



**MCB-ARIF HABIB**  
Savings and Investments Limited

# ANNUAL REPORT

# 2017

MCB-Arif Habib Savings and Investments Limited



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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

<b>Board of Directors</b>	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 Qamar Beg	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
<b>Audit Committee</b>	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Mirza Qamar Beg Mr. Nasim Beg	Chairman Member Member Member
<b>Human Resource &amp; Remuneration Committee</b>	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
<b>Chief Executive Officer</b>	Mr. Muhammad Saqib Saleem	
<b>Chief Financial Officer &amp; Company Secretary</b>	Mr. Abdul Basit	
<b>Share Registrar</b>	<b>Central Depository Company of Pakistan Ltd.</b> CDC House, 99-B, Block 'B' S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcpakistan.com	
<b>Bankers</b>	MCB Bank Limited Summit Bank Limited Bank Al-Habib Limited MCB Islamic Bank Limited Faysal Bank Limited	
<b>Auditors</b>	<b>KPMG Taseer Hadi &amp; Co.</b> Chartered Accountant 1st Floor, Shaikh Sultan Trust Building No.2, Beaumont Road, Karachi - 75530	
<b>Legal Advisor</b>	<b>Akhund Forbes</b> D-21, Block-4, Scheme-5 Clifton, Karachi  <b>Bawaney &amp; Partners</b> 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
<b>Registered Office</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> 24th Floor, Centrepont, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi - 74900	
<b>Rating</b>	Asset Manager: "AM2++" (PACRA) Entity Ratings: "AA-" Long Term (PACRA) "A1+" Short Term (PACRA)	



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the seventeenth (17<sup>th</sup>) Annual General Meeting of MCB-Arif Habib Savings and Investments Limited will be held on Wednesday, October 25, 2017 at 3:00 pm. 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 24, 2016.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2017 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, 2017.
4. To appoint external auditors of the Company for the year ending June 30, 2018 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, 2018.
5. To transact any other business with the permission of the Chair.

By Order of the Board



Abdul Basit  
Company Secretary

September 25, 2017  
Karachi

### Notes:

#### 1. Book Closure Notice

The Share Transfer Books of the Company will remain closed from Tuesday, October 17, 2017 to Wednesday, October 25, 2017 (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 Monday, October 16, 2017, 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 notorially 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

## NOTICE OF ANNUAL GENERAL MEETING

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.

### 4. Dividend Mandate

Under section 242 of Companies Act, 2017(Act), every listed company is required to pay dividend if any to their members compulsorily through electronic mode by directly crediting the same in their bank account provided by them. The Securities & Exchange Commission of Pakistan through its Circular dated no. 18 of 2017 dated August 1, 2017, has allowed extension in time till October 31, 2017. Please note that with effect from November 1, 2017 all dividend payments shall be made only through electronic mode. The company shall be bound to withhold dividend of those members who do not provide their bank details.

Therefore, all members are required to provide to the Company's Share Registrar, particulars relating to name, folio number, bank account number, title of account, complete mailing address of the bank. CDC account holders should submit their request directly to their broker (participant)/CDC. A Form is available at the Registered Office of the Company and the same are also placed on the Company's website.

### 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 2017 effective July 1, 2017, 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 15%
- b) Rate of tax deduction for non-filers of income tax return 20%

The tax deduction on the amount of cash dividend @ 15% shall be made for the payment of dividend to shareholders whose names are entered into the Active Tax-payers List (ATL) provided on the website of FBR, before close of business hour (5:00 p.m.) on October 16, 2017 otherwise tax on the cash dividend will be deducted @ 20.00% instead of 15%. 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.

The required information must reach our Share Registrar by the close of business (5:00 p.m) on Monday, October 16, 2017; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

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:

## NOTICE OF ANNUAL GENERAL MEETING

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 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](mailto:info@mcbah.com)  
Share Registrar: Central Depository Company of Pakistan Ltd  
Tel #: 0800-23275 email: [info@cdcpak.com](mailto: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, 2017 and reports have been placed on the Company's website: [www.mcbah.com](http://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](http://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](mailto: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.

## اطلاع برائے سالانہ اجلاس عام

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 2017ء اور اس کی رپورٹس کمپنی کی ویب سائٹ [www.mcbah.com](http://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، 2014 کے مطابق، ایس ای سی پی نے کمپنیز 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 اسٹینڈرڈ Consent Form کمپنی کی ویب سائٹ [www.mcbah.com](http://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](mailto: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۔

## اطلاع برائے سالانہ اجلاس عام

16 اکتوبر 2017ء کو دفتری اوقات (شام 5 بجے) سے پہلے FBR کی ویب سائٹ پر فراہم کردہ ATL (ایکٹو ٹیکس ہینڈلسٹ) میں جن شیئر ہولڈرز کے نام درج ہیں ان کے نقد ڈیویڈنڈ پر 15 فیصد کی شرح سے ٹیکس عائد کیا جائے گا، ورنہ 15 فیصد کے بجائے 20 فیصد کی شرح سے عائد کیا جائے گا۔ فائلرز کی فہرست فیڈرل بورڈ آف ریونیو (ایف بی آر) کی ویب سائٹ <http://www.fbr.gov.pk> پر دستیاب 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 کوئی ٹیکس علیحدہ علیحدہ لگایا جائے گا اور مشترکہ اکاؤنٹ ہولڈر کی صورت میں، مشترکہ ہولڈرز کے حصص کے تناسب سے ٹیکس کوٹی کا حساب لگایا جائے گا۔  
درکار معلومات ہمارے حصص رجسٹرار کو پیر 16 اکتوبر، 2017 شام 5 بجے تک پہنچ جانا چاہئیں، ورنہ یہ تصور کیا جائے گا کہ پرنسپل حصص یافتہ اور مشترکہ حصص یافتہ (یافتگان) کے حصص کی تعداد مساوی ہے  
اس حوالے سے، وہ تمام حصص یافتگان جو مشترکہ حصص رکھتے ہیں وہ ہمارے حصص رجسٹرار 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. وہ کارپوریٹ حصص یافتگان جو سی ڈی سی اکاؤنٹس رکھتے ہیں، اُن کو چاہئے کہ وہ اپنے نیشنل ٹیکس نمبر کو اپنے حصص داران کے مطابق اپ ڈیٹ کروالیں، جبکہ کارپوریٹ فزیکل حصص یافتگان کو اپنے این ٹی این سرٹیفکیٹ کی کاپی کمپنی یا حصص رجسٹرار کو بھیجنا ہوگی۔ حصص یافتگان کو این ٹی این یا این ٹی این سرٹیفکیٹ بھیجتے 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 / یا حصص رجسٹرار سے رابطہ کر سکتے ہیں۔

حصص رجسٹرار: سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ

فون: 0800-23275

ای میل: [info@cdcpak.com](mailto:info@cdcpak.com)

کمپنی: ایم سی بی عارف حبیب سیونگز اینڈ انوسٹمنٹس لمیٹڈ

یو اے این: 11-11-622-24

ای میل: [info@mcbah.com](mailto:info@mcbah.com)

## اطلاع برائے سالانہ اجلاس عام

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 پاور 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 حصص اور سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ (سی ڈی سی) کے نام پر رجسٹرڈ حصص کے بینیفیشل اونرز 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 831(1)/2012 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 فوٹیو نمبر ابھی تک جمع نہیں کروائی ہے ان سے درخواست ہے کہ وہ یہ فوری طور پر کمپنی کے شیئر رجسٹرار کو بھجوائیں۔ کسی بھی ممبر کے درست کمپیوٹرائزڈ قومی شناختی کارڈ کی کاپی موصول نہ ہونے کی صورت میں، کمپنی اُن ممبران کے منافع منقسمہ کو روک دے گی جو کہ کاپی فراہم کرنے پر بحال کیے جائیں گے۔

### 4. ڈیوڈنڈ مینڈیٹ:

کمپنیز ایکٹ 2017 (ایکٹ) کے سیکشن 242 کے تحت ہر سٹاک کمپنی پر لازم ہے کہ اپنے ممبرز کو ڈیوڈنڈ (اگر ہوتا) الیکٹرانک ذریعے سے ادا کرتے ہوئے ان کے بینک اکاؤنٹ میں براہ راست کریڈٹ کرے۔ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے سرکیولر نمبر 18 of 2017 بتاریخ 01 اگست 2017ء کے ذریعے 31 اکتوبر 2017ء تک مہلت میں توسیع کو منظور کیا ہے۔ برائے مہربانی نوٹ فرمائیے کہ 01 نومبر 2017ء سے ڈیوڈنڈ کی ادائیگی صرف الیکٹرانک ذریعے سے کی جائے گی۔ جو ممبر اپنے بینک اکاؤنٹ کی تفصیلات فراہم نہیں کریں گے ان کے ڈیوڈنڈ کمپنی مجبوراً روک لے گی۔ چنانچہ تمام ممبرز کمپنی کے شیئر رجسٹرار کو مندرجہ ذیل کوائف فراہم کر دیں: نام، فوٹیو نمبر، بینک اکاؤنٹ نمبر، اکاؤنٹ کا نمائند اور بینک کا مکمل ڈاک پتہ۔ سی ڈی سی اکاؤنٹ ہولڈرز اپنی درخواست براہ راست بروکر (participant) سی ڈی سی کے پاس جمع کرائیں۔ فارم رجسٹرڈ آفس میں دستیاب ہے اور کمپنی کی ویب سائٹ پر بھی موجود ہے۔

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

i. یکم جولائی، 2017 سے مؤثر فنانس ایکٹ، 2017 کے مطابق ڈیوڈنڈ کی ادائیگی پر انکم 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 15.00%
- (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 سترہواں سالانہ اجلاس عام مورخہ 25 اکتوبر 2017ء بروز بدھ بوقت 03:00 بجے دوپہر بمقام ایکویریئس ہال، پنج لکڑی ہوٹل، مولوی تمیز الدین خان روڈ، کراچی پاکستان میں مندرجہ ذیل امور کی انجام دہی کے لئے منعقد کیا جائے گا۔

## عمومی کاروبار:

1. 24 اکتوبر 2016ء کو ہونے والے سالانہ اجلاس عام کے نکات کی تصدیق۔
2. 30 جون 2017ء 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 جا چکے ہیں۔ لہذا 30 جون 2017ء 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 2018ء 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 2018ء کو ختم ہونے والے سال کیلئے میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کو بطور ایکسٹرنل آڈیٹرز تقرری کی تجویز پیش کی ہے۔
5. چیئرمین کی اجازت سے دیگر امور کی انجام دہی۔

بحکم بورڈ  
عبدالباسط  
کمپنی سیکریٹری

20 ستمبر 2017ء  
کراچی

نوٹ:

1. کتاب کی بندش کا نوٹس:  
کمپنی کی منتقلی حصص کی کتابیں منگل 17 اکتوبر 2017ء سے بدھ 25 اکتوبر 2017ء (بشمول دونوں ایام) بند رہیں گی۔ ہمارے حصص رجسٹراری میسرز سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ، سی ڈی سی ہاؤس، بلاک B، ایس ایم سی ایچ ایس، مین شاہراہ فیصل کراچی 74400 پر پیر 16 اکتوبر 2017ء کو شام 5 بجے کاروبار کے اختتام تک موصول ہونے والے لٹرانسفرز کو حصص یافتگان کیلئے حتمی نقد منافع منقسمہ کا اہل ہونے اور اجلاس میں شرکت اور ووٹ دینے کیلئے بروقت تصور کیا جائیگا۔
2. پراسس 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 پراسس کی اجلاس میں شرکت کرنے، بولنے اور ووٹ دینے کیلئے نامزد کرنے کا مجاز

## CHAIRMAN'S REPORT

I am pleased to report on the overall governance of the Company, through the Board's oversight of the Management, which has taken steps on various structural initiatives during the year for sustainable performance in the future. The Board's focus this year, has been on key areas towards achieving high levels of performance, including an emphasis on Human Resource and Technology to ensure high standards of service delivery and increase the Company's market penetration, where, owing to a very large segment of the population remaining under served, a significant opportunity exists to reach out and serve it.

During the current year, the Board had constituted a Board Level Strategic Committee for setting the direction of the Company's future strategy. In addition to the Strategy Committee, the Board has other active Committees, namely, the Human Resource and Remuneration Committee, the Board's Audit Committee and the Board's Credit Committee. The Management under the guidance of the Board has been able to revamp various areas leading to improvement in service quality, enhancing distribution platforms, strengthening the fund management and the improving the governance structure. In addition to the structural improvements that the Board has focused upon, it has also, through several sessions, approved the Business Plan of the Company. This Business Plan has set the Organization's vision and goals to be achieved over the next three years. The technological initiatives taken during the year will provide a platform to the Company for building upon its legacy of setting the industry benchmarks in the ensuing years. The Committees of the Board have met regularly during the financial year, the details are as follows:

### Audit Committee

S. No.	Name of Persons	Number of meetings held	Number of meetings		
			Attendance required	Attended	Leave granted
1	Mr. Haroun Rashid	6	6	3	3
2	Mr. Samad A. Habib	6	4	3	1
3	Mr. Ahmed Jahangir	6	6	6	-
4	Mr. Nasim Beg	6	6	6	-
5	Mirza Qamar Beg	6	2	2	-

### Human Resource and Remuneration Committee

S. No.	Name of Persons	Number of meetings	Number of meetings		
			Attendance required	Attended	Leave granted
1	Dr. Syed Salman Shah	4	4	4	-
2	Mr. Nasim Beg	4	4	4	-
3	Mr. Ahmed Jahangir	4	4	4	-
4	Mr. Haroun Rashid	4	4	3	1
5	Mr. Muhammad Saqib Saleem - CEO	4	4	4	-



## CHAIRMAN'S REPORT

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It is worth reiterating that the Directors have played an effective role in the achievement of good results and in ensuring that the targets were met, by providing continuing guidance to the Management. The Board meetings conducted during the year witnessed active participation by the directors and I wish to record my appreciation of the Board Members.

I expect that the Company, through its Managementteam, will continue to working closely, firstly with ,its valued clients, whose savings it manages, as well as, very importantly, with its employees, shareholders and stakeholders in a manner that makes one feel proud to be associated with MCB Arif Habib Savings and Investments Limited.

I look forward to each stakeholder's continued support and wish all those connected, with a prosperous and rewarding future with MCB Arif Habib Savings and Investments Limited.



**Mian Mohammad Mansha**  
Chairman

## DIRECTORS' REPORT

The Board of Directors of **MCB-Arif Habib Savings and Investments Limited** (MCBAH) are pleased to present report on the affairs of MCBAH for the year ended June 30, 2017.

### Principal Business

The Company is an Non-bank Finance Company, licensed as a Pension Fund Manager as well as, an Asset Management Company and an Investment Advisor under the Securities and Exchange Commission's regulatory regime.

### The Business Environment

#### Economy & Money Market Review

Domestic Economic Indicators including GDP Growth, Large Scale Manufacturing, Fiscal Deficit, Inflation and Credit Off take indicate improved economic position with firm outlook. External Side of Economy also remained firm during the year, with strong Foreign Exchange Reserves, however outlook has weakened due to alarming pace of trade and current account deficits.

The economy achieved its decade high growth of 5.28% in the Financial Year 2017 (FY17), supported by Services with 6% followed by Agriculture with 3.5% Year on Year (YoY) growth. On the industrial front, Large Scale Manufacturing sector recorded growth of 5.7% for the eleven months of the year reported thus far, with major contribution coming from Consumer, Construction and the Power segments. The Auto sector recorded double digits growth as demand continued to grow and new models were introduced by the local Assemblers. The China Pakistan Economic Corridor (CPEC) related and other infrastructure investment continued to provide buoyancy to construction related industries including Steel and Cement.

