity of July 18, 2016 with the trustee of the Fund as at June 30, 2016.
- 19.3** The Additional Commissioner Inland Revenue (ACIR) issued a notice to the Company under section 122(5A) of the Income Tax Ordinance, 2001 vide letter No.Addl.CIR/AR-A/Z-III/LTU/2014-15 dated November 14, 2014 relating to Tax Year 2013. The ACIR was of the view that the deemed assessment order for tax year 2013 was erroneous and was prejudicial to the interest of revenue necessitating amendment of assessment. The ACIR passed an order under section 122(5A) of the Income Tax Ordinance, 2001 dated August 28, 2015 after making certain additions / disallowances in the profit and loss account and created a demand of Rs 39.38 million. These additions / disallowances mainly pertained to apportionment of expenses, management fee/processing fee and related income sharing, workers' welfare fund, etc. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) against the above order and has also filed a constitution petition for a stay of demand. An amount of Rs 13.50 million has been paid under protest to the taxation authorities. However, no provision has been made in these financial statements against the above order as the management and the tax advisor of the Company are confident that good grounds exist to contest the additions / disallowances made by the ACIR at the appellate forums and these additions are not maintainable. The potential tax liability in this respect amounts to Rs 39.38 million.
- 19.4** On February 29, 2016, the Deputy Commissioner Inland Revenue (DCIR) passed an order under section 122 (1) of the Income Tax Ordinance, 2001 relating to tax year 2010 of MCB AMC making certain additions / disallowances in the return filed by the Company. The assessing officer adjusted the impact of disallowances and reduced the amount refundable in respect of that tax year to Rs 1.947 million. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] against the said order. Subsequently, the Company again received a notice of demand amounting to Rs 0.980 million on May 4, 2016 from the Additional Commissioner Inland Revenue (ACIR) against which it filed an appeal before the CIR(A) which is pending adjudication. As at June 30, 2016, no provision has been made in these financial statements in respect of these orders as the management is confident that the Company has good grounds to contest the amendments made by the tax authorities.

20 MANAGEMENT FEE / INVESTMENT ADVISORY FEE	Note	2016	2015
		----- Rupees -----	
Management fee from open-end Collective Investment			
Schemes - related parties			
MCB Cash Management Optimizer		70,511,082	140,834,162
MCB DCF Income Fund		230,408,328	256,652,938
MCB Islamic Income Fund		9,312,846	19,176,162
MCB Pakistan Asset Allocation Fund		83,041,534	37,248,458
MCB Pakistan Frequent Payout Fund		6,096,636	-
MCB Pakistan Islamic Stock Fund (Formerly Pakistan Strategic Allocation Fund)		21,583,501	9,882,887
MCB Pakistan Sovereign Fund		102,493,054	90,010,662
MCB Pakistan Stock Market Fund		186,864,633	125,840,037
Pakistan Capital Market Fund		20,068,097	12,367,107
Pakistan Cash Management Fund		11,299,711	30,607,886
Pakistan Income Enhancement Fund		64,118,975	31,665,713
Pakistan Income Fund		24,043,194	21,178,409
Pakistan International Element Islamic Asset Allocation Fund		21,279,229	13,220,187
Pakistan Sarmaya Mehfooz Fund		9,106,163	5,037,640
	20.1	860,226,983	793,722,248
Management fee from pension schemes - related parties			
Pakistan Islamic Pension Fund		9,184,285	7,402,649
Pakistan Pension Fund		19,213,308	14,122,392
	20.2	28,397,593	21,525,041
		888,624,576	815,247,289
Investment advisory fee from discretionary portfolio management	20.3	41,747,468	38,638,108
		930,372,044	853,885,397
Less: Indirect taxes and duties			
Sindh sales tax	20.4	(114,256,216)	(111,376,356)
Federal excise duty	18.2	(112,567,700)	(102,415,040)
		703,548,128	640,094,001

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

- 20.1** Management fee from open-end Collective Investment Schemes is calculated by charging the specified rates to the net asset value / income of such schemes as at the close of business of each calendar day. During the year ended June 30, 2016, an amendment has been introduced in Regulation 61 of the NBFC Regulations, 2008, relating to the chargeability of remuneration of asset management companies. As per this amendment, an Asset Management Company shall be entitled to an accrued remuneration equal to an amount not exceeding 2% of average annual net assets in case of equity, balanced, asset allocation and capital protected (dynamic asset allocation-direct exposure) schemes, 1.5% of average annual net assets in case of income, aggressive income, index, fund of funds, commodity schemes (cash settled), 1% of average annual net assets in case of money market, commodity schemes (deliverable) and capital protected schemes, that has been verified by the trustee and is paid in arrears on a monthly basis. Previously, the Company was entitled to receive a remuneration during the first five years of the Fund, at a rate not exceeding 3% of the average annual net assets of the CISs and, thereafter, at the rate of 2% of such assets.

Based on the new requirements, the Company has charged remuneration at the following rates:

Open-end Collective Investment Schemes	Category of Scheme	2016	2015
Percentage per annum			
MCB Cash Management Optimizer	Money Market Scheme	10 / 0.25**	10 / 0.25**
MCB DCF Income Fund	Income Scheme	1.50*	1.50*
MCB Islamic Income Fund	Shariah Compliant Islamic Income Scheme	10 / 0.25**	10 / 0.25**
MCB Pakistan Asset Allocation Fund	Asset Allocation Scheme	2.00*	2.00*
MCB Pakistan Frequent Payout Fund	Asset Allocation Scheme	15 / 0.25***	-
MCB Pakistan Islamic Stock Fund (Formerly Pakistan Strategic Allocation Fund)	Shariah Compliant Equity Scheme	2.00*	2.00*
MCB Pakistan Sovereign Fund	Income Scheme	10/1.50/0.50****	10/1.50/0.50****
MCB Pakistan Stock Market Fund	Equity Scheme	2.00*	2.00*
Pakistan Capital Market Fund	Balanced Scheme	2.00*	2.00*
Pakistan Cash Management Fund	Money Market Scheme	10 / 0.25**	10 / 0.25**
Pakistan Income Enhancement Fund	Aggressive Fixed Income Scheme	1.50*	1.50*
Pakistan Income Fund	Income Scheme	1.50*	1.50*
Pakistan International Element Islamic Asset Allocation Fund (PIEIAAF)			
PIEIAAF – A		2.00*	2.00*
PIEIAAF – B	Shariah Compliant Islamic Asset Allocation Scheme	2.00*	2.00*
PIEIAAF – C		1.33*	1.33*
PIEIAAF – D		1.33*	1.33*
PIEIAAF – E		1.00*	1.00*
Pakistan Sarmaya Mehfooz Fund	Capital Protected Scheme	1.00*	1.00*

* Computed on the basis of net asset values of the Fund.