On the external front, a 17.7% rise in imports and 1.4% drop in exports widened the trade deficit to USD 26.9 billion in FY17 compared to USD 19.3 billion a year back. Remittance marginally declined during FY17 to USD 19.30 billion, ~3.08% lower than last year, where major reasons can be attributed to employment situation in Middle East and slower than expected global recovery.

The above two factors, declining remittances and rising Current Account(CA) deficit, have started to put pressures on Foreign Exchange Reserves, wiping out ~USD 1.72 billion since July 1, 2016 to end the year at USD 21.368 billion.

Despite a 19% YoY increase in average Arab Light prices, the Consumer Price Index (CPI) remained subdued, posting a 4.15% YoY rise in FY17. This was mainly on account of benign growth in Food, Transportation and House-rent.

The government managed to contain the fiscal deficit at 4.2%, moderately higher than the set target of 3.8%. Total expenditure and total revenue both advanced by 12%YoY while fiscal balance hiked by 11%YoY. The government has set a fiscal deficit target of 4.1% in FY18.

Along with CA deficit, another point of concern is rising fiscal deficit and public and private debt to finance these increasing gaps. Pakistan's total debt stood at ~PKR 23.95 trillion (till March, 2017) reflecting an increase of ~PKR 2.33 trillion over a year.

The State Bank of Pakistan (SBP) in its latest monetary policy review for next two months maintained the policy rate at 5.75% for the seventh consecutive time.

The broader monetary (M2) growth remained elevated (+13.7% YoY) owing to the government running large budget deficits, which has also led to the Net Domestic Assets of the banking system to grow by 18.3% YoY. The government relied on the SBP for funding, with borrowings of PKR 908 billion leaving the local banks with significant liquidity. In second half of FY17, Yield Curve of interest rates has remained flat; whereas the liquidity was adequately managed by SBP. Sharia Instruments market remained thinly supplied as the State Bank of Pakistan conducted only one Ijara Sukuk auction in FY17 based on fixed rate rental arrangements, offering a yield of 5.24% and borrowing PKR 71 billion against the maturing Ijara Sukuk of PKR 50 billion, evidencing a scarcity of avenues for Islamic investments.

### Equities Market Review

Despite taking a significant battering in the last one and a half month of FY17, the Index managed to post a gain of 23.24% for the year. The index declined by 11.94% from its high of 52,876 points witnessed in May, 2017 by end of the June, 2017. Increased concerns regarding judicial proceedings involving the Prime Minister and his family and the disappointing net foreign flows post Pakistan's up

## DIRECTORS' REPORT

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gradation in the Morgan Stanley's Emerging Market Index (MSCI), which took the market participants by surprise, led to negative returns. Foreigners remained net sellers, liquidating a massive USD 652 million worth of equities with majority of the selling absorbed by mutual funds (USD 575 million). The average volumes traded increased by ~64% to 340 million shares and value traded increased by ~58 % to PKR 15 billion.

Among the best performers was, the Steel sector lead the charts, outperforming the benchmark index by a massive ~198% as strong infrastructural activities under the CPEC regime, along with the government's favourable policies in terms of imposition of regulatory and anti-dumping duties on various steel products, provided strong investor interest in the sector. Furthermore, the share prices started incorporating the future earnings growth expected from the capacity enhancement projects announced by several steel companies. A phenomenal return of ~98% made the Auto Sector, second best performer in the market. The outperformance came in due to a stream of new model launches, impressive sales volumes and the announcement of government funding for taxi scheme in the budget. The Oil and Gas sector witnessed an astounding growth driven by two factors; one of which is a volumetric growth of ~10% in OMCs, while the second is the announcement of expansion projects worth PKR 110 billion by the Sui Northern Gas Pipeline Company, which are to be completed by 2018.

On the flip side, Fertilizers remained among the weak performers by losing ~11%, as rising inventories coupled with discounts on urea prices took a toll on the sector. Furthermore, depressing international fertilizer prices abraded the pricing power of local manufacturers and dampened the potential export margins. Similarly, underperformance of cement sector by ~7% against the benchmark was also witnessed during the period under review, as international coal prices surged by ~30% YoY reaching a peak of \$100 in November 2016. Furthermore, Cherat Cement's expansion in the North region challenged the dynamics of pricing power of the suppliers in the region, as a result of which, cement prices were reduced by 4-5% in the region keeping the stock prices of the companies under pressure.

### MARKET & ECONOMY - FUTURE OUTLOOK

The windfall gains that emerged in past couple of years had been a by-product of subdued oil prices, which painted a rosy picture on external account, CPI, discount rate and even fiscal account in terms of less burden in terms of subsidies. Though international commodity outlook still appears bearish but the rising current account deficit is posing a challenging outlook going ahead.

The trade imbalance of USD 27 billion in FY17 could deteriorate further, with machinery imports under CPEC and several local capital projects are expected to lead the import bill. Exports on the other hand, are expected to remain under pressure given muted response of the government towards the rebates under the textile package and the government's persistence to support the Pakistani rupee through foreign exchange reserves. With the widening trade deficit and little help from remittances, we expect next year's current account deficit to reach around USD 15 billion (~4% of GDP), still far from what we have seen in our last balance of payment crisis, which dragged CAD to ~USD 14 billion (8% of GDP) back in 2008. However, widening CAD coupled with interest repayments may create a financing need of USD 18-19bn in FY18, which points towards a strong possibility of some PKR depreciation.

The Consumer Price Index (CPI) is expected to remain well anchored in FY18. We expect inflation to average around 4.5% in FY18. Currency devaluation and commodity prices though, pose risks to the estimates. This low CPI reading next year is expected to prevent any need for significant monetary tightening in the near term.

With the low interest rate environment, coupled with support from CPEC related projects, the government's GDP target of 6% does not look too lofty, provided an external account shock or political destabilization does not derail the growth.

The equity market is set to take its cue from the final outcome of the cases emanating from Panama leaks, being pursued against the former Prime Minister and his family members. With almost 13% fall from its peak, the market appears to have incorporated the change in the PM house, however disintegration of a major political party, the PML(N) in aftermath of court judgment and the possible disqualification of Finance Minister could further dent the short-term market sentiments, as it would hint a hung parliament in the next election.

Themes of currency depreciation, interest rate rise and economic growth are expected to set the investment tone in the coming fiscal year. Sectors positively linked with currency weakness are expected to garner lime light namely, Commercial Banks, Exploration & Production and Power sectors. Select growth plays in Power, Steel, Construction and Consumer space are also expected to add positive contributions to market performance.

## DIRECTORS' REPORT

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We expect the fundamentals to reign in over the political noise in the coming months given that our market is trading at a Price to Earnings Ratio (PER) of 9 times earnings (a ~30% discount to the Emerging Markets), creating room for a re-rating. In addition, the low interest rates environment is also keeping fixed income returns subdued, which is further attracting the liquidity towards the equity market. The KSE-100 Index currently trades at an equity risk premium of ~3% over the long-term risk free rate and provides a dividend yield of ~5.5%.

### MUTUAL FUND INDUSTRY REVIEW

The Net Assets of the open end mutual fund industry stood at ~PKR 576 billion at the end of FY17. The size of Equity (Islamic/Conventional), Asset Allocation (Islamic/Conventional), Fund of Funds (Islamic/Conventional), Shariah Compliant Balanced, Conventional Income, Balanced, Aggressive Fixed Income (Islamic) and Money Market (Islamic/Conventional) increased, while assets under management of Islamic Income and Aggressive Fixed Income (Conventional) funds decreased in FY17.

In terms of the segment share, Equity and Equity related funds continued to be the leaders with a share of around 65.78%, followed by Income funds 20.49% and Money Market funds 13.45% as at the end of FY17.

### MUTUAL FUND INDUSTRY OUTLOOK

Sector specific triggers are expected to keep attractiveness towards equity funds for investors with medium to long term investment horizon. We expect interest in equity funds to remain high due to relatively lower returns in the fixed income space. Money market funds are expected to remain stable serving short term for those investors who need to avoid price volatility. Income Funds have already seen relatively reduced inflows due to limited valuation gains however the funds are expected to remain stable and are appropriate for investors looking towards marginally enhancing fixed income returns. With the pressures on returns in the wake of relatively lower interest rate environment, investors are willing to risk higher price volatility avenues and hybrid products to enhance returns; thus we expect room for growth in advisory services to support our revenue generation going forward.

### COMPANY'S PERFORMANCE REVIEW

The Company recorded a gross income of Rs. 808.225 million (Rs. 782.368 FY16), which includes management/investment advisory fee and other operating income. After accounting for administrative, operating & financial expenses and income sharing of Rs. 522.267 million (Rs. 432.558 FY16), the company earned a profit before tax of Rs. 285.959 million (Rs. 349.810 FY16). The net profit after tax for the period amounts to Rs. 202.194 million, as compared to net profit of Rs. 239.109 million for the corresponding period ended June 30, 2017. We expect the assets under management to strengthen further going forward, contributing to the revenue growth and profitability.

Going forward, the Company's focus is to aggressively increase its market share in the mutual fund industry for which it is through a phased strategy of increasing its retail foot print throughout Pakistan. The Company plans to add new branches in the next fiscal year across a number of existing and new cities. In addition, the Company intends enhancing its reach through the use of technology.

The earnings per share of current financial year ended June 30, 2017 is Rs. 2.81 as compared to Rs. 3.32 per share in previous financial year ended June 30, 2016.

The board has proposed a final dividend of 17.50%. In addition, the company has paid interim dividend @ 15% as on December 31, 2016 to its shareholders.

The Board of Directors of the Company has an overall responsibility to ensure that internal financial controls system of the company is adequate and is operating effectively.

The value of investment of employee's in pension Funds is Rs. 24,787,595 as per audited Account of June 30, 2017.

## DIRECTORS' REPORT

### **Principal Risks and Uncertainties:**

Industry AUMs have been growing at a 5 year CAGR of ~12%. The increase in competition poses a threat in terms of market share if the size of pie does not increase. However, since the market is far from a maturity stage, this threat remains minimal. Nevertheless, as competition increases, there may be pressure on management fee',

As in all business sectors, increased political turmoil in the country remains a risk. Because of this, Foreign and local investors may redeem their investments from financial markets driving down prices and the returns.

Economic instability reflected in burgeoning current account deficit, declining reserves and intervention supported currency also remains a likely threat to the economic growth, which could hamper the Company's profitability.

### **Future Plans:**

Focus on retail segment has increased and asset management companies are increasing their reach beyond main cities. MCB-AH is also aggressively focusing on the retail segment, where overall penetration is miniscule. Focus on increased distribution, technology and branch network along with new products shall be the key elements of the Company's strategy. In this regard, the Company has also taken various initiatives including increased investment in the digital space under the brand of 'iSave' that greatly simplifies the transactions from account opening to account management and reporting. The Company has also increase its presence in additional cities including Peshawar and Gujrat, with more to follow going forward. Building on technological tools, part of the growth strategy in urban cities includes establishing MCBAH Kiosks in leading shopping malls which will also increase our access to potential investors. Alongside this expansionary phase the Company will be making heavy investments towards marketing particularly digitizing the investment experience of the end users. Therefore, in the short-run, the costs will escalate, which are expected to translate into longer-term benefits in the form of increased market share and profitability.

The Management believes, that increased investment in distribution and technology shall augur well, with more visible impact on the profitability building up gradually over the next couple of years.

### **Corporate Social Responsibility and Impact on Environment:**

MCBAH has increased its focus on the CSR activities during the current period. The Company organized a Mother's Day activity at SOS village, to highlight the importance of Mothers and the impact they create on the future of the nation. The Company's business has no adverse impact on the environment and with the increased use of technology, the Company shall reduce the use of paper.

### **Entity Rating and Asset Manager Rating**

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of "AA-", to the Company. The Ratings of the Collective Investment Schemes under management of the Company are as under:

Fund	As at June 30, 2017		As at June 30, 2016		Rating agency
	-----Performance ranking-----				
	Long-term	Short-term	Long-term	Short-term	
MCB Pakistan Stock Market Fund	4 - star	3 - star	4 - star	5 - star	PACRA
Pakistan Capital Market Fund	4 - star	4 - star	3 - star	4 - star	PACRA
Alhamra Islamic Asset Allocation Fund (Formerly : Pakistan International Element Islamic Asset Allocation Fund)	4 - star	4 - star	3 - star	4 - star	PACRA
Alhamra Islamic Stock Fund (Formerly : MCB Pakistan Islamic Stock Fund)	-	4 - star	3 - star	3 - star	PACRA
MCB Pakistan Frequent Payout Fund	-	2 - star	-	-	PACRA
MCB Pakistan Asset Allocation Fund	4 - star	3 - star	5 - star	4 – star	PACRA

## DIRECTORS' REPORT

	As at June 30, 2017	As at June 30, 2016	
	-----Stability rating-----		Rating agency
Pakistan Cash Management Fund	AAA (f)	AAA (f)	PACRA
Pakistan Income Fund	A + (f)	A + (f)	PACRA
MCB Pakistan Sovereign Fund	AA- (f)	A+ (f)	PACRA
Pakistan Income Enhancement Fund	A + (f)	A + (f)	PACRA
MCB DCF Income Fund	A +	A + (f)	PACRA
MCB Cash Management Optimizer	AA (f)	AA (f)	PACRA
Alhamra Islamic Income Fund (Formerly : MCB Islamic Income Fund)	AA - (f)	AA - (f)	PACRA
Pakistan Sarmaya Mehfooz Fund *	-	CP2+	PACRA

\* This Fund has been matured on December 19, 2016

### Holding Company

MCB Bank Limited, being the parent company of MCB-Arif 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. 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 listing regulations of Pakistan Stock Exchange, which clearly defined the role and responsibilities of Board of Directors and 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 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 there from 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 listing 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 fully disclosed in the annexed audited financial statements for details please refer note 18.1, 18.2 & 19.

## DIRECTORS' REPORT

- j. The management of the Company is continuously making efforts to ensure that an effective and efficient internal financial controls system remains active and implemented through consistent and continuous monitoring. Internal Audit Department of the Company is performing audit and review activities to evaluate the implementation of financial controls and ensure the existence of an effective control environment throughout the Company. During the year, significant and material findings of Internal Auditors, External Auditors and Regulators were addressed on a priority basis by the management and the status was regularly reported to the Board Audit Committee (BAC). Based upon the results achieved from reviews and audits conducted during the year, the Board of Directors considers that the existing internal financial control system is adequate and has been effectively implemented and monitored, though room for improvement always exists.
- k. All the directors have completed the Directors Training Programme course or are exempt from attending training course due to sufficient working experience.
- l. During the current year, Mirza Mahmood Ahmad retired as the director of the Company and was replaced by Mirza Qamar Beg.
- m. Summary of shares acquired or disposed during the year by the Chief Executive, Directors, Chief Financial Officer, Company Secretary and Chief Internal Audit and their spouses and minor children is provided below:

	<u>Purchase</u>	<u>Sales</u>
Mr. Muhammad Saqib Saleem (CEO)	500	-
Mirza Qamar Beg	500	-

- n. The detailed pattern of share holding as on June 30, 2017 is annexed.
- o. **Meeting of the Directors.**

During the year, eight (8) meetings of the Board of Directors were held. The attendance of each Director is as follows:

S. No.	Name of Persons	Number of meetings held	Number of meetings		
			Attendance required	Attended	Leave granted
1	Mian Muhammad Mansha **	8	8	1	7
2	Mr. Nasim Beg **	8	8	6	2
3	Dr. Syed Salman Shah **	8	8	7	1
4	Mr. Haroun Rashid **	8	8	2	6
5	Mr. Ahmed Jahangir **	8	8	8	-
6	Mr. Samad A. Habib **	8	8	5	3
7	Mr. Mirza Mahmood Ahmad*	8	5	1	4
8	Mirza Qamar Beg**	8	3	3	-
9	Mr. Muhammad Saqib Saleem (CEO)**	8	8	8	-

\* He has retired as Director on February 6, 2017.