** Computed on the basis of 10% of gross earnings or 0.25% of net asset values of the Fund whichever is higher.

*** Computed on the basis of 15% of gross earnings or 0.25% of net asset values of the Fund whichever is higher.

**** Computed on the basis of lower of 10% of operating revenue or 1.50% of average daily net asset values of the Fund subject to a minimum rate of 0.50% of the average daily net assets

- 20.2** In accordance with Rule 11 of the Voluntary Pension System Rules, a pension fund manager is allowed to charge management fee equal to 1.50% of the average net assets of the pension fund. Accordingly, during the year the Company has charged remuneration at the following rates:

Pension Schemes	Category of Scheme	2016	2015
Percentage per annum			
Pakistan Islamic Pension Fund	Islamic Voluntary Pension Scheme	1.50*	1.50*
Pakistan Pension Fund	Voluntary Pension Scheme	1.50*	1.50*

* These are charged on the basis of net asset values of the respective sub-funds.

- 20.3** The Company is managing investments of various clients under discretionary portfolio management agreements. Investment advisory fee from the discretionary portfolios is calculated on a daily / monthly basis by charging agreed rates to the net asset value of the portfolios as stated in the respective agreements. The details of this portfolio are as under:

	2016	2015
Number of clients	62	40
Total portfolio at cost (Rs in millions)	20,232	12,553
Total portfolio at market value (Rs in millions)	20,611	13,062
Fee earned (Rs in millions) - gross	42	39
Fee earned (Rs in millions) - net	32	29
Remuneration charged for investment advisory services (in percentage)	0.15-1.50*	0.00-1.50*

* These are computed on the basis of net asset values of the portfolio.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

20.4 This pertains to Sindh Sales Tax (SST) levied with effect from July 01, 2011 by the Provincial Government of Sindh through the Sindh Sales Tax on Services Act, 2011 and the Federal Excise Duty (FED) levied with effect from June 13, 2013 on remuneration of the Management Company (note 18.2). The applicable rates for SST and FED for the year ended June 30, 2016 were 14% and 16% (2015: 15% and 16%) respectively .

21 PROFIT ON BANK DEPOSITS

This denotes income earned under interest / mark-up arrangements with conventional banks.

	Note	2016	2015
		----- Rupees -----	
22 DIVIDEND INCOME			
MCB Pakistan Asset Allocation Fund		773,825	-
MCB Pakistan Stock Market Fund		956,182	3,795,440
		1,730,007	3,795,440

23 CAPITAL GAIN ON SALE OF INVESTMENTS - NET

Gain on sale of government securities		1,443,384	17,849,472
Gain on redemption of units of collective investment schemes and pension schemes		23,153,885	80,868,785
		24,597,269	98,718,257

24 ADMINISTRATIVE EXPENSES

Salaries, allowances and other benefits	24.1	166,953,141	167,269,487
Legal and professional charges		12,914,314	12,961,552
Travelling and conveyance charges		3,723,831	2,984,627
Rent, utilities, repairs and maintenance		55,051,894	32,467,080
Office supplies		767,595	537,543
Auditors' remuneration	24.2	4,405,100	3,684,500
Directors' meeting fee		2,125,000	775,000
Insurance		1,510,361	1,772,998
Depreciation	4.1.4	11,870,911	13,335,707
Amortisation	4.2.1	3,320,640	5,092,417
Stamp duty and taxes		133,375	225,863
Printing and stationery		3,280,151	3,952,445
Telephone expenses		4,347,014	3,886,118
Entertainment expenses		2,467,202	2,109,443
Books, periodicals, subscription and training		9,109,834	7,334,765
Registrar fee		433,882	811,493
Miscellaneous expenses		3,143,929	315,288
		285,558,174	259,516,326

24.1 This amount includes contributions on behalf of the employees to pension fund (note 3.6) amounting to Rs 3.950 million (2015: Rs 3.279 million).

		2016	2015
		----- Rupees -----	
24.2 Auditors' remuneration			
Audit fee		1,500,000	1,350,000
Half yearly review fee		275,000	250,000
Fee for the review of compliance with the best practices of the Code of Corporate Governance		75,000	75,000
Fee for other services		2,505,100	1,959,500
Out of pocket expenses		50,000	50,000
		4,405,100	3,684,500

24.3 The SECP vide SRO 1160 (I) / 2015 dated November 25, 2015 introduced amendments in the NBFC Regulations as a result of which the Company was entitled to charge fees and expenses pertaining to registrar services, accounting, operation and valuation services related to CISs managed by the Company maximum upto 0.1% of average annual net assets of the Scheme or actual whichever is lower. Accordingly, with effect from November 27, 2015, the Company has charged expenses aggregating to Rs 27.676 million to the respective CISs under its management. The breakdown of these expenses has been disclosed in note 37.1.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

25	FINANCIAL CHARGES	Note	2016 ----- Rupees -----	2015 ----- Rupees -----
	Mark-up on running finance	25.1	-	5,270,143
	Bank charges		454,854	861,881
			<u>454,854</u>	<u>6,132,024</u>
25.1	During the year ended June 30, 2015, the Company had obtained a short-term finance facility under mark-up arrangement with MCB Bank Limited (a related party) amounting to Rs 500 million (2015: Rs 500 million). The facility carried mark-up at one month KIBOR+0.5% (2015: KIBOR+0.5%) payable on quarterly basis. The facility was secured against pledge of government securities and will be expired on Aug 31, 2016.			
26	OTHER EXPENSES	Note	2016 ----- Rupees -----	2015 ----- Rupees -----
	Workers' Welfare Fund		7,428,029	8,013,012
27	OTHER INCOME			
	Income from assets other than financial assets			
	Gain on disposal of fixed assets - net		21,952,338	(91,680)
	Miscellaneous income		79,010	1,159,428
			<u>22,031,348</u>	<u>1,067,748</u>
28	TAXATION			
	Current		111,510,401	108,275,625
	Prior		1,753,967	(420,543)
	Deferred	17.1	(2,563,001)	5,918,629
			<u>110,701,367</u>	<u>113,773,711</u>
28.1	Relationship between income tax expense and accounting profit:			
	Accounting profit before tax		349,810,253	392,637,061
	Tax on accounting profit at 32% (2015: 33%)		111,939,281	129,570,230
	Effect of:			
	Change in rate		(4,615,752)	2,904,958
	Inadmissible expenses		3,432,859	(1,278,973)
	Exempt income and income chargeable to tax at reduced rates		(3,564,808)	(19,779,665)
	Income not chargeable to income tax		(418,935)	(236,142)
	Prior year adjustments		1,753,967	(420,543)
	Others		2,174,755	3,013,846
			<u>110,701,367</u>	<u>113,773,711</u>
29	EARNINGS PER SHARE			
29.1	Basic			
	Earnings per share has been computed by dividing profit after taxation for the year by the weighted average number of shares outstanding during the year:			
			2016 ----- Rupees -----	2015 ----- Rupees -----
	Profit for the year after taxation		239,108,886	278,863,350
			----- Number of shares -----	
	Weighted average number of ordinary shares outstanding during the year		72,000,000	72,000,000
			----- Rupees -----	
	Basic earnings per share		3.32	3.87
29.2	Diluted			
	Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2016 and 2015 which would have any effect on the earnings per share if the option to convert is exercised.			

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

30 CASH AND CASH EQUIVALENTS	Note	2016 Rupees	2015 Rupees
Cash and bank balances	13	41,867,164	15,912,374
Market treasury bills (with original maturity upto 3 months)		-	371,460,000
		<u>41,867,164</u>	<u>387,372,374</u>

31 REMUNERATION TO THE CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the remuneration including all benefits to the Chief Executive Officer, Directors and Executives of the Company was as follows:

Particulars	Year ended June 30, 2016			Year ended June 30, 2015		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
	Rupees					
Managerial remuneration	6,865,103	-	36,024,208	7,272,727	-	31,427,704
Bonus	2,500,000	-	17,947,522	5,000,000	-	25,133,078
Retirement benefits	509,004	-	2,209,228	606,780	-	2,408,155
Rent and house maintenance	3,089,296	-	12,956,678	3,272,727	-	12,534,853
Utilities	686,510	-	2,879,262	727,273	-	2,785,523
Medical	686,510	-	2,879,262	727,273	-	2,785,523
Meeting fee	-	2,125,000	-	-	775,000	-
Others	2,909,641	-	9,045,055	2,907,640	-	10,382,924
	<u>17,246,064</u>	<u>2,125,000</u>	<u>83,941,215</u>	<u>20,514,420</u>	<u>775,000</u>	<u>87,457,760</u>
Number of persons	<u>2</u>	<u>7</u>	<u>34</u>	<u>1</u>	<u>7</u>	<u>35</u>

The remuneration of the Chief Executive Officer includes an amount of Rs 10.68 million paid to the former Chief Executive Officer of the Company who resigned during the current year.

32 OPERATING SEGMENTS

The Company functions as a single operating segment. Income derived from the management fee of open-end collective investment schemes and pension funds and that derived from the management of discretionary portfolios account for 95.51% and 4.49% (2015: 95.47% and 4.52%) respectively of the total income earned during the year.

33 FINANCIAL INSTRUMENTS BY CATEGORY

Particulars	As at June 30, 2016			
	Loans and receivables	Available for sale	At fair value through profit or loss	Total
	Rupees			
Assets				
Non-current assets				
Long-term investments	-	456,022,751	-	456,022,751
Long-term loans and receivables	1,272,138	-	-	1,272,138
Long-term deposits	2,721,712	-	-	2,721,712
	<u>3,993,850</u>	<u>456,022,751</u>	<u>-</u>	<u>460,016,601</u>
Current assets				
Receivable from related parties	484,256,904	-	-	484,256,904
Loans and advances	465,441	-	-	465,441
Deposits and other receivables	18,939,023	-	-	18,939,023
Accrued mark-up	5,243,237	-	-	5,243,237
Short-term investments	-	368,911,874	388,799,299	757,711,173
Cash and bank balances	41,867,164	-	-	41,867,164
	<u>550,771,769</u>	<u>368,911,874</u>	<u>388,799,299</u>	<u>1,308,482,942</u>
	<u>554,765,619</u>	<u>824,934,625</u>	<u>388,799,299</u>	<u>1,768,499,543</u>
		As at June 30, 2016		
		At amortised cost	At fair value through profit or loss	Total
		Rupees		
Liabilities				
Current liabilities				
Trade and other payables		117,547,326	-	117,547,326

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

Particulars	----- As at June 30, 2015 -----			Total
	Loans and receivables	Available for sale	At fair value through profit or loss	
-----Rupees-----				
Assets				
Non-current assets				
Long-term investments	-	433,477,071	-	433,477,071
Long-term loans and receivables	3,108,010	-	-	3,108,010
Long-term deposits	1,384,984	-	-	1,384,984
	<u>4,492,994</u>	<u>433,477,071</u>	<u>-</u>	<u>437,970,065</u>
Current assets				
Receivable from related parties	357,749,760	-	-	357,749,760
Loans and advances	409,915	-	-	409,915
Deposits and other receivables	20,135,513	-	-	20,135,513
Accrued mark-up	7,980,335	-	-	7,980,335
Short-term investments	-	715,564,171	38,025,601	753,589,772
Cash and bank balances	15,912,374	-	-	15,912,374
	<u>402,187,897</u>	<u>715,564,171</u>	<u>38,025,601</u>	<u>1,155,777,669</u>
	<u>406,680,891</u>	<u>1,149,041,242</u>	<u>38,025,601</u>	<u>1,593,747,734</u>
----- As at June 30, 2015 -----				
Particulars	----- Rupees -----			Total
	At amortised cost	At fair value through profit or loss	Total	
Liabilities				
Current liabilities				
Trade and other payables	174,512,471	-	-	174,512,471

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

34.1 Financial risk factors

The Company's activities expose it to certain financial risks which the management monitors and manages through internal risk management on an ongoing basis. In connection with the Company's financing of operations, the finance function ensures adequate and flexible liquidity. This is guaranteed by placing deposits in cash and extremely liquid negotiable instruments and/or using binding credit facilities.