\*\* He has been elected as Director on February 6, 2017.

- p. **Meeting of the Audit Committee.**

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

## DIRECTORS' REPORT

S. No.	Name of Persons	Number of meetings held	Number of meetings		
			Attendance required	Attended	Leave granted
1	Mr. Haroun Rashid	6	6	3	3
2	Mr. Samad A. Habib	6	4	3	1
3	Mr. Ahmed Jahangir	6	6	6	-
4	Mr. Nasim Beg	6	6	6	-
5	Mirza Qamar Beg	6	2	2	-

q. **Meeting of the Human Resource and Remuneration Committee.**

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

S. No.	Name of Persons	Number of meetings held	Number of meetings		
			Attendance required	Attended	Leave granted
1	Dr. Syed Salman Shah	4	4	4	-
2	Mr. Nasim Beg	4	4	4	-
3	Mr. Ahmed Jahangir	4	4	4	-
4	Mr. Haroun Rashid	4	4	3	1
5	Mr. Muhammad Saqib Saleem -CEO	4	4	4	-

### Auditors

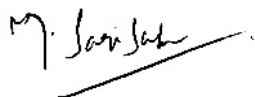
The present auditors, KPMG Taseer Hadi & Co., Chartered Accountants, have completed their engagement for the year ended June 30, 2017 and shall retire on the conclusion of the 17th Annual General Meeting.

The Audit Committee considered and recommended the re-appointment of KPMG Taseer Hadi & Co. Chartered Accountants as statutory auditors of the Company for the year ending June 30, 2018 and the Board of Directors also endorsed the recommendation of the Audit Committee to comply with the requirement of Code of Corporate Governance.

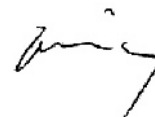
### Acknowledgement

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 04, 2017.



**Nasim Beg**  
Director and Vice Chairman



## ڈائریکٹرز رپورٹ

میٹنگز کی تعداد			منعقدہ میٹنگز کی تعداد	نام
منظور شدہ رخصت	اصل حاضری	مطلوبہ حاضری		
-	4	4	4	1. ڈاکٹر سید سلمان شاہ
-	4	4	4	2. جناب نسیم بیگ
-	4	4	4	3. جناب احمد جہانگیر
1	3	4	4	4. جناب ہارون رشید
-	4	4	4	5. جناب محمد ثاقب سلیم (سی ای او)

### آڈیٹرز

موجودہ آڈیٹرز 'کے پی ایم جی تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس' 30 جون 2017ء پر اختتام پذیر ہونے والے سال کے لئے اپنی مدت پوری کر چکے ہیں اور 17 ویں جنرل میٹنگ کی تکمیل کے بعد ریٹائر ہو جائیں گے۔

آڈٹ کمیٹی نے 30 جون 2018ء پر اختتام پذیر ہونے والے سال کے لئے کمپنی کے قانونی آڈیٹرز کے طور پر 'کے پی ایم جی تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس' کی دوبارہ تقرری پر غور کر کے اس کی تجویز پیش کی ہے، اور بورڈ آف ڈائریکٹرز نے کارپوریٹ گورننس کے ضابطہء اخلاق کی تعمیل کے لئے آڈٹ کمیٹی کی تجویز کی توثیق کی ہے۔

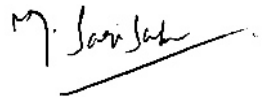
### اظہار تشکر

مینجمنٹ کمپنی کا بورڈ آف ڈائریکٹرز سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (پاکستان اسٹاک ایکسچینج لمیٹڈ کی انتظامیہ) کی مسلسل معاونت اور پشت پناہی کے لئے شکر گزار ہے۔ علاوہ ازیں، ڈائریکٹرز کمپنی کے ملازمین کی کوششوں اور عزم و اخلاص، اور حصص یافتگان کے ادارے میں اعتماد کو بھی خراج تحسین پیش کرتے ہیں۔

برائے اور من جانب ڈائریکٹرز،



نسیم بیگ  
ڈائریکٹر / وائس چیئرمین



محمد ثاقب سلیم  
چیف ایگزیکٹو آفیسر  
04 اگست 2017ء

## ڈائریکٹرز رپورٹ

میٹنگز کی تعداد			منعقدہ میٹنگز کی تعداد	نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری		
7	1	8	8	1. میاں محمد منشاء **
2	6	8	8	2. جناب نسیم بیگ **
1	7	8	8	3. ڈاکٹر سید سلمان شاہ **
6	2	8	8	4. جناب ہارون رشید **
-	8	8	8	5. جناب احمد جہانگیر **
3	5	8	8	6. جناب صدائے حبیب **
4	1	5	8	7. جناب مرزا محمود احمد *
-	3	3	8	8. مرزا قمر بیگ **
-	8	8	8	9. جناب محمد ثاقب سلیم (سی ای او) **

\* 06 فروری 2017ء کو ڈائریکٹر کے عہدے سے ریٹائر ہوئے۔

\*\* 06 فروری 2017ء کو ڈائریکٹر کے طور پر منتخب کیے گئے۔

### p. آڈٹ کمیٹی کی میٹنگ

دوران آڈٹ کمیٹی کی چھ (06) میٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

میٹنگز کی تعداد			منعقدہ میٹنگز کی تعداد	نام
منظور شدہ رخصت	اصل حاضری	مطلوبہ حاضری		
3	3	6	6	1. جناب ہارون رشید
1	3	4	6	2. جناب صدائے حبیب
-	6	6	6	3. جناب احمد جہانگیر
-	6	6	6	4. جناب نسیم بیگ
-	2	2	6	5. مرزا قمر بیگ

### p. ہیومن ریسورس اینڈ رمیو نیشن کمیٹی کی میٹنگ

دوران سال ہیومن ریسورس اینڈ رمیو نیشن کمیٹی کی چار (04) میٹنگز ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

## ڈائریکٹرز رپورٹ

- ذیل میں کارپوریٹ گورننس کے ضابطہء اخلاق کی شرائط کی تعمیل کے لئے خصوصی نکات واضح کیے جا رہے ہیں:
- مالیاتی گوشوارے فنڈز کے معاملات کی صورتحال، اس کی سرگرمیوں کے نتائج، نقد کی آمد و رفت اور ایکویٹی میں تبدیلیوں کی منصفانہ عکاسی کرتے ہیں۔
  - فنڈ کی درست بکس آف اکاؤنٹس تیار کی گئی ہیں۔
  - مالیاتی گوشواروں کی تیاری میں موزوں اکاؤنٹنگ پالیسیوں کا اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینے معقول اور محتاط اندازوں پر مبنی ہیں۔
  - مالیاتی گوشواروں کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جس حد تک ان کا پاکستان میں اطلاق ہوتا ہے، کی تعمیل کی گئی ہے اور کسی بھی انحراف کا - خاطر خواہ اظہار اور وضاحت کر دی گئی ہے۔
  - انٹرنل کنٹرول کا نظام مستحکم خطوط پر استوار اور نافذ ہے اور اس کی موثر نگرانی کی جاتی ہے، اور اسے مزید بہتر بنانے کی کوششیں جاری ہیں۔
  - کمپنی کے کاروبار جاری رکھنے کی صلاحیت میں کوئی شبہات نہیں ہیں۔
  - لسٹنگ قوانین میں تفصیلاً بیان کردہ کارپوریٹ گورننس کی بہترین روایات سے کوئی قابل ذکر انحراف نہیں کیا گیا ہے۔
  - گزشتہ 6 برسوں کا کلیدی آپرینٹنگ اور مالیاتی ڈیٹا مختصراً ملحق ہے۔
  - واجب الاداء ٹیکسز، ڈیوٹیز، محصولات اور چارجز (اگر کوئی ہیں تو) ملحقہ آڈٹ شدہ مالیاتی گوشواروں میں مکمل طور پر ظاہر کیے گئے ہیں۔ تفصیلات کے لئے نوٹ - 18.1، 18.2 اور 19 ملاحظہ فرمائیے۔
  - کمپنی کی انتظامیہ مسلسل بنیاد پر اس امر کی یقین دہانی کرنے کی کوششیں کر رہی ہے کہ مناسب اور مسلسل نگرانی کے ذریعے اندرونی مالیاتی کنٹرولز کا موثر اور مفید نظام متحرک طور پر نافذ العمل رہے۔ کمپنی کا انٹرنل آڈٹ ڈپارٹمنٹ مالیاتی کنٹرولز کے نفاذ اور پورے ادارے میں کنٹرول کے ایک موثر ماحول کی - یقین دہانی کے لئے آڈٹ اور جائزاتی سرگرمیاں انجام دے رہا ہے۔ دوران سال انتظامیہ نے انٹرنل آڈیٹرز، ایکسٹرنل آڈیٹرز اور ریگولیٹرز کے حاصل کردہ نتائج پر ترجیحی بنیاد پر توجہ دی اور بورڈ آڈٹ کمیٹی (BAC) کو باقاعدگی سے صورتحال سے آگاہ رکھا۔ دوران سال کیے گئے جائزے اور آڈٹ سے حاصل کردہ نتائج کی بنیاد پر بورڈ آف ڈائریکٹرز سمجھتا ہے کہ اندرونی مالیاتی کنٹرول کا موجودہ نظام خاطر خواہ ہے اور موثر انداز میں نافذ ہے اور اس کی - مسلسل نگرانی ہو رہی ہے، تاہم بہتری کی گنجائش ہمیشہ ہوتی ہے۔
  - تمام ڈائریکٹرز ڈائریکٹرز ٹریننگ پروگرام کو مکمل کر چکے ہیں یا خاطر خواہ تجربے کی بنیاد پر اس سے مستثنیٰ ہیں۔
  - دوران سال رواں، مرزا محمود احمد کمپنی کے ڈائریکٹر کے عہدے سے ریٹائر ہو گئے اور ان کی جگہ مرزا قمر بیگ اس عہدے پر فائز ہوئے۔
  - دوران سال چیف ایگزیکٹو، ڈائریکٹر، چیف فنانشل آفیسر، کمپنی سیکرٹری اور چیف انٹرنل آڈیٹر اور ان کی بیوی / ان کے شوہر اور نابالغ بچوں نے جو حصص خریدے یا فروخت کیے اس کا خلاصہ درج ذیل ہے:

فروخت	خرید	
-	500	جناب محمد ثاقب سلیم (سی ای او)
-	500	مرزا قمر بیگ

n. حصص یافتگی کا تفصیلی خاکہ بتاریخ 30 جون 2017ء ملحق ہے۔

o. ڈائریکٹرز کی میٹنگ

دوران سال بورڈ آف ڈائریکٹرز کی آٹھ (08) میٹنگز منعقد ہوئیں۔ شرکا کی حاضری درج ذیل ہے:

## ڈائریکٹرز رپورٹ

فنڈ	30 جون 2017ء				30 جون 2016ء
	کارکردگی کی درجہ بندی				درجہ بندی کرنے والی ایجنسی
	طویل المیعاد	مختصر المیعاد	طویل المیعاد	مختصر المیعاد	
ایم سی بی پاکستان اسٹاک مارکیٹ فنڈ	4 اشار	3 اشار	4 اشار	5 اشار	PACRA
پاکستان کیپٹل مارکیٹ فنڈ	4 اشار	4 اشار	3 اشار	4 اشار	PACRA
پاکستان انٹر نیشنل ایلیمنٹ اسلامک Asset ایلیکشن فنڈ	4 اشار	4 اشار	3 اشار	4 اشار	PACRA
ایم سی بی پاکستان اسلامک اسٹاک فنڈ	-	4 اشار	3 اشار	3 اشار	PACRA
ایم سی بی پاکستان فریکوینٹ پے آؤٹ فنڈ	-	2 اشار	-	-	PACRA
ایم سی بی پاکستان Asset ایلیکشن فنڈ	4 اشار	3 اشار	5 اشار	4 اشار	PACRA

	30 جون 2017ء	30 جون 2016ء	
	استحکام کی درجہ بندی		درجہ بندی کرنے والی ایجنسی
پاکستان کیش مینجمنٹ فنڈ	AAA (f)	AAA (f)	PACRA
پاکستان انکم فنڈ	A + (f)	A + (f)	PACRA
ایم سی بی پاکستان Sovereign فنڈ	AA- (f)	A + (f)	PACRA
پاکستان انکم انہینسمنٹ فنڈ	A + (f)	A + (f)	PACRA
ایم سی بی ڈی سی ایف انکم فنڈ	A +	A + (f)	PACRA
ایم سی بی کیش مینجمنٹ آپٹیمائزر	AA (f)	AA (f)	PACRA
ایم سی بی اسلامک انکم فنڈ	AA - (f)	AA - (f)	PACRA
پاکستان سرمایہ محفوظ فنڈ *	-	CP2+	PACRA

\* یہ فنڈ 19 دسمبر 2016ء کو مچھور ہو گیا ہے۔

### ہولڈنگ کمپنی

ایم سی بی - عارف حبیب سیونگزر اینڈ انویسٹمنٹس لمیٹڈ کی parent کمپنی ایم سی بی بینک لمیٹڈ ہے جو کمپنی کے 51.33 فیصد واجب الاداء عمومی حصص کی حامل ہے۔

### کمپنی کارپوریٹ گورننس

کمپنی کارپوریٹ گورننس کے اعلیٰ ترین معیارات نافذ کرنے کے لئے کوشاں ہے۔ بورڈ میں تین (3) خود مختار ڈائریکٹرز ہیں، اور مینجمنٹ کمپنی کی گورننگ باڈی کے طور پر بورڈ عہدہ کارپوریٹ گورننس کے لئے یونٹ ہولڈرز کو جو ابده ہے۔ انتظامیہ کارپوریٹ گورننس کے ضابطہء اخلاق میں متعین کردہ بہترین طریقوں سے متعلق نکات، خاص طور پر غیر ایگزیکٹو ڈائریکٹرز کی خود مختاری کے حوالے سے ضابطے کی بدستور تعمیل کر رہی ہے۔ فنڈ پاکستان اسٹاک ایکسچینج کے لسٹنگ ضوابط کے مطابق کاروبار چلانے پر بدستور کار بند ہے جس میں بورڈ آف ڈائریکٹرز اور انتظامیہ کے کردار اور ذمہ داریوں کو با التفصیل واضح کیا گیا ہے۔

## ڈائریکٹر رپورٹ

فیس پرد باؤ بڑھ سکتا ہے۔

تمام کاروباری شعبوں کی طرح ملک میں بڑھتی ہوئی سیاسی بے چینی بھی ایک خطرہ بنی ہوئی ہے اور اس بات کا امکان ہے کہ غیر ملکی اور مقامی سرمایہ کار مالیاتی مارکیٹس سے اپنی سرمایہ کاریاں نکال لے جائیں جس کے نتیجے میں قیمتوں اور منافع جات کی سطح گر جائے گی۔