Financial risks pertain to market risk, credit risk and liquidity risk. The Company seeks to minimise the effects of these risks by managing financial assets and liabilities to minimise the risk exposures. Compliance with policies and exposure limits are reviewed by the internal audit function on a continuous basis.

34.2 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices (e.g. foreign exchange rates, interest rates, equity prices, etc.). The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the returns to shareholders.

The Company's policy is to manage market risk through diversification and selection of securities within specified limits set by the Board of Directors.

Market risk comprises of three types of risk: currency risk, yield / interest rate risk and other price risk.

34.2.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Presently, the Company is not exposed to currency risk as all transactions are carried out in Pak Rupees.

34.2.2 Yield / interest rate risk

Yield / interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

a) Sensitivity analysis for variable rate instruments.

Presently, the Company does not hold any variable rate financial instrument.

b) Sensitivity analysis of fixed rate instruments

Fixed rate instruments comprise of balances with banks in savings accounts and investments in government securities. The income from these financial assets are substantially independent of changes in market interest rates except for changes, if any, as a result of fluctuation in respective fair values.

As at June 30, 2016, the Company has investments in Market Treasury Bills exposing it to fair value interest rate risk. In case of 100 basis points increase in rates announced by Financial Markets Association of Pakistan on June 30, 2016, with all other variables held constant, the net income for the year and total assets would be lower by Rs 92,053 (2015: Rs 525,209). In case of 100 basis points decrease in rates announced by Financial Markets Association of Pakistan on June 30, 2016, with all other variables held constant, the net income for the year and net assets would be higher by Rs 92,224 (2015: Rs 526,587).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

As at June 30, 2016, the Company also has investments in Pakistan Investment Bonds exposing it to fair value interest rate risk. In case of 100 basis points increase in rates announced by Financial Markets Association of Pakistan on June 30, 2016, with all other variables held constant, the net income for the year and total assets would be lower by Rs 52,837 (2015: Rs 3.662 million). In case of 100 basis points decrease in rates announced by Financial Markets Association of Pakistan on June 30, 2016, with all other variables held constant, the net income for the year and net assets would be higher by Rs 52,890 (2015: Rs 3.850 million).

The composition of the Company's investment portfolio, KIBOR rates and the rates announced by the Financial Market Association of Pakistan are expected to change over time. Therefore, the sensitivity analysis prepared as of June 30, 2016 is not necessarily indicative of the effect on the Company's assets due to future movements in interest rates.

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

The Company's exposure to interest rate risk is as follows:

-----As at June 30, 2016-----														
Particulars	Effective rate of interest / mark-up	Interest / mark-up bearing						Non-interest / mark up bearing						Total
		Maturity up to one month	Maturity over one month to three months	Maturity over three months to six months	Maturity over six months to one year	Maturity after one year	Sub-total	Maturity up to one month	Maturity over one month to three months	Maturity over three months to six months	Maturity over six months to one year	Maturity after one year	Sub-total	
Rupees														
On balance sheet financial instruments														
Financial assets														
Investments	5.88% - 11.25%	102,057,759	99,455,300	-	-	-	201,513,059	-	-	-	556,198,114	456,022,751	1,012,220,865	1,213,733,924
Loans, advances and receivables	-	-	-	-	-	-	-	53,008	81,395	114,651	216,387	1,272,138	1,737,579	1,737,579
Long-term deposits	-	-	-	-	-	-	-	-	-	-	-	2,721,712	2,721,712	2,721,712
Receivable from related parties	-	-	-	-	-	-	-	59,302,624	-	-	85,622,237	339,332,043	484,256,904	484,256,904
Deposits and other receivables	-	-	-	-	-	-	-	-	-	-	18,939,023	-	18,939,023	18,939,023
Accrued mark-up	-	-	-	-	-	-	-	20,735	-	5,222,502	-	-	5,243,237	5,243,237
Cash and bank balances	3.75% - 5.75%	-	-	-	37,847,659	-	37,847,659	-	-	-	4,019,505	-	4,019,505	41,867,164
		102,057,759	99,455,300	-	37,847,659	-	239,360,718	59,376,367	81,395	5,337,153	664,995,266	799,348,644	1,529,138,825	1,768,499,543
Financial liabilities														
Trade and other payables	-	-	-	-	-	-	-	-	-	-	117,547,326	-	117,547,326	117,547,326
On-balance sheet gap (a) *		102,057,759	99,455,300	-	37,847,659	-	239,360,718	59,376,367	81,395	5,337,153	547,447,940	799,348,644	1,411,591,499	1,650,952,217
Off-balance sheet gap (b)		-	-	-	-	-	-	-	-	-	-	-	-	-
Total interest rate sensitivity gap (a+b)		102,057,759	99,455,300	-	37,847,659	-	239,360,718							
Cumulative interest rate sensitivity gap		102,057,759	201,513,059	201,513,059	239,360,718	239,360,718								

-----As at June 30, 2015-----														
Particulars	Effective rate of interest / mark-up	Interest / mark-up bearing						Non-interest / mark up bearing						Total
		Maturity up to one month	Maturity over one month to three months	Maturity over three months to six months	Maturity over six months to one year	Maturity after one year	Sub-total	Maturity up to one month	Maturity over one month to three months	Maturity over three months to six months	Maturity over six months to one year	Maturity after one year	Sub-total	
Rupees														
On balance sheet financial instruments														
Financial assets														
Investments	6.94% - 12%	99,848,000	371,460,000	-	-	162,005,253	633,313,253	-	-	-	120,276,519	433,477,071	553,753,590	1,187,066,843
Loans, advances and receivables	-	-	-	-	-	-	-	-	-	-	409,915	3,108,010	3,517,925	3,517,925
Long-term deposits	-	-	-	-	-	-	-	-	-	-	-	1,384,984	1,384,984	1,384,984
Receivable from related parties	-	-	-	-	-	-	-	-	-	-	357,749,760	-	357,749,760	357,749,760
Deposits and other receivables	-	-	-	-	-	-	-	-	-	-	20,135,513	-	20,135,513	20,135,513
Accrued mark-up	-	-	-	-	-	-	-	131,524	-	7,848,811	-	-	7,980,335	7,980,335
Cash and bank balances	5.5% - 6.25%	-	-	-	11,607,068	-	11,607,068	-	-	-	4,305,306	-	4,305,306	15,912,374
		99,848,000	371,460,000	-	11,607,068	162,005,253	644,920,321	131,524	-	7,848,811	502,877,013	437,970,065	948,827,413	1,593,747,734
Financial liabilities														
Trade and other payables	-	-	-	-	-	-	-	-	-	-	174,512,471	-	174,512,471	174,512,471
On-balance sheet gap (a) *		99,848,000	371,460,000	-	11,607,068	162,005,253	644,920,321	131,524	-	7,848,811	328,364,542	437,970,065	774,314,942	1,419,235,263
Off-balance sheet gap (b)		-	-	-	-	-	-	-	-	-	-	-	-	-
Total interest rate sensitivity gap (a+b)		99,848,000	371,460,000	-	11,607,068	162,005,253	644,920,321							
Cumulative interest rate sensitivity gap		99,848,000	471,308,000	471,308,000	482,915,068	644,920,321								

* The on-balance sheet gap represents the net amounts of on-balance sheet items.

34.2.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest 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 similar financial instruments traded in the market.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

The Company is exposed to price risk because of investments held by the Company in units of open-end collective investment schemes and pension funds managed by the Company itself. The investments are marked to market based on the net assets value which are declared for each fund on a daily basis. Senior management of the Company reviews these investments on a regular basis. Furthermore, the Investment Committee of the Company also reviews and approves all significant investment decisions.

In case of 1% increase / decrease in the net asset values of the investments subject to price risk, the profit for the year after taxation of the Company would be higher / lower by Rs 3.888 million (2015: Rs 0.380 million), other comprehensive income for the year would be higher / lower by Rs 6.234 million (2015: Rs 5.157 million) and total comprehensive income for the year would be higher/lower by Rs 10.122 million (2015: Rs 5.537 million).

34.3 Credit risk

Credit risk is the risk that a counterparty will fail to discharge an obligation and cause the other party to incur a financial loss. The entire portfolio of financial assets of the Company (except for cash in hand and investment in government securities) is subject to credit risk. However, the management believes that the Company's credit risk is minimal as major portion of financial assets comprise of investments in or receivables from its Funds under Management which are financially sound.

The Company's financial assets are neither past due nor impaired as at the reporting date.

The maximum exposure to credit risk before any credit enhancements at June 30, 2016 is the carrying amount of the financial assets as set out below:

Financial assets	2016	2015
	----- Rupees -----	
Investments	1,012,220,865	553,753,590
Long term deposits	2,721,712	1,384,984
Long-term loans and receivables	1,272,138	3,108,010
Receivable from related parties	484,256,904	357,749,760
Loans and advances	465,441	409,915
Other receivables	18,939,023	20,135,513
Accrued mark-up	5,243,237	7,980,335
Cash and bank balances	41,842,164	15,887,374
	<u>1,566,961,484</u>	<u>960,409,481</u>

Ratings of Funds from which amounts are receivable and where the Company has invested in are as follows:

Fund	--- As at June 30, 2016 ---		--- As at June 30, 2015 ---		Rating agency
	-----Performance ranking-----				
	Long-term	Short-term	Long-term	Short-term	
MCB Pakistan Asset Allocation Fund	5 - star	4 - star	4 - star	4 - star	PACRA
MCB Pakistan Islamic Stock Fund (Formerly Pakistan Strategic Allocation Fund)	3 - star	3 - star	2 - star	4 - star	PACRA
MCB Pakistan Stock Market Fund	4 - star	5 - star	3 - star	3 - star	PACRA
Pakistan Capital Market Fund	3 - star	4 - star	3 - star	4 - star	PACRA
Pakistan International Element Islamic Asset Allocation Fund	3 - star	4 - star	3 - star	4 - star	PACRA
	--- As at June 30, 2016 ---		--- As at June 30, 2015 ---		Rating agency
	-----Stability rating-----				
MCB Cash Management Optimizer	AA (f)		AA (f)		PACRA
MCB DCF Income Fund	A + (f)		A + (f)		PACRA
MCB Islamic Income Fund	AA - (f)		AA - (f)		PACRA
MCB Pakistan Frequent Payout Fund *	N/A		-		
MCB Pakistan Sovereign Fund	A + (f)		A + (f)		PACRA
Pakistan Cash Management Fund	AAA (f)		AAA (f)		PACRA
Pakistan Income Enhancement Fund	A + (f)		A + (f)		PACRA
Pakistan Income Fund	A + (f)		A + (f)		PACRA
Pakistan Sarmaya Mehfooz Fund	CP2 +		N/A		PACRA

* MCB Pakistan Frequent Payout Fund was launched on November 13, 2015.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

Latest available ratings of banks with which deposits are kept are as follows:

BANK	--- As at June 30, 2016 ---		--- As at June 30, 2015 ---		Rating agency
	Short-term	Long-term	Short-term	Long-term	
MCB Bank Limited	A1+	AAA	A1+	AAA	PACRA
Summit Bank Limited	A-1	A-	A-1	A	JCR-VIS
Bank Al Habib Limited	A1+	AA+	A1+	AA+	PACRA
NIB Bank Limited	A1+	AA-	N/A	N/A	PACRA
Allied Bank Limited	N/A	N/A	A1+	AA+	PACRA

34.4 Liquidity risk

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. The management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios and rational investment decisions after taking into consideration the current availability of liquid resources. As at June 30, 2016, the Company's cash and bank balances amounted to Rs 41.867 million (2015: Rs 15.912 million).

The management believes that the Company is not exposed to any significant level of liquidity risk because its liabilities are supported by other operating revenues generated by the Company and balances maintained with banks and are further supported by investments of the Company in its own funds under management which are readily convertible into cash.

The maturity profile of the Company's liability based on contractual maturities is disclosed in note 34.2.2.

35 FAIR VALUE MEASUREMENTS

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and fair value estimates.