کرنٹ اکاؤنٹ کے تیزی سے بڑھتے ہوئے خسارے، ذخائر میں کمی اور انٹروینشن سپورٹڈ کرنسی میں معاشی عدم استحکام کی عکاسی ہوئی جو معاشی ترقی کی راہ میں رکاوٹ بن رہا جو کمپنی کی منافع حاصل کرنے کی استعداد کو متاثر کر سکتی ہے۔

### مستقبل کے منصوبے

ریٹیل شعبے میں توجہ میں اضافہ ہو گیا ہے اور Asset مینجمنٹ کمپنیاں اپنے دائرہ کار کو بڑے شہروں سے آگے لے جا رہی ہیں۔ MCBAH بھی متحرک انداز میں ریٹیل شعبے پر توجہ مرکوز کر رہی ہے جہاں مجموعی سرائیت بے حد معمولی ہے۔ ڈسٹری بیوشن میں اضافے، ٹیکنالوجی اور برانچ نیٹ ورکنگ پر توجہ کے ساتھ ساتھ نئی مصنوعات کمپنی کے لائحہ عمل کے کلیدی عناصر ہوں گے۔ اس ضمن میں کمپنی نے مختلف اقدامات بھی اٹھائے ہیں، مثلاً iSave کے برانڈ کے تحت ڈیجیٹل میدان میں سرمایہ کاری میں اضافہ، جو اکاؤنٹ کھولنے سے لے کر اکاؤنٹ کے انتظام اور رپورٹنگ تک کے تمام مراحل کو بے حد آسان بنا دیتا ہے۔ علاوہ ازیں، کمپنی نے مزید شہروں مثلاً پشاور، بہاولپور اور گجرات تک اپنے دائرہ کار کو وسیع کیا ہے اور مستقبل میں یہ توسیع جاری رہے گی۔ شہری علاقوں کے لئے ترقی کے لائحہ عمل میں ٹیکنالوجی پر مبنی آلات سے آگے بڑھ کر مقبول ترین شاپنگ مالز میں MCBAH Kiosks کا قیام شامل ہے جس کے ذریعے ہماری رسائی متوقع صارفین تک بھی ہوگی۔ اس توسیعی مرحلے کے ساتھ ساتھ کمپنی مارکیٹنگ اور خاص طور پر حتمی صارفین کے سرمایہ کاری کے تجربے کو ڈیجیٹل بنانے کے لئے خطیر سرمایہ کاری کریں گے۔ چنانچہ مختصر میعاد میں ہماری لاگت بڑھ جائے گی لیکن طویل میعاد میں مارکیٹ شیئر اور منافع کے استعداد میں اضافے کی صورت میں اس کے ثمرات متوقع ہیں۔

انتظامیہ سمجھتی ہے کہ اپنے کاروبار، ڈسٹری بیوشن اور ٹیکنالوجی میں زیادہ سرمایہ کاری سے اگلے کچھ برسوں میں منافع کی استعداد میں واضح طور پر مثبت اثر مرتب ہوگا اور اس میں بتدریج اضافہ ہوگا۔

### کارپوریٹ سوشل رسپانسیبلیٹی (CSR) اور ماحول پر اثر

مدتِ رواں میں MCBAH نے CSR سرگرمیوں پر توجہ میں اضافہ کیا ہے۔ کمپنی نے SOS ولج میں ایک ”مدرز ڈے“ ایکٹیوٹی کا انعقاد کیا جس میں ماؤں کی اہمیت اور قوم کے مستقبل پر ان کے اثر پر روشنی ڈالی گئی۔ کمپنی کے کاروبار کا ماحول پر کوئی منفی اثر نہیں پڑتا، اور ٹیکنالوجی کے استعمال میں اضافے کی بدولت کمپنی کا غنڈ کے استعمال میں کمی لائے گی۔

### ادارہ جاتی درجہ بندی اور Asset مینیجر درجہ بندی

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے کمپنی کو "AA-" کی asset مینیجر درجہ بندی دی۔ کمپنی کے زیر انتظام اجتماعی سرمایہ کاری اسکیموں کی درجہ بندی درج ذیل ہے:

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انکم (اسلامک) اور منی مارکیٹ (اسلامک / کنوینشنل) فنڈز میں اضافہ ہوا، جبکہ اسلامک انکم اور اگریسو فکسلڈ انکم (کنوینشنل) فنڈز کے زیر انتظام اثاثہ جات میں مالی سال 2017ء میں کمی واقع ہوئی۔

شعبہ جاتی شیئرز کے اعتبار سے ایکویٹی اور ایکویٹی سے متعلقہ فنڈز تقریباً 65.78 فیصد شیئرز کے ساتھ بدستور قائدانہ حیثیت کے حامل تھے، جبکہ انکم فنڈز 20.49 فیصد اور منی مارکیٹ فنڈز 13.45 فیصد کے ساتھ دوسرے اور تیسرے نمبر پر رہے۔

### میوچل فنڈز کی صنعت کے مستقبل کا منظر

خصوصی شعبہ جاتی حرکات متوقع طور پر ایکویٹی فنڈز میں درمیانے اور طویل میعاد کے سرمایہ کاروں کی دلچسپی برقرار رکھیں گے۔ فکسلڈ انکم کے دائرہ کار میں نسبتاً پست منافع جات کے باعث ایکویٹی فنڈز میں انٹریسٹ کی سطح متوقع طور پر بلند رہے گی۔ قیمتوں کے اتار چڑھاؤ کے اثر سے محفوظ رہنے کے خواہشمند سرمایہ کاروں کے لئے منی مارکیٹ فنڈز متوقع طور پر مستحکم رہیں گے اور مختصر میعاد مستحکم منافع کی ضروریات کو پورا کریں گے۔ ویلیو ایڈیشن کے محدود منافعوں کے باعث انکم فنڈز میں نسبتاً کم آمدات ہوں گی، تاہم فنڈ ایسے سرمایہ کاروں کے لئے متوقع طور پر مستحکم اور مناسب رہے گا جو فکسلڈ انکم کے منافعوں میں معمولی اضافے کی استعداد کی تلاش میں ہیں۔ انٹریسٹ کی نسبتاً پست شرح کے ماحول میں سرمایہ کار منافع میں اضافے کے لئے قیمتوں کے زیادہ اتار چڑھاؤ کے مواقع کو خطرے میں ڈالنے اور ہائپرڈ مصنوعات آزمانے کے لئے تیار ہیں، اور چنانچہ ہمیں مشاورتی خدمات میں ترقی کی گنجائش متوقع ہے جس سے ہماری آمدنی میں اضافے کو معاونت ملے گی۔

### کمپنی کی کارکردگی کا جائزہ

کمپنی کی مجموعی آمدنی 808.225 ملین روپے ہے (2016: 782.368 ملین روپے) جس میں مینجمنٹ / انویسٹمنٹ ایڈوائزری فیس اور دیگر آمدنی شامل ہے۔ ایڈمنسٹریٹو، آپریٹنگ اور فنانشل اخراجات اور 522.267 ملین روپے (2016: 432.558 ملین روپے) آمدنی کی شرکت داری کو منہا کرنے کے بعد کمپنی کا منافع قبل از ٹیکس 285.959 ملین روپے ہے (2016: 349.810 ملین روپے)۔ Net منافع بعد از ٹیکس 202.194 ملین روپے ہے جبکہ 30 جون 2016ء کو اختتام پذیر ہونے والی مائٹل مدّت کا net منافع 239.109 ملین روپے تھا۔ ہم پُر امید ہیں کہ ہمارے آنے والے اثاثہ جات مستقبل میں مزید مستحکم ہوں گے جس سے آمدنی میں اضافے اور منافع بخشیت کے لئے اہم کردار ادا ہوگا۔

مستقبل میں کمپنی کی توجہ کا مرکز میوچل فنڈز کی صنعت میں مارکیٹ شیئر میں اضافے کی محرک کوشش ہے، جس کے لئے ہم پاکستان بھر میں اپنے ریٹیل دائرہ کار میں مرحلہ وار توسیع کے لائحہ عمل سے گزر رہے ہیں۔ اگلے مالی سال میں کمپنی متعدد موجودہ اور نئے شہروں میں نئی شاخوں کا آغاز کرنے کا ارادہ رکھتی ہے۔ علاوہ ازیں، کمپنی ٹیکنالوجی کے استعمال کے ذریعے اپنی رسائی میں توسیع کرنے کے لئے پُر عزم ہے۔

30 جون 2017ء کو اختتام پذیر ہونے والے موجودہ مالی سال کے لئے آمدنی فی شیئر 2.81 روپے ہے جبکہ 30 جون 2016ء کو اختتام پذیر ہونے والے گزشتہ مالی سال کے لئے 3.32 روپے تھی۔

بورڈ نے 17.50% حتمی ڈیویڈنڈ تجویز کیا ہے۔ مزید برآں، کمپنی نے 31 دسمبر 2016ء کو اپنے حصص یافتگان کو 15% عبوری ڈیویڈنڈ ادا کیا ہے۔ کمپنی کے بورڈ آف ڈائریکٹرز کی مجموعی ذمہ داری ہے کہ اس بات کی یقین دہانی کریں کہ اندرونی مالیاتی کنٹرولز کا نظام خاطر خواہ ہے اور مؤثر انداز میں چل رہا ہے۔ 30 جون 2017ء کے آڈٹ شدہ اکاؤنٹس کے مطابق پینشن فنڈز میں ملازمین کی سرمایہ کاری کی مالیت 24,787,595 روپے ہے۔

### اہم ترین خطرات اور غیر یقینی صورتحال

AUMs میں 12 فیصد کے 5 سالہ CAGR سے ترقی ہو رہی ہے۔ بڑھتے ہوئے مقابلے کے ماحول میں اگر مارکیٹ شیئرز کے مجموعی حجم میں اضافہ نہ ہو تو اسے خطرہ لاحق ہے۔ تاہم چونکہ مارکیٹ اپنے عروج کے مرحلے سے بہت دور ہے اس لئے یہ خطرہ بہت کم ہے۔ بہر حال، بڑھتے ہوئے مقابلے کے نتیجے میں مینجمنٹ

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ی کہ مالیاتی اکاؤنٹ کی بھی صورتحال سبسڈیز کے بوجھ میں کمی کے اعتبار سے بہتر ہوئی۔ بین الاقوامی اشیاء کا مستقبل تاحال غیر یقینی ہے اور کرنٹ اکاؤنٹ کے بڑھتے ہوئے خسارے کے باعث مستقبل کی راہیں بظاہر مشکلات سے پُر ہیں۔

مالی سال 2017ء میں 27 بلین ڈالر کا تجارتی خسارہ CPEC کے تحت مشینری کی درآمدات کے باعث مزید بڑھ سکتا ہے اور متعدد مقامی کیپیٹل منصوبے درآمدات کے بل پر غالب ہوں گے۔ دوسری جانب ٹیکسٹائل سیکٹر کی ترقی کے تحت ری بیٹس کے حوالے سے حکومت کی خاموشی اور زر مبادلہ کے ذخائر کے ذریعے پاکستانی روپے کی معاونت کرنے کے لئے حکومتی ثابت قدمی کے باعث برآمدات متوقع طور پر دباؤ میں رہیں گی۔ بڑھتے ہوئے تجارتی خسارے اور ترسیلات زر کی کمزور صورتحال کی بنیاد پر ہم اگلے سال کرنٹ اکاؤنٹ کے خسارے کو تقریباً 15 بلین ڈالر (مجموعی ملکی پیداوار کا 4 فیصد) تک پہنچتا دیکھ رہے ہیں، جو 2008ء میں ادائیگیوں کے توازن کے بحران میں پیدا ہونے والے حالات سے اب بھی بہت دور ہے، جب کرنٹ اکاؤنٹ کا خسارہ 14 بلین ڈالر (مجموعی ملکی پیداوار کا 8 فیصد) تک پہنچ گیا تھا۔ تاہم بڑھتے ہوئے کرنٹ اکاؤنٹ کے خسارے کے ساتھ ساتھ انٹریسٹ کی ادائیگی کے باعث مالی سال 2018ء میں 18-19 بلین ڈالر کی مالیت کی فراہمی کی ضرورت پیدا ہو سکتی ہے، جس کے باعث پاکستانی روپے کی قدر میں کچھ حد تک کمی کا واضح امکان ہے۔

کنزیومر پرائس انڈیکس (CPI) مالی سال 2018ء میں مناسب حد تک قابو میں رہے گا۔ ہمارے اندازے کے مطابق مالی سال 2018ء میں افراط زر کا اوسط 4.5 فیصد ہوگا۔ اگرچہ روپے کی قدر میں کمی اور اشیاء کی قیمتوں کے باعث تخمینوں کو خطرات لاحق ہیں، لیکن توقع ہے کہ اگلے سال CPI کی پست سطح کے سبب مدت قریب میں اسٹیٹ بینک کی طرف سے انٹریسٹ کی شرحوں میں اضافے کی ضرورت نہیں پڑے گی۔

انٹریسٹ کی پست شرح کے ماحول کے ساتھ ساتھ CPEC سے منسلک منصوبوں کی بنیاد پر حکومت کا مجموعی ملکی پیداوار کا 6 فیصد ہدف زیادہ بلند نہیں معلوم ہوتا، بشرطیکہ خارجی اکاؤنٹ کا جھٹکا اور سیاسی عدم استحکام ترقی کی گاڑی کو پٹری سے اتار نہ دے۔

ایکویٹی مارکیٹ پاناما لیکس کے نتیجے میں سابق وزیر اعظم اور ان کے اہل خانہ کے خلاف مقدموں کے حتمی نتیجے کی بنیاد پر اپنا اگلا قدم طے کرنے کے لئے تیار ہے۔ مارکیٹ اپنے عروج سے تقریباً 13 فیصد زوال کے بعد بظاہر وزیر اعظم ہاؤس میں تبدیلی کے خطرے کے حوالے سے احتیاطی تدابیر اختیار کر چکی ہے، تاہم عدالتی فیصلے کے نتیجے میں ایک بڑی سیاسی جماعت پی ایم ایل (این) کا شیرازہ بکھرنے اور وزیر خزانہ کی متوقع نااہلی سے مختصر المیعاد مارکیٹ کے حالات مزید بگڑ سکتے ہیں کیونکہ یہ اگلے انتخابات میں متعلق پارلیمنٹ کے امکانات کا اشارہ ہوگا۔

روپے کی قدر میں کمی، انٹریسٹ کی شرح میں اضافہ اور معاشی ترقی آئندہ مالی سال میں سرمایہ کاری کا رجحان طے کرنے والے عوامل ہوں گے۔ روپے کی مالیت میں کمی سے لازمی طور پر منسلک شعبے مثلاً کمرشل بینک، ایکسپلوریشن اینڈ پروڈکشن اور بجلی اور بجلی متوقع طور پر شہ سرخیوں میں آجائیں گے۔ علاوہ ازیں، بجلی، اسٹیل، تعمیرات اور صارفین شعبوں میں ترقیاتی عمل متوقع طور پر مارکیٹ کی کارکردگی میں مثبت کردار ادا کرے گا۔

ہم اُمید کرتے ہیں کہ آنے والے مہینوں میں اصول سیاسی شور پر غالب ہوں گے، کیونکہ ہماری مارکیٹ 9 گنا PER یعنی قیمت اور آمدنی کے تناسب پر تجارت کر رہی ہے (جو ابھرتی ہوئی مارکیٹس کو 30 فیصد ڈسکاؤنٹ ہے) جس سے شرحوں کے دوبارہ تعین کے لئے حالات سازگار ہوں گے۔ علاوہ ازیں، انٹریسٹ کی پست شرحیں مقررہ آمدنی کے منافعوں کو پست رکھے ہوئے ہیں، جس سے ایکویٹی مارکیٹ کی طرف مزید لیکویڈٹی مائل ہو رہی ہے۔ KSE-100 انڈیکس میں فی الوقت ایکویٹی کے خطرات کے 3 فیصد پریمیم پر تجارت ہو رہی ہے جو خطروں سے خالی طویل المدتی شرح سے زیادہ ہے، اور 5.5 فیصد ڈیویڈنڈ فراہم ہوتا ہے۔

میوچل فنڈ کی صنعت کا جائزہ

مالی سال 2017ء کے اختتام پر open-end میوچل فنڈ کی صنعت کے net اثاثہ جات 576 بلین روپے تھے۔ مالی سال 2017ء میں ایکویٹی (اسلامک / کنوینشنل)، Asset (ایلویشن / اسلامک / کنوینشنل)، فنڈ آف فنڈز (اسلامک / کنوینشنل)، شریعہ کمپلائنٹ بیلنسڈ، کنوینشنل انکم، بیلنسڈ، اگرینو فیلڈ (اسلامک / کنوینشنل)۔

## ڈائریکٹر رپورٹ

روپے کا اضافہ ہے۔

اسٹیٹ بینک آف پاکستان نے اپنے تازہ ترین مالیاتی پالیسی کے جائزے برائے اگلے دو ماہ میں پالیسی کی شرح کو متواتر ساتویں مرتبہ 5.75 فیصد برقرار رکھا ہے۔

حکومت کے خطیر بجٹ خساروں سے نمٹنے کے باعث وسیع تر مالیاتی (M2) ترقی بلند سطح پر قائم رہی (13.7% YoY) اور بینکاری کے نظام کے Net مقامی اثاثہ جات میں 18.3 فیصد YoY ترقی ہوئی۔ حکومت نے مالیات کے لئے اسٹیٹ بینک آف پاکستان پر انحصار کرتے ہوئے 908 بلین روپے قرض حاصل کیا جس کے نتیجے میں مقامی بینکوں کو خاطر خواہ لکویڈٹی فراہم ہوئی۔ مالی سال 2017ء کی دوسری ششماہی میں انٹریسٹ کی شرحوں میں زیادہ تبدیلی نہیں ہوئی، جبکہ اسٹیٹ بینک آف پاکستان نے لکویڈٹی کا انتظام خاطر خواہ حد تک چلایا۔ مارکیٹ میں شریعہ انسٹرمنٹس کی رسد کمزور رہی کیونکہ اسٹیٹ بینک آف پاکستان نے مالی سال 2017ء میں مقررہ شرح پر ریٹیل کی ترتیب پر مبنی صرف ایک اجارہ سلگ نیلامی کا انعقاد کیا جس نے 5.24 فیصد منافع جات پیش کیے اور میچور ہونے والے 50 بلین روپے کے اجارہ سلگ کے بالمقابل 71 بلین روپے قرض حاصل کیے۔ چنانچہ اسلامی سرمایہ کاری کے مواقع کی قلت کی نشاندہی ہوئی۔

ایکویٹیز مارکیٹ کا جائزہ

مالی سال 2017ء کے آخری ڈیڑھ ماہ میں قابل ذکر کمی کے باوجود انڈیکس 23.24 فیصد ترقی کرنے میں کامیاب ہوا۔ انڈیکس مئی 2017ء میں اپنے عروج کی سطح 52,876 پوائنٹس سے جون 2017ء کے اختتام پر 11.94 فیصد کم ہو گیا۔ وزیر اعظم اور ان کے اہل خانہ کے ضمن میں عدالتی معاملات کے حوالے سے بڑھتی ہوئی تشویش اور مورگن اسٹینلیز امریکن مارکیٹ انڈیکس (MSCI) میں پاکستان کی اپ گریڈیشن کے بعد، جو مارکیٹ کے دیگر فریقوں کے لئے حیرت کا باعث تھی، net غیر ملکی آمدات کی مایوس کن صورتحال کے نتیجے میں منافع کی سطح گر گئی۔ Net فروخت کار بدستور غیر ملکی افراد رہے جنہوں نے 652 ملین ڈالر کی خطیر مالیت کی ایکویٹیز کو نقد میں تبدیل کیا اور فروخت کا اکثر حصہ میوچل فنڈز نے جذب کیا (575 ملین ڈالر)۔ کاروبار کا اوسط حجم 64 فیصد بڑھ کر 340 ملین حصص ہو گئے اور تجارت کردہ قدر 58 فیصد بڑھ کر 15 بلین روپے ہو گئی۔

بہترین کارکردگی کا مظاہرہ کرنے والوں میں اسٹیل کا شعبہ مقررہ معیار سے 198 فیصد زیادہ ترقی کر کے سب سے آگے رہا کیونکہ CPEC پروگرام کے تحت انفراسٹرکچر کے ضمن میں متحرک سرگرمیوں اور اسٹیل کی متعدد مصنوعات پر ریگولیٹری اور اینٹی ڈمپنگ ڈیوٹیز عائد کرنے کے حوالے سے حکومت کی موافق پالیسیوں کی بدولت اس شعبے میں سرمایہ کاروں کی بھرپور دلچسپی پیدا ہوئی۔ علاوہ ازیں، متعدد اسٹیل کمپنیوں کے اعلان کردہ اضافے کے منصوبوں سے متوقع مستقبل کی آمدنی کی عکاسی حصص کی قیمتوں میں استعداد میں ہونے لگی۔ آٹوسیکٹر 98 فیصد ترقی کر کے مارکیٹ میں دوسرے نمبر پر بہترین کارکردگی کا حامل شعبہ رہا۔ اس شاندار کامیابی کے اسباب نئے ماڈل، فروخت کے بڑے حجم اور بجٹ میں ٹیکسی اسکیم کے لئے حکومتی فنڈنگ کا اعلان ہیں۔ تیل اور گیس کے شعبے میں دو عوامل کیے باعث زبردست ترقی ہوئی: OMCs کے حجم میں 10 فیصد اضافہ اور سوئی نادرن گیس پائپ لائن کمپنی کی جانب سے 110 بلین روپے مالیت کے توسیع کے منصوبوں کا اعلان، جو 2018ء میں مکمل ہوں گے۔

اس کے برعکس کھاد کے شعبے نے 11 فیصد کم ترقی کر کے کمزور کارکردگی کا مظاہرہ کیا کیونکہ انویٹریز میں اضافے اور یوریا کی قیمتوں میں ڈسکاؤنٹس نے اس شعبے پر منفی اثرات مرتب کئے۔ علاوہ ازیں، کھاد کی بین الاقوامی قیمتوں میں کمی کے باعث مقامی مینوفیکچررز کی قیمت متعین کرنے کی طاقت اور متوقع برآمداتی آمدنی متاثر ہوئی۔ سینٹ کے شعبے نے بھی زبردست جائزہ مدت کے دوران مقررہ معیار سے 7 فیصد کم ترقی کی کیونکہ کونسلے کی بین الاقوامی قیمتیں 30 فیصد YoY اضافے کا شکار ہو کر نومبر 2016ء میں 100 ڈالر کی بلند ترین سطح تک پہنچ گئیں۔ علاوہ ازیں، چرائٹ سینٹ کی شمالی خطے میں توسیع کے باعث خطے میں سپلائرز کی قیمتوں کے تعین کی طاقت متاثر ہوئی جس کے نتیجے میں خطے میں سینٹ کی قیمتیں 4 سے 5 فیصد کم ہو گئیں اور سینٹ کمپنیوں کی اسٹاک کی قیمتیں دباؤ میں آ گئیں۔

مارکیٹ اور معیشت - مستقبل کا منظر

گزشتہ چند برسوں میں حاصل ہونے والے خطیر منافع جات تیل کی قیمتوں میں کمی کے ثمرات ہیں جس کی بدولت خارجی اکاؤنٹ، CPI، ڈسکاؤنٹ کی شرح اور



## ڈائریکٹر رپورٹ

ایم سی بی عارف حبیب سیونگزن اینڈ انویسٹمنٹس لمیٹڈ (MCBAH) بورڈ آف ڈائریکٹرز کی طرف سے 30 جون 2017ء کو اختتام پذیر ہونے والے سال کے لئے MCBAH کے معاملات کی رپورٹ پیش خدمت ہے۔

### بنیادی کاروبار

یہ ایک غیر بینک فنانس کمپنی ہے جو سیکورٹی اینڈ ایکسیج کمیشن کے ریگولیٹری نظام کے تحت پنشن فنڈ مینیجر کے ساتھ ساتھ Asset مینجمنٹ کمپنی اور انویسٹمنٹ ایڈوائزر کے طور پر لائسنس شدہ ہے۔

### کاروباری ماحول

#### معیشت اور بازار کا مجموعی جائزہ

مقامی معاشی علامات بشمول مجموعی ملکی پیداوار (GDP) میں ترقی، بڑے پیمانے پر مینوفیکچرنگ، مالیاتی خسارہ، افراط زر اور کریڈٹ آف ٹیک بہتر معاشی حالت اور روشن مستقبل کی طرف اشارہ کر رہی ہیں۔ معیشت کا بیرونی رخ بھی دوران سال زیر مبادلہ کے مستحکم ذخائر کے باعث مضبوط رہا، تاہم تجارتی اور کرنٹ اکاؤنٹ کے خساروں میں تشویشناک رفتار سے اضافے کے باعث مستقبل کی صورتحال کمزور ہو گئی ہے۔

مالی سال 2017ء میں پاکستانی معیشت نے 5.28 فیصد ترقی کی جو گزشتہ دس سالوں میں سب سے زیادہ ترقی ہے۔ اس کی معاونت سروسز میں 6 فیصد اور زراعت میں 3.5 فیصد Year on Year (YoY) ترقی سے ہوئی۔ صنعتی رخ پر بڑے پیمانے کے مینوفیکچرنگ شعبے نے 11MFY17 میں 5.7 فیصد ترقی کی، اور اس میں اہم ترین کردار صارفی، تعمیراتی اور توانائی کے شعبوں نے ادا کیا۔ گاڑیوں کے شعبے نے 10 سے 99 فیصد تک ترقی کی؛ اس شعبے میں مانگ بڑھتی رہی اور مقامی assemblers نے نئے ماڈل متعارف کرائے۔ چین پاکستان معاشی راہداری (CPEC) سے منسلک اور دیگر انفراسٹرکچر کی سرمایہ کاری کی بدولت تعمیرات سے منسلک صنعتوں مثلاً اسٹیل اور سینٹ کوکوت فراہم ہونے کا عمل جاری رہا۔

خارجی رخ پر درآمدات میں 17.7 فیصد اضافے اور برآمدات میں 1.4 فیصد کمی کے باعث تجارتی خسارہ وسیع ہو کر مالی سال 2017ء میں 26.9 بلین ڈالر ہو گیا جبکہ ایک سال قبل 19.3 بلین ڈالر تھا۔ مالی سال 2017ء میں ترسیل زرگزشتہ سال کے مقابلے میں 3.08 فیصد کمی کا شکار ہو کر 19.30 بلین ڈالر ہو گئیں، اور اس کے اہم ترین اسباب مشرق وسطیٰ میں روزگار کی صورتحال اور عالمی سطح پر متوقع سے کم حصولیات ہیں۔

مندرجہ بالا دو اسباب (ترسیل زر میں کمی اور کرنٹ اکاؤنٹ خسارے میں اضافے) کے نتیجے میں غیر زر مبادلہ کے ذخائر پر دباؤ بڑھ رہا ہے، جو زیر جائزہ سال کے اختتام پر 21.368 بلین ڈالر تھے، اور یہ یکم جولائی 2016ء سے تاحال 1.72 بلین ڈالر کمی ہے۔

عارضی طور پر فراہم کردہ اعداد کی بنیاد پر عرب لائٹ کی اوسط قیمتوں میں 19 فیصد YoY اضافے کے باوجود کنزومر پرائس انڈیکس (CPI) کی سطح پست رہی اور اس میں مالی سال 2017ء کے دوران 4.15 فیصد اضافہ ہوا، جس کی سب سے بڑی وجہ خوراک، نقل و حمل اور رہائشی کرائے کے شعبوں میں بھرپور ترقی ہے۔

حکومت مالیاتی خسارے کو 4.2 فیصد پر برقرار رکھ سکی جو متعین شدہ ہدف 3.8 فیصد سے تھوڑا زیادہ ہے۔ مجموعی اخراجات اور مجموعی آمدنی، دونوں میں 12 فیصد YoY اضافہ ہوا جبکہ مالیاتی توازن میں 11 فیصد YoY اضافہ ہوا۔ حکومت نے مالی سال 2018ء کے لئے مالیاتی خسارے کا ہدف 4.1 فیصد متعین کیا ہے۔

CA خسارے کے علاوہ ایک اور تشویشناک چیز مالیاتی خسارے میں اضافہ، اور اس بڑھتے ہوئے فرق کو پُر کرنے کے لئے مالیات فراہم کرنے کے لئے پبلک اور پرائیویٹ قرضہ جات میں اضافہ ہے۔ مارچ 2017ء تک پاکستان مجموعی طور پر 23.95 ٹریلین روپے کا قرض دار تھا، جو ایک سال کے دوران 2.33 ٹریلین

# PATTERN OF SHAREHOLDING AS AT JUNE 30, 2017

Categories of Shareholders	Shareholders	Shares Held	Percentage
<b>Directors and their spouse(s) and minor children</b>			
MR. HAROUN RASHID	1	500	0.00
MR. NASIM BEG	3	26,322	0.04
MR. AHMED JAHANGIR	1	500	0.00
MR. ABDUS SAMAD	2	504	0.00
MIAN MOHAMMAD MANSHA	1	500	0.00
Dr. SYED SALMAN ALI SHAH	1	500	0.00
MR. MIRZA QAMAR BEG	1	500	0.00
MR. MUHAMMAD SAQIB SALEEM	1	500	0.00
<b>Associated Companies, undertakings and related parties</b>			
MCB BANK LIMITED - TREASURY	1	36,956,768	51.33
ARIF HABIB CORPORATION LIMITED	1	21,664,167	30.09
ADAMJEE INSURANCE COMPANY LIMITED	1	3,757,500	5.22
<b>Executives</b>	-	-	-
<b>Public Sector Companies and Corporations</b>	1	70	0.00
<b>Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds</b>	2	134,970	0.19
<b>Mutual Funds</b>			
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	900,000	1.25
<b>General Public</b>			
a. Local	950	3,625,586	5.04
b. Foreign	1	4	0.00
Foreign Companies	1	2,901,500	4.03
<b>Others</b>	23	2,029,609	2.82
<b>Totals</b>	<b>993</b>	<b>72,000,000</b>	<b>100.00</b>

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
ADAMJEE INSURANCE COMPANY LIMITED	3,757,500	5.22

**PATTERN OF SHAREHOLDING  
AS AT JUNE 30, 2017**

<b>NO. of Shareholders</b>	<b>Shareholdings'Slab</b>			<b>Total Shares Held</b>
314	1	to	100	4,817
139	101	to	500	47,483
225	501	to	1000	150,783
191	1001	to	5000	430,317
40	5001	to	10000	310,254
24	10001	to	15000	306,793
11	15001	to	20000	201,500
5	20001	to	25000	115,238
5	25001	to	30000	140,000
2	30001	to	35000	70,000
1	35001	to	40000	36,000
3	40001	to	45000	122,800
2	45001	to	50000	100,000
2	50001	to	55000	105,400
2	55001	to	60000	116,800
1	60001	to	65000	64,500
2	75001	to	80000	157,880
1	80001	to	85000	81,000
4	90001	to	95000	372,000
1	105001	to	110000	109,000
1	120001	to	125000	123,500
2	125001	to	130000	256,500
1	130001	to	135000	134,000
1	135001	to	140000	138,000
1	160001	to	165000	165,000
1	170001	to	175000	172,000
1	175001	to	180000	179,500
1	210001	to	215000	211,500
1	275001	to	280000	275,500
1	300001	to	305000	301,000
1	325001	to	330000	326,000
1	490001	to	495000	495,000
1	895001	to	900000	900,000
1	2900001	to	2905000	2,901,500
1	3755001	to	3760000	3,757,500
1	21660001	to	21665000	21,664,167
1	36955001	to	36960000	36,956,768
<b>993</b>				<b>72,000,000</b>