Underlying the definition of fair value is the presumption that the Company 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 fair values of assets are determined as follows:

- The fair values of investments in units of open-end collective investment schemes and pension schemes are based on the net assets value announced by the Company at each reporting date.
- The fair values of investments in government securities are based on the average rates of brokers announced by the Financial Markets Association of Pakistan.
- The fair value of building was determined by an independent valuer based on professional assessments of market values.

The estimated fair value of all other assets and liabilities is considered not to be significantly different from carrying values as the items are either short-term in nature or are periodically repriced.

Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

	As at June 30, 2016			
	Level 1	Level 2	Level 3	Total
	Rupees			
Assets				
Financial assets classified as available-for-sale				
Investment in units of pension schemes	456,022,751	-	-	456,022,751
Investment in units of open-end collective investment schemes	167,398,815	-	-	167,398,815
Investments in Pakistan Investment Bonds	-	102,057,759	-	102,057,759
Investments in Market Treasury Bills	-	99,455,300	-	99,455,300
Financial assets at fair value through profit or loss				
Investment in units of open-end collective investment schemes	388,799,299	-	-	388,799,299
Non-financial assets				
Building	-	-	-	-
As at June 30, 2015				
	Level 1	Level 2	Level 3	Total
	Rupees			
Assets				
Financial assets classified as available-for-sale				
Investment in units of pension schemes	433,477,071	-	-	433,477,071
Investment in units of open-end collective investment schemes	82,250,918	-	-	82,250,918
Investments in Pakistan Investment Bonds	-	162,005,253	-	162,005,253
Investments in Market Treasury Bills	-	471,308,000	-	471,308,000
Financial assets at fair value through profit or loss				
Investment in units of open-end collective investment schemes	38,025,601	-	-	38,025,601
Non-financial assets				
Building	67,314,021	-	-	67,314,021

36 CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services that commensurate with the level of risk.

The Company is subject to externally imposed minimum equity requirement laid down under the NBFC Rules, 2003 and the NBFC Regulation, 2008 for providing asset management services and investment advisory services and is required to maintain Rs 230 million equity. The Company's paid-up capital has remained well above the minimum required threshold limit during the year and as at June 30, 2016.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. Currently, the Company is financing its operations through equity and working capital.

37 TRANSACTIONS WITH RELATED PARTIES

MCB Bank Limited (MCB) holds 51.33% ordinary shares of the Company as at the year end. Therefore, all subsidiaries and associated undertakings of MCB are related parties of the Company. Other related parties comprise of collective investment schemes managed by the Company, directors, key management personnel and their close family members and the defined contribution plan. Transactions with related parties are in the normal course of business and are carried out at contracted rates and terms.

Details of transaction with related parties during the year and balances with them as at year end are as follows:

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

37.1 Transactions during the year	2016	2015
	----- Rupees -----	
CONTRIBUTION TO PENSION FUND	3,949,830	3,278,936
MCB BANK LIMITED		
Commission and other expenses	62,997,234	45,506,532
Profit on bank deposits	924,351	1,988,443
Bank charges	362,461	361,881
Mark-up on running finance	-	5,270,143
Reimbursement of expenses	10,000,000	11,000,000
Branch sharing expenses	3,727,920	5,520,000
Dividend paid	120,109,496	110,870,304
ADAMJEE LIFE ASSURANCE COMPANY LIMITED		
Investment advisory fee	19,991,824	12,697,329
Amount paid against life assurance	4,776,235	3,458,829
ADAMJEE INSURANCE COMPANY LIMITED		
Amount paid against vehicles' and other insurance	1,085,306	859,796
Amount received against insurance claim	-	-
Dividend paid	1,518,720	9,532,770
MCB FINANCIAL SERVICES LIMITED		
Reimbursement of expenses	754,898	1,880,055
Trustee fee	2,400,000	2,267,465
ARIF HABIB CORPORATION LIMITED		
Dividend paid	70,408,543	64,992,500
ARIF HABIB LIMITED		
Dividend paid	-	5,258,216
SUMMIT BANK LIMITED *		
Profit on bank deposits	-	212,542
MCB CASH MANAGEMENT OPTIMIZER		
Management fee	53,320,540	105,572,835
Amount received against registration charges	-	7,875
Reimbursement of expenses	3,529,657	-
Investments in 5,131,839 units (2015: 3,056,260 units)	531,797,888	315,987,698
Redemption of 5,511,719 units (2015: 2,676,380 units)	570,902,675	278,503,662
MCB DCF INCOME FUND		
Management fee	174,234,973	192,393,507
Share of sales load	131,721	304,552
Amount received against registration charges	-	7,875
Reimbursement of expenses	6,384,865	-
Investments in 499,349 units (2015: 65,088 units)	55,000,000	7,000,000
Redemption of 499,349 units (2015: 2,649,885 units)	55,928,033	283,375,461
MCB ISLAMIC INCOME FUND		
Management fee	7,042,382	14,374,934
Amount received against registration charges	-	7,875
Share of sales load	38,951	27,212
Reimbursement of expenses	614,535	-