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2017

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 # 5.19.24 (a) 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 CCG in the following manner:

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

Category	Names
Independent Directors	<ol style="list-style-type: none"> <li>1. Mr. Haroun Rashid</li> <li>2. Dr. Syed Salman Ali Shah</li> <li>3. Mr. Mirza Qamar Beg</li> </ol>
Executive Directors	<ol style="list-style-type: none"> <li>1. Mr. Muhammad Saqib Saleem - Chief Executive Officer</li> </ol>
Non – Executive Directors	<ol style="list-style-type: none"> <li>1. Mian Mohammad Mansha-Chairman</li> <li>2. Mr. Nasim Beg – Vice Chairman</li> <li>3. Mr. Ahmed Jehangir</li> <li>4. Mr. Samad Habib</li> </ol>

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

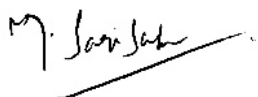
2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the period no casual vacancy occurred on the board of the Company.
5. The Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed vision / mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.
8. Out of the total eight meetings only one meeting of the Board was presided over by the chairman which was held on August 5, 2016. Five meetings were presided over by Mr. Nasim Beg and two meetings were presided by Dr. Syed Salman Ali Shah duly elected by the board for the 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.
9. During the year, Mr. Mirza Qamar Beg joined the Board of Directors and is already compliant with the requirement of the Director's Training Program. All remaining directors on the board already possess the required training or are exempt on the basis of specified qualification and experience as required by the Code.
10. Company Secretary and Head of Internal Audit continued their services and there was no change in these positions during the year. The CFO was appointed during the year on February 02, 2017 and the board has approved the remuneration and terms and conditions of the employment of the CFO.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2017

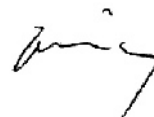
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13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of four members, all of whom are non-executive directors including the chairman of the committee who is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the CCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises of five members, of whom four are non-executive directors and one is executive Director and the chairman of the committee is also a non-executive director.
18. The Board has set up an effective internal audit function, the members of which are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. 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 04, 2017.
24. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
25. 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 04, 2017



**Nasim Beg**  
Director/Vice Chairman

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



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

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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 30 June 2017 to comply with the requirements of rule book Regulation No. 5.19.24 of 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 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 of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevailed 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 30 June 2017.

Date: 4 August 2017

Karachi

*KPMG Taseer Hadi & Co.*  
KPMG Taseer Hadi & Co.  
Chartered Accountants

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

## FINANCIAL AND BUSINESS HIGHLIGHTS

Financial highlights for the last 6 years

		2012	2013	2014	2015	2016	2017
Pre tax Margin	%	39%	41%	41%	51%	46%	36%
Net Margin	%	27%	29%	31%	36%	31%	25%
<b>Performance</b>							
Return on assets	%	10%	11%	11%	14%	11%	9%
Return on equity	%	11%	12%	12%	19%	15%	13%
<b>Leverage</b>							
Gearing (T-Debt:Equity)	times	-	-	-	-	-	-
Interest Coverage Ratio	times	-	-	-	65.03	-	-
<b>Liquidity</b>							
Current Ratio	times	7.83	7.33	4.17	2.63	2.38	2.05
<b>Valuation</b>							
Earnings per share	Rs.	2.01	2.19	2.54	3.87	3.32	2.81
No. of ordinary shares (Millions)		72	72	72	72	72	72
<b>Historical trend</b>							
Management fee (Rs. in million)		479.61	469.98	510.67	640.09	703.55	663.73
Operating profit [PBIT] (Rs. in million)		205.19	220.16	239.35	398.77	349.81	286.56
Profit before tax (Rs. in million)		205.14	220.16	239.11	392.64	349.81	285.96
Profit after tax (Rs. in million)		144.58	157.65	182.64	278.86	239.11	202.19
Share capital (Rs. in million)		720.00	720.00	720.00	720.00	720.00	720.00
Shareholders equity (Rs. in million)		1,281.93	1,273.03	1,353.85	1,505.04	1,549.23	1,579.54
Total assets (Rs. in million)		1,410.02	1,411.54	1,607.73	2,019.33	2,173.87	2,269.94



## AUDITOR'S REPORT TO THE MEMBERS



KPMG Taseer Hadi & Co.  
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Karachi, 75530 Pakistan

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### Auditors' Report to the Members

We have audited the annexed balance sheet of **MCB-Arif Habib Savings and Investments Limited** ("the Company") as at 30 June 2017 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 repealed Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the repealed 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 repealed Companies Ordinance, 1984, and are in agreement with the books of account 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 repealed Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2017 and of the profit, its cash flows and changes in equity for the year then ended; and

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## AUDITOR'S REPORT TO THE MEMBERS

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KPMG Taseer Hadi & Co.

- 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.

The financial statements of the Company for the year ended 30 June 2016 were audited by another firm of Chartered Accountants who vide their report dated 16 September 2016 expressed an unqualified opinion thereon.

Date: 4 August 2017

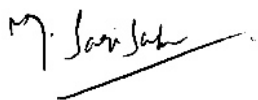
Karachi

  
KPMG Taseer Hadi & Co.  
Chartered Accountants  
Mazhar Saleem

# BALANCE SHEET AS AT JUNE 30, 2017

	Note	2017	2016
		(Rupees)	
ASSETS			
Non-current assets			
Fixed assets	4	375,063,339	339,731,158
Long-term investments	5	547,193,018	456,022,751
Long-term loans and prepayments	6	26,918,837	1,272,138
Long-term deposits		4,290,038	2,721,712
		953,465,232	799,747,759
Current assets			
Receivable from related parties	7	484,368,200	484,256,904
Loans and advances	8	7,480,791	4,909,746
Deposits, prepayments and other receivables	9	62,662,594	24,692,036
Accrued mark-up	10	72,809	5,243,237
Short-term investments	11	669,301,170	757,711,173
Taxation - net	12	73,896,711	55,442,878
Cash and bank balances	13	18,692,497	41,867,164
		1,316,474,772	1,374,123,138
Total assets		2,269,940,004	2,173,870,897
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
72,000,000 (2016: 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		859,537,437	829,228,787
Total equity		1,579,537,437	1,549,228,787
LIABILITIES			
Non-current liabilities			
Deferred taxation	16	49,012,986	47,237,901
Current liabilities			
Trade and other payables	17	641,389,581	577,404,209
Total liabilities		690,402,567	624,642,110
Total equity and liabilities		2,269,940,004	2,173,870,897
CONTINGENCIES AND COMMITMENTS			
	18		

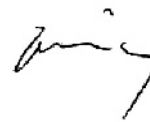
The annexed notes 1 to 43 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer

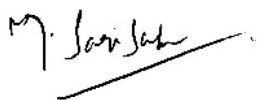


Director

# PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		(Rupees)	
<b>Revenue</b>			
Management fee / investment advisory fee	19	663,730,210	703,548,128
Processing and other related income		7,294,285	3,916,758
Profit on bank deposits	20	1,141,924	1,746,820
Income from government securities		5,825,173	23,488,867
Dividend income		25,574,849	1,730,007
Capital gain on sale of investments - net	21	89,344,979	24,597,269
Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	11.1	593,025	1,309,171
		<b>793,504,445</b>	<b>760,337,020</b>
<b>Expenses</b>			
Administrative expenses	22	(345,286,871)	(285,558,174)
Selling and distribution expenses	23	(170,352,134)	(139,117,058)
Financial charges	24	(603,359)	(454,854)
Workers' welfare fund	25	(6,025,000)	(7,428,029)
		<b>(522,267,364)</b>	<b>(432,558,115)</b>
		<b>271,237,081</b>	<b>327,778,905</b>
Other income	26	14,721,688	22,031,348
<b>Profit for the year before taxation</b>		<b>285,958,769</b>	<b>349,810,253</b>
Taxation	27	(83,764,452)	(110,701,367)
<b>Profit for the year after taxation</b>		<b>202,194,317</b>	<b>239,108,886</b>
Earnings per share - basic and diluted	28	2.81	3.32

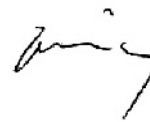
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Chief Executive Officer



Chief Financial Officer



Director

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2017**

	2017	2016
Note	(Rupees)	
Profit for the year after taxation	202,194,317	239,108,886

**Other comprehensive income for the year**

*Items that may be reclassified subsequently to profit or loss*

Unrealised appreciation on re-measurement of investments  
classified as 'available-for-sale'

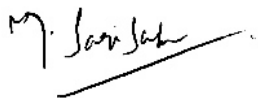
Related deferred tax asset / (liability)

Unrealised gain transferred to profit and loss account on  
disposal

29  
16.1

69,426,975	40,046,811
3,805,507	(1,466,837)
73,232,482	38,579,974
(11,118,149)	(5,015,306)
62,114,333	33,564,668
<u>264,308,650</u>	<u>272,673,554</u>

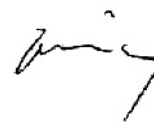
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Chief Executive Officer



Chief Financial Officer

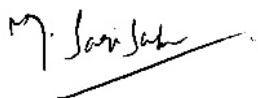


Director

# CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 (Rupees)	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the year before taxation		285,958,769	349,810,253
<b>Adjustments for non-cash and other items:</b>			
Depreciation	4.3	12,694,517	12,160,272
Amortisation	4.3	4,595,294	4,388,089
Financial charges	24	603,359	454,854
Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	11.1	(593,025)	(1,309,171)
Capital gain on sale of investments - net	21	(89,344,979)	(24,597,269)
Gain on disposal of fixed assets	26	(176,633)	(21,952,338)
		<u>(72,221,467)</u>	<u>(30,855,563)</u>
<b>Operating cash flows before working capital changes</b>		<b>213,737,302</b>	<b>318,954,690</b>
<b>Movement in working capital</b>			
<b>(Increase) / decrease in current assets</b>			
Loans and advances		(2,571,045)	(2,628,960)
Deposits, prepayments and other receivables		(37,970,558)	(344,165)
Accrued mark-up		5,170,428	2,737,098
Receivable from related parties		1,677,914	(125,150,334)
		<u>(33,693,261)</u>	<u>(125,386,361)</u>
<b>Increase / (decrease) in current liabilities</b>			
Trade and other payables		63,985,372	116,961,929
<b>Net cash generated from operations</b>		<b>244,029,413</b>	<b>310,530,258</b>
Taxes paid		(100,443,200)	(119,040,016)
Financial charges paid		(603,359)	(454,854)
Dividend paid		(234,000,000)	(234,000,000)
		<u>(335,046,559)</u>	<u>(353,494,870)</u>
<b>Net cash (used) in / generated from operating activities</b>		<b>(91,017,146)</b>	<b>(42,964,612)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(52,832,131)	(59,391,122)
Long-term loans and receivables		(25,646,699)	1,835,872
Long-term deposits		(1,568,326)	(1,336,728)
Net proceeds from disposal of fixed assets		386,770	93,540,516
Proceeds against redemption of investments		147,502,865	(337,189,136)
<b>Net cash used in investing activities</b>		<b>67,842,479</b>	<b>(302,540,598)</b>
<b>Net increase in cash and cash equivalents</b>		<b>(23,174,667)</b>	<b>(345,505,210)</b>
Cash and cash equivalents at the beginning of the year		41,867,164	387,372,374
<b>Cash and cash equivalents at the end of the year</b>	30	<b>18,692,497</b>	<b>41,867,164</b>

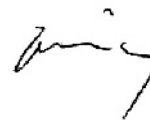
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Chief Executive Officer



Chief Financial Officer



Director



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

## 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 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, the Company became a subsidiary of MCB Bank Limited from the end of the year ended 30 June 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, as an Asset Management Company and an Investment Advisor under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.
- 1.3** The registered office of the Company is situated at 24th Floor, Centrepont, Off Shaheed-e- Millat Expressway, near K.P.T. Interchange, Karachi, Pakistan.
- 1.4** The Company has been assigned an Asset Manager rating of AM2++ by the Pakistan Credit Rating Agency Limited (PACRA). The rating was determined by PACRA on June 23, 2017. Currently, the Company is managing the following funds under management:

	Net assets value as at	
	2017	2016
	(Rupees in million)	
<b>Open-end Collective Investment Scheme (CISs)</b>		
Pakistan Income Fund	1,722	1,050
MCB Pakistan Stock Market Fund	11,629	8,018
MCB Pakistan Sovereign Fund	1,351	8,691
Pakistan Capital Market Fund	675	627
Pakistan Cash Management Fund	628	1,993
Pakistan Income Enhancement Fund	1,688	2,463
MCB Pakistan Asset Allocation Fund	3,439	2,718
MCB DCF Income Fund	6,189	6,849

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

	<i>Note</i>	<b>Net assets value as at</b>	
		<b>2017</b>	<b>2016</b>
		<b>(Rupees in million)</b>	
MCB Cash Management Optimizer		<b>10,094</b>	3,958
MCB Pakistan Frequent Payout Fund		<b>900</b>	796
Alhamra Islamic Asset Allocation Fund	<i>1.5</i>	<b>1,485</b>	821
Alhamra Islamic Stock Fund	<i>1.5</i>	<b>2,915</b>	1,123
Alhamra Islamic Income Fund	<i>1.5</i>	<b>1,981</b>	968
Alhamra Islamic Active Asset Allocation Fund Plan - I	<i>1.6</i>	<b>1,584</b>	-
Alhamra Islamic Active Asset Allocation Fund Plan - II	<i>1.6</i>	<b>88</b>	-
Pakistan Sarmaya Mehfooz Fund	<i>1.7</i>	<b>-</b>	666

**Pension Funds**

Pakistan Pension Fund	<b>1,451</b>	1,107
Pakistan Islamic Pension Fund	<b>729</b>	513

<b>Discretionary portfolio</b>	<b>25,061</b>	20,868
--------------------------------	---------------	--------

The Company is also managing investments under discretionary portfolio management agreements, the details of which are given below:

Number of clients	<b>70</b>	62
Total portfolio at cost (Rs in millions)	<b>24,924</b>	20,232
Total portfolio at market value (Rs in millions)	<b>24,878</b>	20,611

Fee earned (Rs. in millions)	<b>39</b>	32
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**1.5** During the year, the names of following funds were changed, their new and former names are as under:

- Alhamra Islamic Income Fund (Formerly MCB Islamic Income Fund)
- Alhamra Islamic Stock Fund (Formerly MCB Pakistan Islamic Stock Fund)
- Alhamra Islamic Asset Allocation Fund (Formerly Pakistan International Element Islamic Asset Allocation Fund)

**1.6** The Alhamra Islamic Active Allocation Plan-I is a Shari'ah Compliant Islamic Asset Allocation Plan with an objective to earn a potentially high return through active asset allocation among Shari'ah Compliant Islamic Schemes based on the Fund Manager's outlook of the asset classes.

**1.7** The Alhamra Islamic Active Allocation Plan-II is a Shari'ah Compliant Islamic Asset Allocation Plan with an objective to earn a potentially high return through active asset allocation among Shari'ah Compliant Islamic Schemes based on the Fund Manager's outlook of the asset classes.

**1.8** During the current year, the "Pakistan Sarmaya Mehfooz Fund" has completed its tenure on 19 December 2016.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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- 1.9** In accordance with the requirements of Rule 9, of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, the Company has obtained sufficient 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+ 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 approved accounting standards as applicable in Pakistan. The approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case, the requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

### **2.2 Consolidation of mutual funds by the asset management company**

The company has made investments in mutual funds established under trust structure and such mutual funds are under its control. As per SECP notification SRO 56(1)/ 2016 dated 28 January 2016, the requirements of consolidation under section 237 of the ordinance and IFRS 10 is not applicable in case of investment by companies in mutual funds established under trust structure. Accordingly the mutual funds are not being consolidated by the Company.

### **2.3 Basis of measurement**

These financial statements have been prepared under the historical cost convention, except that investments are stated at fair values.

### **2.4 Functional and presentation currency**

These financial statements are presented in Pakistani Rupee, which is the Company's functional and presentation currency. All amounts have been rounded to the nearest thousand rupees, unless otherwise stated.

### **2.5 Critical accounting estimates and judgments**

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

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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Judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the future years are as follows:

- i) Depreciation of tangible fixed assets (Note 3.1)
- ii) Amortisation of intangible assets (Note 3.1)
- iii) Classification of investments (Note 3.2)
- iv) Impairment in available for sale investments (Note 3.2)
- v) Income taxes (Note 3.3)

### **2.6 Standards, amendments or an interpretation not yet effective**

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2017:

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on Company's financial statements.
- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.
- Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's financial statements.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

- Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 – 'Non-current Assets Held for Sale and Discontinued Operations'. The amendments are not likely to have an impact on Company's financial statements.
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Company's financial statements.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.

The above amendments are not likely to have an impact on Company's financial statements.

In addition, the Companies Act, 2017 was enacted on 30 May 2017 and SECP vide its circular 17 of 2017 has clarified that the companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

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The Companies Act, 2017 applicable for financial year beginning on 1 July 2017 requires certain additional disclosures and Section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising out of revaluation of assets has not been carried forward in the Companies Act, 2017. This would require change in accounting policy relating to surplus on revaluation of fixed assets to bring it in line with the requirements of IAS 16 – Property, plant and equipment.

### **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 are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

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. 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.

##### **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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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### **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.

### **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.

### **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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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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.

### **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:

##### **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.

##### **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.

##### **Loans and receivables**

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

##### **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:

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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### **'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).

### **'Loans and receivables' and 'held-to-maturity investments'**

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

#### **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:

### **'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.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating) the reversal of the previously recognised impairment loss is recognised in the profit and loss account.

### **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.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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### **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.

## **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



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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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, 2017

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### **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 19 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 / (loss) 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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### 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.

### 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.

4	FIXED ASSETS	<i>Note</i>	<b>2017</b>	2016
			----- (Rupees) -----	
	Property and equipment	4.1	87,070,895	48,997,660
	Intangible assets	4.2	286,260,719	282,862,707
	Capital work in progress	4.4	1,731,725	7,870,791
			<u>375,063,339</u>	<u>339,731,158</u>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

## 4.1 Property and equipment

	2017				
	Computers	Office equipment	Furniture and fixtures	Leasehold improvements	Vehicles
	(Rupees)				
<b>As at 1 July 2016</b>					
Cost	31,702,035	12,704,062	9,776,101	30,259,863	7,662,267
Accumulated depreciation	(25,188,074)	(7,454,615)	(1,743,281)	(1,058,431)	(7,662,267)
<b>Net book value</b>	<b>6,513,961</b>	<b>5,249,447</b>	<b>8,032,820</b>	<b>29,201,432</b>	<b>-</b>
<b>Year ended 30 June 2017</b>					
Opening net book value	6,513,961	5,249,447	8,032,820	29,201,432	-
Additions during the year	6,693,098	11,433,860	5,362,759	27,488,174	-
Disposals during the year					
Cost	(9,786,325)	(1,477,051)	(113,829)	-	-
Accumulated depreciation	9,702,862	1,350,384	113,822	-	-
	(83,463)	(126,667)	(7)	-	-
Write offs during the year					
Cost	(514,056)	(137,295)	-	-	-
Accumulated depreciation	514,055	137,294	-	-	-
	(1)	(1)	-	-	-
Depreciation for the year	(3,564,620)	(3,667,013)	(1,086,901)	(4,375,983)	-
<b>Closing net book value</b>	<b>9,558,975</b>	<b>12,889,626</b>	<b>12,308,671</b>	<b>52,313,623</b>	<b>-</b>
<b>As at 30 June 2017</b>					
Cost	28,094,752	22,523,576	15,025,031	57,748,037	-
Accumulated depreciation	(18,535,777)	(9,633,950)	(2,716,360)	(5,434,414)	-
<b>Net book value</b>	<b>9,558,975</b>	<b>12,889,626</b>	<b>12,308,671</b>	<b>52,313,623</b>	<b>-</b>
<b>Depreciation rates (% per annum)</b>	<b>25%</b>	<b>20% - 50%</b>	<b>10%</b>	<b>10% - 20%</b>	<b>25%</b>

	2016					
	Computers	Building	Office equipment	Furniture and fixtures	Leasehold improvements	Vehicles
	(Rupees)					
<b>As at 1 July 2015</b>						
Cost / revaluation	30,679,139	84,494,665	13,579,008	15,904,067	2,725,000	7,662,267
Accumulated depreciation	(23,727,042)	(17,180,644)	(9,094,341)	(9,537,943)	(860,323)	(7,662,267)
<b>Net book value</b>	<b>6,952,097</b>	<b>67,314,021</b>	<b>4,484,667</b>	<b>6,366,124</b>	<b>1,864,677</b>	<b>-</b>
<b>Year ended 30 June 2016</b>						
Opening net book value	6,952,097	67,314,021	4,484,667	6,366,124	1,864,677	-
Additions during the year	3,201,745	-	4,900,450	8,222,120	30,259,863	-
Disposals / transfers during the year						
Cost	-	(84,494,665)	(2,920,659)	(14,250,186)	(2,725,000)	-
Accumulated depreciation	-	18,862,962	2,295,264	10,375,033	1,269,073	-
	-	(65,631,703)	(625,395)	(3,875,153)	(1,455,927)	-
<b>Write offs</b>						
Cost	(2,178,849)	-	(2,854,737)	(99,900)	-	-
Accumulated depreciation	2,172,937	-	2,837,600	49,950	-	-
	(5,912)	-	(17,137)	(49,950)	-	-
Depreciation for the year	(3,609,963)	(1,682,318)	(3,266,874)	(2,133,936)	(1,467,181)	-
Impairment loss	(24,006)	-	(226,264)	(496,385)	-	-
<b>Closing net book value</b>	<b>6,513,961</b>	<b>-</b>	<b>5,249,447</b>	<b>8,032,820</b>	<b>29,201,432</b>	<b>-</b>
<b>As at 30 June 2016</b>						
Cost / revaluation	31,702,035	-	12,704,062	9,776,101	30,259,863	7,662,267
Accumulated depreciation	(25,188,074)	-	(7,454,615)	(1,743,281)	(1,058,431)	(7,662,267)
<b>Net book value</b>	<b>6,513,961</b>	<b>-</b>	<b>5,249,447</b>	<b>8,032,820</b>	<b>29,201,432</b>	<b>-</b>
<b>Depreciation rates (% per annum)</b>	<b>25%</b>	<b>5%</b>	<b>20% - 50%</b>	<b>10%</b>	<b>10% - 20%</b>	<b>25%</b>

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

Asset description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of buyer
<b>Rupees</b>							
Laptop	71,800	8,975	62,825	47,220	(15,605)	Insurance Claim	Adamjee Life Insurance Company
Mobile Phones	98,099	57,762	40,337	48,600	8,263	Insurance Claim	Adamjee Life Insurance Company
Mobile Phones	45,099	20,017	25,082	23,400	(1,682)	Insurance Claim	Adamjee Life Insurance Company
Computer Hardware	68,933	68,927	6	56,000	55,994	Sale	Naveena Enterprises
Inverter	330,000	329,999	1	65,000	64,999	Sale	System Care Technologies
AC and inverter	791,045	791,039	6	34,845	34,839	Sale	Malik Cool House
Furniture	113,829	113,822	7	42,855	42,848	Sale	Malik Cool House
	1,518,805	1,390,541	128,264	317,920	189,656		

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**4.1.2** Included in the cost of property and equipment are fully depreciated items which are still in use aggregating to Rs. 14.142 million (June 30, 2016: Rs. 16.26 million).

**4.2 Intangible assets**

	2017			
	Computer software	Goodwill	Management rights	Total
	(Rupees)			
<b>As at 1 July 2016</b>				
Cost	32,027,019	82,126,933	192,000,000	306,153,952
Accumulated amortisation	(23,291,245)	-	-	(23,291,245)
Net book value	8,735,774	82,126,933	192,000,000	282,862,707
<b>Year ended 30 June 2017</b>				
Opening net book value	8,735,774	82,126,933	192,000,000	282,862,707
Additions during the year	7,993,306	-	-	7,993,306
Amortisation for the year	(4,595,294)	-	-	(4,595,294)
Closing net book value	12,133,786	82,126,933	192,000,000	286,260,719
<b>As at 30 June 2017</b>				
Cost	40,020,325	82,126,933	192,000,000	314,147,258
Accumulated amortisation	(27,886,539)	-	-	(27,886,539)
Net book value	12,133,786	82,126,933	192,000,000	286,260,719
<b>Amortisation rates (% per annum)</b>	<b>25%</b>			
	2016			
	Computer software	Goodwill	Management rights	Total
	(Rupees)			
<b>As at 1 July 2015</b>				
Cost	27,628,022	82,126,933	192,000,000	301,754,955
Accumulated amortisation	(18,903,156)	-	-	(18,903,156)
Net book value	8,724,866	82,126,933	192,000,000	282,851,799
<b>Year ended 30 June 2016</b>				
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
Amortisation for the year	(4,388,089)	-	-	(4,388,089)
Closing net book value	8,735,774	82,126,933	192,000,000	282,862,707
<b>As at 30 June 2016</b>				
Cost	32,027,019	82,126,933	192,000,000	306,153,952
Accumulated amortisation	(23,291,245)	-	-	(23,291,245)
Net book value	8,735,774	82,126,933	192,000,000	282,862,707
<b>Amortisation rate (% per annum)</b>	<b>25%</b>			

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

- 4.2.1** 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.
- 4.2.2** 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.
- 4.2.3** 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:

	2017	2016
- Discount rate	15.50%	17.50%
- Terminal growth rate	4.00%	4.50%

**4.2.4 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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

## 4.3 Depreciation and amortisation is allocated as follows:

	Note	2017		2016	
		Depreciation	Amortisation	Depreciation	Amortisation
		(Rupees)		(Rupees)	
Charged to profit and loss	22	11,380,845	4,119,756	11,870,911	3,320,640
Charged to Collective investment Schemes under management		1,313,672	475,538	289,361	1,067,449
		<b>12,694,517</b>	<b>4,595,294</b>	<b>12,160,272</b>	<b>4,388,089</b>

## 4.4 Capital work in progress

	Note	2017	2016
		(Rupees)	(Rupees)
Opening balance		7,870,791	-
Additions during the year		8,542,161	27,872,234
Transferred to property and equipment		(14,681,227)	(20,001,443)
Closing balance		<b>1,731,725</b>	<b>7,870,791</b>

## 5 LONG-TERM INVESTMENTS

### Investments in units of pension schemes - related parties

Available-for-sale investments	5.1	<b>547,193,018</b>	456,022,751
--------------------------------	-----	--------------------	-------------

### 5.1 Available-for-sale

Name of the Investee fund	As at July 01, 2016	Purchase / Redemption	As at June 30, 2017	As at June 30, 2017			As at June 30, 2016		
				Cost	Market value	Unrealised appreciation	Cost	Market value	Unrealised appreciation
	----- (Number of units) -----				----- (Rupees) -----				
Pakistan Pension Fund	805,305	-	805,305	102,112,651	263,737,823	161,625,172	102,112,651	221,228,697	119,116,046
Pakistan Islamic Pension Fund	876,129	-	876,129	108,787,629	283,455,195	174,667,566	108,787,629	234,794,054	126,006,425
				210,900,280	547,193,018	336,292,738	210,900,280	456,022,751	245,122,471

## 6 LONG-TERM LOANS AND PREPAYMENTS

### Considered good

#### Loans:

- to executives	6.1	4,172,381	1,725,268
- to other employees		12,311	12,311
Less: current portion of loans		(1,022,135)	(465,441)
		<b>3,162,557</b>	<b>1,272,138</b>

#### Prepayments:

Prepaid commission against Bachat units		43,042,963	-
Less: current portion		(19,286,683)	-
		<b>23,756,280</b>	<b>-</b>

#### Others:

Alhamra Islamic Stock Fund	1.5	-	562,733
MCB Pakistan Stock Market Fund		-	544,939
		-	1,107,672
Less: current portion		-	(1,107,672)
		<b>26,918,837</b>	<b>1,272,138</b>

- 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 4.17 million (2016: Rs 1.819 million).

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Reconciliation of carrying amount of loans to executives is as follows:

	2017	2016
	----- (Rupees) -----	
Opening balance	1,725,268	1,623,807
Disbursements during the year	3,857,600	576,800
Repayments made during the year	(1,410,487)	(475,339)
Closing balance	<u>4,172,381</u>	<u>1,725,268</u>

### 7 RECEIVABLE FROM RELATED PARTIES

*Note*

#### Unsecured - considered good

Pakistan Income Fund		11,922,840	11,120,962
MCB Pakistan Stock Market Fund		96,611,863	75,749,892
MCB Pakistan Sovereign Fund		34,591,868	40,329,378
Pakistan Capital Market Fund		7,814,098	7,601,360
Pakistan Pension Fund		8,931,470	8,507,272
Pakistan Islamic Pension Fund		4,667,981	4,201,835
Pakistan Cash Management Fund		13,088,687	12,862,951
Pakistan Income Enhancement Fund		23,380,827	28,379,458
Pakistan Sarmaya Mehfooz Fund	1.8	4,677,401	4,934,531
MCB Pakistan Asset allocation Fund		44,131,385	41,461,507
MCB Cash Management Optimizer		59,879,615	57,912,481
MCB DCF Income Fund		135,263,570	139,204,495
MCB Pakistan Frequent Payout Fund		6,416,963	11,637,373
Alhamra Islamic Stock Fund	1.5	14,464,430	8,820,148
Alhamra Islamic Asset Allocation Fund	1.5	12,495,214	9,511,365
Alhamra Islamic Income Fund	1.5	12,765,302	12,307,321
Al Hamra Islamic Active Asset Allocation Fund - Plan I	1.6	5,755,523	-
Al Hamra Islamic Active Asset Allocation Fund - Plan II	1.7	73,801	-
	7.1	496,932,838	474,542,329
Less: Provision against reimburseable expenses	23.3	(21,737,559)	-
		<u>475,195,279</u>	474,542,329
Advisory fee on account of discretionary portfolio management			
Adamjee Life Assurance Company Limited		8,731,065	9,714,575
Arif Habib Limited		441,856	-
		<u>484,368,200</u>	<u>484,256,904</u>

- 7.1 The above amounts represent receivable on account of management fee, federal excise duty, sales tax on management fee, sales load, conversion cost and other expenses paid on behalf of the related parties. This includes Federal Excise Duty amounting to Rs. 399.62 million (2016: Rs 399.62 million) which has been accrued by the Company and is receivable from the funds under its management. The matter is further explained in note 17.2 to the financial statements.