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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	2016	2015
	----- Rupees -----	
MCB PAKISTAN ASSET ALLOCATION FUND		
Management fee	62,796,078	27,922,382
Share of sales load	201,779	306,807
Amount received against registration charges	-	7,875
Reimbursement of expenses	1,850,772	-
Dividend income	773,825	-
Investments in 1,524,321 units (2015: 1,228,992 units)	118,732,324	105,000,000
Redemption of 549,625 units (2015: 3,593,404 units)	43,000,000	311,014,599
MCB PAKISTAN FREQUENT PAYOUT FUND		
Management fee	4,610,281	-
Share of sales load	955,339	-
Reimbursement of expenses	340,231	-
Payment made on behalf of the Fund	2,795,028	-
Formation cost	733,077	-
MCB PAKISTAN ISLAMIC STOCK FUND (FORMERLY PAKISTAN STRATEGIC ALLOCATION FUND)		
Management fee	16,321,462	7,408,461
Amount received against conversion cost	1,520,031	1,520,031
Share of sales load	81,037	6,698
Amount received against registration charges	-	7,875
Reimbursement of expenses	509,158	-
MCB PAKISTAN SOVEREIGN FUND		
Management fee	77,505,334	67,474,259
Share of sales load	126,948	41,075
Amount received against registration charges	-	7,875
Reimbursement of expenses	5,307,530	-
Investments in 17,763,386 units (2015: 6,806,825 units)	959,568,195	366,287,037
Redemption of 11,903,536 units (2015: 8,375,967 units)	662,871,256	472,217,033
MCB PAKISTAN STOCK MARKET FUND		
Management fee	141,307,194	94,332,861
Share of sales load	1,215,751	661,850
Amount received against conversion cost	1,135,912	1,135,912
Amount received against registration charges	-	7,875
Reimbursement of expenses	4,302,088	-
Dividend income	956,182	3,795,440
Investments in 933,900 units (2015: 989,481 units)	80,261,062	73,316,547
Redemption of nil units (2015: 99,263 units)	-	7,000,000
PAKISTAN CAPITAL MARKET FUND		
Management fee	15,175,512	9,270,695
Share of sales load	153,175	32,891
Amount received against registration charges	-	7,875
Reimbursement of expenses	435,416	-
PAKISTAN CASH MANAGEMENT FUND		
Management fee	8,544,851	22,944,442
Reimbursement of expenses	524,165	-
PAKISTAN INCOME ENHANCEMENT FUND		
Management fee	48,486,823	23,737,416
Share of sales load	224,573	99,678
Amount received against registration charges	-	7,875
Reimbursement of expenses	2,294,960	-
Investments in nil units (2015: 1,619,031 units)	-	91,000,000
Redemption of nil units (2015: 619,031 units)	-	92,033,857

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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	2016	2015
	----- Rupees -----	
PAKISTAN INCOME FUND		
Management fee	18,181,484	15,875,869
Share of sales load	16,421	32,397
Amount received against registration charges	-	7,875
Reimbursement of expenses	717,555	-
PAKISTAN INTERNATIONAL ELEMENT ISLAMIC ASSET ALLOCATION FUND		
Management fee	16,091,371	9,910,185
Share of sales load	423,827	196,229
Amount received against registration charges	-	7,875
Reimbursement of expenses	467,417	-
PAKISTAN SARMAYA MAHFOOZ FUND		
Management fee	6,886,088	3,776,342
Share of sales load	-	3,283,666
Back-end load	-	234,224
Reimbursement of expenses	398,073	-
PAKISTAN ISLAMIC PENSION FUND		
Management fee	6,945,164	5,549,212
Share of sales load	153,617	104,582
Amount received against registration charges	-	7,875
Redemption of 29,031 units (2015: nil units)	5,000,000	-
PAKISTAN PENSION FUND		
Management fee	14,529,120	10,586,501
Share of sales load	193,619	444,749
Amount received against registration charges	-	7,875
Redemption of 46,891 units (2015: nil units)	10,000,000	-
37.2 Amounts outstanding as at year end		
MCB BANK LIMITED		
Bank balances	7,482,397	12,610,032
Receivable as share of expense	-	206,162
Other payable	5,000,000	15,329,829
Commission payable	11,165,177	43,670,412
Mark up receivable	7,363	118,641
Branch sharing expense payable	13,946,339	-
ADAMJEE LIFE ASSURANCE COMPANY LIMITED		
Advisory fee receivable	9,714,575	6,839,432
MCB FINANCIAL SERVICES LIMITED		
Payable against monthly reimbursement	50,864	150,000
Payable against trustee fee	228,000	200,000
Other payables	278,864	-
SUMMIT BANK LIMITED *		
Bank balance	N/A	3,177,246
Mark-up receivable	N/A	12,883

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

	2016	2015
	----- Rupees -----	
MCB CASH MANAGEMENT OPTIMIZER		
Remuneration and federal excise duty receivable	57,517,457	49,524,722
Sales load receivable	-	21,708
Receivable against lawyer fee for stay order	-	100,000
Receivable against reimbursement of expenses	395,024	-
Outstanding investments in nil units (2015: 379,880 units)	-	38,025,601
MCB DCF INCOME FUND		
Remuneration and federal excise duty receivable	110,432,577	85,283,263
Sales load receivable	28,104,927	40,743,932
Receivable against lawyer fee for stay order	-	100,000
Receivable against reimbursement of expenses	666,991	-
MCB ISLAMIC INCOME FUND		
Remuneration and federal excise duty receivable	9,068,897	8,182,100
Sales load receivable	3,084,457	3,221,943
Receivable against lawyer fee for stay order	-	100,000
Receivable against reimbursement of expenses	78,967	-
Receivable against shariah advisory fee	75,000	-
MCB PAKISTAN ASSET ALLOCATION FUND		
Remuneration and federal excise duty receivable	24,262,791	12,521,169
Sales load receivable	16,459,752	19,507,800
Receivable against lawyer fee for stay order	-	100,000
Receivable against reimbursement of expenses	738,964	-
Outstanding investments in 974,696 units (2015: nil units)	77,055,309	-
MCB PAKISTAN FREQUENT PAYOUT FUND		
Remuneration and federal excise duty receivable	1,738,568	-
Sales load receivable	6,308,937	-
Formation cost receivable	733,077	-
Receivable against reimbursement of expenses	61,763	-
Other receivable	2,795,028	-
MCB PAKISTAN ISLAMIC STOCK FUND (FORMERLY PAKISTAN STRATEGIC ALLOCATION FUND)		
Remuneration and federal excise duty receivable	7,765,643	3,449,290
Sales load receivable	245,968	150,975
Conversion cost receivable	562,733	2,082,764
Receivable against lawyer fee for stay order	-	100,000
Receivable against reimbursement of expenses	91,163	-
Receivable against shariah advisory fee	154,641	-
MCB PAKISTAN SOVEREIGN FUND		
Remuneration and federal excise duty receivable	34,929,172	20,633,825
Sales load receivable	4,765,754	4,149,995
Receivable against lawyer fee for stay order	-	100,000
Receivable against reimbursement of expenses	634,452	-
Outstanding investments in 5,859,850 units (2015: nil units)	311,743,990	-
MCB PAKISTAN STOCK MARKET FUND		
Remuneration and federal excise duty receivable	69,351,934	40,558,798
Sales load receivable	5,177,743	3,381,885
Other receivable	35,642	8,988
Conversion cost receivable	544,939	1,680,851
Receivable against reimbursement of expenses	639,634	-
Outstanding investments in 1,922,136 units (2015: 988,236 units)	167,398,815	82,250,918
PAKISTAN CAPITAL MARKET FUND		
Remuneration and federal excise duty receivable	7,065,616	4,229,404
Sales load receivable	483,611	200,633
Receivable against lawyer fee for stay order	-	100,000
Receivable against reimbursement of expenses	52,133	-

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

	2016	2015
	----- Rupees -----	
PAKISTAN CASH MANAGEMENT FUND		
Remuneration and federal excise duty receivable	12,748,418	11,662,842
Other payable	-	106,971
Others receivable	-	25,015
Receivable against reimbursement of expenses	114,533	-
PAKISTAN INCOME ENHANCEMENT FUND		
Remuneration and federal excise duty receivable	21,983,795	9,533,074
Sales load receivable	6,076,712	1,325,040
Receivable against lawyer fee for stay order	-	100,000
Receivable against reimbursement of expenses	315,421	-
Others receivable	3,530	13,560
PAKISTAN INCOME FUND		
Remuneration and federal excise duty receivable	10,787,558	7,546,726
Sales load receivable	241,109	270,282
Receivable against lawyer fee for stay order	-	100,000
Receivable against reimbursement of expenses	92,295	-
Other receivable	-	5,090
PAKISTAN INTERNATIONAL ELEMENT ISLAMIC ASSET ALLOCATION FUND		
Remuneration and federal excise duty receivable	7,474,952	4,480,481
Sales load receivable	1,536,861	1,082,236
Receivable against lawyer fee for stay order	-	100,000
Receivable against reimbursement of expenses	203,829	-
Receivable against shariah fee	295,723	-
PAKISTAN SARMAVA MEHFOOZ FUND		
Remuneration and federal excise duty receivable	2,572,474	1,439,611
Back end load receivable	-	305,168
Sales load receivable	2,307,278	2,261,634
Receivable against lawyer fee for stay order	-	100,000
Receivable against reimbursement of expenses	54,779	-
Formation cost	-	4,313,850
PAKISTAN ISLAMIC PENSION FUND		
Remuneration and federal excise duty receivable	3,732,980	2,297,687
Sales load receivable	468,855	285,095
Receivable against lawyer fee for stay order	-	100,000
Outstanding investments in 876,129 units (2015: 905,160 units)	234,794,054	219,223,081
PAKISTAN PENSION FUND		
Remuneration and federal excise duty receivable	7,487,260	4,618,717
Sales load receivable	1,020,012	285,813
Receivable against lawyer fee for stay order	-	100,000
Outstanding investments in 805,305 units (2015: 852,196 units)	221,228,697	214,253,990

*Summit Bank Limited has ceased to be a related party of the Company during the year ended June 30, 2016, therefore, transactions for the year then ended and balances outstanding as at that date have not been disclosed in these financial statements.

38	NUMBER OF EMPLOYEES	2016	2015
	Number of employees at June 30		
	- Permanent	130	102
	- Contractual	83	87
	Average number of employees during the year		
	- Permanent	116	87
	- Contractual	85	84

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

39 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

The Board of Directors in its meeting held on August 5, 2016 has proposed a final cash dividend of Rs 1.75 per share (2015: Rs 1.75 per share) which will be approved in the forthcoming Annual General Meeting. The financial statements for the year ended June 30, 2016 do not include the effect of this dividend which will be accounted for in the financial statements of the Company for the year ending June 30, 2017.

40 DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorised for the issue on August 5, 2016 by the Board of Directors of the Company.

41 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation. No significant rearrangements or reclassifications have been made in these financial statements during the current year.

42 GENERAL

Amounts have been rounded off to the nearest Rupee unless otherwise stated.



Chief Executive Officer










Director










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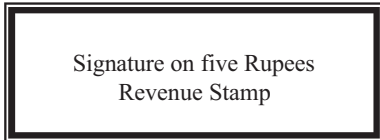
*Mobile apps are also available for download for android and ios devices

FORM OF PROXY
16th ANNUAL GENERAL MEETING
On October 24, 2016.

The Company Secretary
MCB-Arif Habib Savings and Investments Limited
24th Floor, Centrepoint, Off-Shaheed-e-Millat Expressway,
KPT Interchange,
Karachi-74900

I/We _____ of _____ in the district of _____ being a member of MCB-Arif Habib Savings and Investments Limited, hereby appoint _____ of _____ as my/our proxy to vote for me/us and on my/our behalf at the 16th Annual General Meeting of the Company to be held on Monday, October 24, 2016 and at any adjournment thereof.

Signed this _____ day of _____ 2016.



(The signature should agree with the specimen registered with the Company)

1. WITNESS:

Signature: _____

Name: _____

Address: _____

CNIC/ Passport No. _____

2. WITNESS:

Signature: _____

Name: _____

Address: _____

CNIC/ Passport No. _____

Shareholder Folio No.

CDC Participant ID No & Sub Account No.

Note:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company at 24th Floor, Centrepoint, Off Shaheed-e-Millat Expressway, KPT Interchange, Karachi-74900, Pakistan not less than 48 hours before the time of holding the meeting. A proxy need not be a member of the Company.
2. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of the proxy shall be rendered invalid.
3. CDC share holders and their proxies are each requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.
4. The proxy shall produce his original CNIC or original passport at the time of the meeting.
5. In case of a corporate entity, the Board of Directors resolution / power of attorney with specimen signature of the nominee shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

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AFFIX
CORRECT
POSTAGE

MCB-ARIF HABIB SAVINGS & INVESTMENTS LIMITED
24th Floor, Centrepoint, Off Shaheed-e-Millat
Expressway Near K.P.T. Interchange, Karachi
Postal Code: 74900

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by typing: **Bachat Ka Doosra Naam**

For any complaint/query/suggestion, please email at mcbah.qa@mcbah.com

MCB-Arif Habib Savings and Investments Limited

24th Floor, Centrepoint, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi-74900

UAN: (+92-21) 11-11-62224 (11-11-MCBAH), 111-468-378 (111-INVEST)

Bachat Center: 0800-62224 (0800-MCBAH), Fax: (+92-21) 35316080, 35316081

URL: www.mcbah.com, Email: info@mcbah.com