### 8 LOANS AND ADVANCES

*Note*

		2017	2016
		----- (Rupees) -----	
<b>Considered good - unsecured</b>			
Current portion of loans to employees	6	1,022,135	465,441
Advance rent		3,916,888	3,267,680
Advances to employees		51,626	257,149
Advances to suppliers and contractors		2,490,142	919,476
		<u>7,480,791</u>	<u>4,909,746</u>



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

## 9 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Note

2017

2016

(Rupees)

### Deposits

304,698

304,698

### Prepayments

Registration fee

1,659,480

869,830

Insurance

3,946,739

2,479,006

Current portion of prepaid commission

6

19,286,683

-

Others

2,818,896

2,404,177

27,711,798

5,753,013

### Other receivables

Advisory fee receivable on account of Discretionary Portfolio management

34,209,517

18,490,242

Others

436,581

144,083

34,646,098

18,634,325

62,662,594

24,692,036

## 10 ACCRUED MARK-UP

2017

2016

(Rupees)

Mark-up receivable on government securities

-

5,222,502

Mark-up receivable on bank deposits

72,809

20,735

72,809

5,243,237

## 11 SHORT-TERM INVESTMENTS

2017

2016

(Rupees)

At fair value through profit or loss - related parties

11.1

384,081,782

388,799,299

Available-for-sale investments

11.2

285,219,388

368,911,874

669,301,170

757,711,173

### 11.1 At fair value through profit or loss

Name of the Investee Fund	As at July 01, 2016	Purchases / bonus / right	Redemptions / sale	As at June 30, 2017	As at June 30, 2017			As at June 30, 2016		
					Carrying value	Market value	Unrealised appreciation	Carrying value	Market value	Unrealised appreciation
					(Rupees)			(Rupees)		
MCB Cash Management Optimizer	-	16,839,312	(13,018,275)	3,821,037	383,488,757	384,081,782	593,025	-	-	-
MCB Pakistan Asset Allocation Fund	974,696	-	(974,696)	-	-	-	-	75,921,934	77,055,309	1,133,375
MCB Pakistan Sovereign Fund	5,859,850	2,340,394	(8,200,244)	-	-	-	-	311,568,194	311,743,990	175,796
					383,488,757	384,081,782	593,025	387,490,128	388,799,299	1,309,171

Note

2017

2016

(Rupees)

### 11.2 Available-for-sale investments

Investment in units of mutual funds - related parties

11.3

285,219,388

167,398,815

### Investments in Government Securities

Pakistan Investment Bonds

11.4

-

102,057,759

Market Treasury Bills

11.5

-

99,455,300

285,219,388

368,911,874

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

## 11.3 Investment in units of mutual funds

Name of the Investee Fund	As at July 01, 2016	Purchases during the year	Redemptions	As at June 30, 2017	As at June 30, 2017			As at June 30, 2016		
					Carrying value	Market value	Unrealised appreciation / (diminution)	Carrying value	Market value	Unrealised appreciation (diminution)
		Number of units				Rupees				
MCB Pakistan Stock Market Fund	1,922,136	3,861,898	(3,001,452)	2,782,582	303,928,693	285,219,388	(18,709,305)	153,492,504	167,398,815	13,906,311
					303,928,693	285,219,388	(18,709,305)	153,492,504	167,398,815	13,906,311

## 11.4 Pakistan Investment Bonds

Particulars	Face Value				As at June 30, 2017			As at June 30, 2016		
	As at July 01, 2016	Purchased during the year	Disposed during the year	As at June 30, 2017	Carrying Value	Market value	Unrealised appreciation	Carrying Value	Market value	Unrealised appreciation
	Rupees									
GOP - PIB - 18-July-2013 to 18-July-2016	101,800,000	-	(101,800,000)	-	-	-	-	101,871,106	102,057,759	186,653
GOP - PIB - 21-April-2016 to 21-April-2021	-	50,000,000	(50,000,000)	-	-	-	-	-	-	-
GOP - PIB - 19-July-2012 to 19-July-2022	-	50,000,000	(50,000,000)	-	-	-	-	-	-	-
					-	-	-	101,871,106	102,057,759	186,653

## 11.5 Treasury Bills

Particulars	Face Value				As at June 30, 2017			As at June 30, 2016		
	As at July 01, 2016	Purchased during the year	Disposed during the year	As at June 30, 2017	Carrying Value	Market value	Unrealised appreciation	Carrying Value	Market value	Unrealised appreciation
	Rupees									
GOP M. T-Bills - 12 months - 21-july-16 - 20-july-17	-	150,000,000	(150,000,000)	-	-	-	-	-	-	-
GOP M. T-Bills - 12 months - 06-Aug-15 - 04-Aug-16	100,000,000	-	(100,000,000)	-	-	-	-	99,396,128	99,455,300	59,172
					-	-	-	99,396,128	99,455,300	59,172

## 12 TAXATION - NET

	2017	2016
	(Rupees)	
Advance tax	110,103,525	119,039,853
Income tax refundable	40,889,737	47,913,426
	150,993,262	166,953,279
Provision for taxation	(77,096,551)	(111,510,401)
	73,896,711	55,442,878

Income tax refundable includes assessed refunds for the tax years 2008, 2009, 2010 and 2011. The income tax returns upto the tax year 2016 have been filed under the self assessment scheme and are deemed to be finalised under section 120 of the Income Tax Ordinance, 2001.

## 13 CASH AND BANK BALANCES

	Note	2017	2016
		(Rupees)	
Balances with bank in			
- savings accounts	13.1	14,391,629	37,847,659
- current accounts	13.2	4,275,868	3,994,505
		18,667,497	41,842,164
Cash in hand		25,000	25,000
		18,692,497	41,867,164

**13.1** These represent deposits made with conventional banks under mark-up arrangements with mark-up rate ranging between 3.16% to 5.5% (2016: 3.75% to 5.75%) per annum and include balances in accounts maintained with related parties; MCB Bank Limited amounting to Rs. 7.109 million (2016: Rs. 3.718 million) and MCB Islamic Bank Limited amounting to Rs. 2.745 million (2016: Nil) which carries mark-up at the rate of 3.75% (2016: 3.75%) per annum.

**13.2** These represent balances in accounts maintained with conventional banks and include amounts placed with a related party amounting to Rs. 4.097 million (2016: Rs. 3.764 million).

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

## 14 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2017	2016		Note	2017	2016
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
36,000,000	36,000,000	- Issued for consideration other than cash	15.1	360,000,000	360,000,000
<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

	2017	2016
	(Number of shares)	
<b>Particulars of the shareholders</b>		
MCB Bank Limited	36,956,768	36,956,768
Arif Habib Corporation Limited	21,664,167	21,664,167
Directors, spouses and their minor children	29,826	29,826
Executives	-	150,000
Others	1,200	1,200

## 15 DEFICIT ARISING ON AMALGAMATION

	2017	2016
	(Rupees)	
Deficit arising on amalgamation	60,000,000	60,000,000

**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 DEFERRED TAXATION

	2017	2016
	(Rupees)	
<b>Deferred tax liabilities arising on taxable temporary differences</b>		
- Property and equipment	1,191,351	1,236,998
- Intangible assets	50,071,343	44,206,773
- Investments at fair value through profit or loss	88,962	327,293
- Available-for-sale investments	(2,338,670)	1,466,837
	<u>49,012,986</u>	<u>47,237,901</u>

### 16.1 Movement of deferred tax (asset) / liability

	2017			
	Balance at 1 July 2016	Recognized in profit and loss	Recognized in other comprehensive income	Balance at 30 June 2017
	(Rupees)			
<b>Taxable temporary differences</b>				
- Property and equipment	1,236,998	(45,647)	-	1,191,351
- Intangible assets	44,206,773	5,864,570	-	50,071,343
- Investments at fair value through profit or loss	327,293	(238,331)	-	88,962
	<u>45,771,064</u>	<u>5,580,592</u>	<u>-</u>	<u>51,351,656</u>
<b>Deductible temporary differences</b>				
- Available-for-sale investments	1,466,837	-	(3,805,507)	(2,338,670)
	<u>47,237,901</u>	<u>5,580,592</u>	<u>(3,805,507)</u>	<u>49,012,986</u>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

17	TRADE AND OTHER PAYABLES	2017	2016
		----- (Rupees) -----	
	Accrued expenses	126,503,236	84,159,878
	Workers welfare fund 17.1	21,487,250	29,905,142
	Withholding tax payable	1,049,723	4,639,559
	Indirect taxes and duties payable 17.2	421,814,210	421,369,247
	Payable to facilitators / distributors	66,259,506	33,387,448
	Unclaimed dividend	4,275,656	3,942,935
		<u>641,389,581</u>	<u>577,404,209</u>
17.1	<b>Worker's welfare fund</b>		

Through Finance Act 2008, the Federal Government introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Peshawar High Court. Appeals against these orders were filed in the Supreme Court.

During the current year, the Supreme Court of Pakistan vide its order dated 10 November 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers Welfare Fund were not lawful as this is not in the nature of tax and therefore could not have been introduced through the money bill. The Federal Board of Revenue has filed review petitions against the above judgment which are currently pending with the Supreme Court of Pakistan.

In light of the judgment passed by the Supreme Court, the Management believes that the Company is not liable to pay any amounts under the Workers Welfare Fund Ordinance, 1971, accordingly an amount of Rs. 14.442 million has been reversed during the year. Further, as a consequence of passage of 18th Amendment to the Constitution, levy for Workers Welfare was also introduced by the Government of Sindh (SWWF) which was effective from 01 July 2014. The Company believes that contribution to Workers Welfare Fund under the Sindh Workers' Welfare Act, 2014 is not applicable on the Company as it is not a Financial Institution as required under SWWF Act, 2014.

However, out of abundant caution, the management has decided to provide for SWWF amounting to Rs. 21.487 million with effect from July 01, 2014. Moreover, the management has decided not to reverse WWF amounting to Rs. 5.10 million which have been already paid to Tax Authority until the said amount is refunded back.

### 17.2 Federal excise duty payable on remuneration of the management company

As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective 13 June 2013. The Management 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.

The matter has been collectively taken up by the Management Company jointly with other Asset Management Companies together with their respective Collective Investment Schemes through their trustees, through a Constitutional Petition filed in the Honorable Sindh High Court (SHC) on 4 September 2013 challenging the levy of FED. The Sindh High Court in its decision dated 16 July 2016 maintained the previous order passed against other constitutional petition whereby levy of FED has been declared to be 'Ultra Vires' the Constitution. The Deputy Commissioner Inland Revenue has filed an appeal against the said order in the Honorable Supreme Court of Pakistan considering which the previous balance of FED amounting to Rs. 399.62 million has not been reversed.

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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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### 18 CONTINGENCIES AND COMMITMENTS

- 18.1.1** The Punjab Revenue Authority issued a show cause notice no. PRA/AM.70/14/18 dated June 20, 2014 to MCB-ArifHabib Savings and Investment Limited requiring the Company to pay Sales Tax under the Punjab Sales Tax on Services Act, 2012 with effect from May 22, 2013 on management fee earned in Punjab. The matter has been collectively taken up by the Management Company jointly with other Asset Management Companies together with their respective Collective Investment Schemes through their trustees, through a petition on July 8, 2014 in the Sindh High Court (SHC) challenging the above notice. The SHC has ordered suspension of the show cause notice till the next hearing of appeal in its Order dated July 10, 2014. The management is expecting no outflow of economic resources as the payment relating to sales tax is already made to Sindh Revenue Board and in case the decision is made against the Company the same is required to be settled between the two authorities.
- 18.1.2** On January 30, 2017, the Additional Commissioner Inland Revenue [ACIR] passed an order under section 122(5A) of the Income Tax Ordinance, 2001 amending the assessment for tax year 2011 after making certain additions / disallowances in the profit and loss account and created a demand of Rs. 25.567 million. The disallowances mainly pertained to apportionment of expenses, management / processing fee and related income sharing, amortisation of management rights / goodwill created on merger of the MCB Asset Management Company into the Company etc. The Company has filed an appeal before the Commissioner Inland Revenue – Appeals [CIR-A] against the impugned order and notice of demand issued thereagainst.
- 18.1.3** The case of the Company was selected for audit by the Commissioner Inland Revenue, Zone III, Large Taxpayers Unit, Karachi for tax year 2014 vide letter dated November 9, 2016. The audit proceedings were conducted by the Deputy Commissioner Inland Revenue [DCIR] and a Show-Cause Notice [SCN] dated February 10, 2017 was issued. Based on a recent judgment of a superior court, the SCN was challenged on legal grounds. However, the DCIR did not agree with the legal objections raised and passed an order dated March 24, 2017 under section 122(1) of the Income Tax Ordinance, 2001 after making certain additions / disallowances in the profit and loss account and created a demand of Rs. 93.398 million. The disallowances mainly pertained to apportionment of expenses, management / processing fee and related income sharing, amortisation of management rights / goodwill created on merger of the MCB Asset Management Company into the Company etc. The Company has filed an appeal before the Commissioner Inland Revenue - Appeals [CIR-A].
- 18.1.4** On March 29, 2017, the Additional Commissioner Inland Revenue [ACIR] passed an order under section 122(5A) of the Income Tax Ordinance, 2001 amending the assessment for tax year 2012 after making certain additions / disallowances in the profit and loss account and created a demand of Rs. 82.841 million. The disallowances mainly pertained to apportionment of expenses, management / processing fee and related income sharing, amortisation of management rights / goodwill created on merger of the MCB Asset Management Company into the Company, disallowance of brought forward losses / refunds of prior periods etc. The Company has filed an appeal before the Commissioner Inland Revenue - Appeals [CIR-A] against the impugned order and notice of demand issued thereagainst.
- 18.1.5** On April 29, 2017, a notice under section 122(9) of the Income Tax Ordinance, 2001 was passed by the Additional Commissioner Inland Revenue [ACIR] to conduct the amendment of assessment proceedings for tax year 2011 of the pre-merger entity MCB Asset Management Company Limited [MCB AMC]. An order under section 122(5A) of the Income Tax Ordinance, 2001, to conclude the said proceedings was received by the Company subsequent to the year end, on July 3, 2017. A demand of Rs. 4.85 million has been raised by the ACIR by making disallowances mainly pertaining to apportionment of expenses, management / processing fee and related income sharing and disallowance of brought forward losses. The Company has filed an appeal before the Commissioner Inland Revenue - Appeals [CIR-A] against the impugned order and notice of demand issued thereagainst.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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**18.1.6** 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 14 November 2014 relating to Tax year 2013. The ACIR was of the view that the deemed assessment order for the 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 28 August 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 the 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 ACIR at the appellate forums and these additions are not maintainable.

**18.1.7** On 29 February 2016, the Deputy Commissioner Inland Revenue (DCIR) passed an order under section 122(1) of the Income Tax Ordinance, 2001 relating to the 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 4 May 2016 from the Additional Commissioner Inland Revenue (ACIR) against which it filed an appeal before the CIR(A) which is pending adjudication. As at 30 June 2017, 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.

**18.1.8** On June 5, 2017, the Company received an order passed by the Assistant Commissioner - Sindh Revenue Board [AC-SRB] wherein a demand of Rs. 16.95 million has been raised on (alleged) short levy / improper treatment of input tax in the sales tax returns for the tax periods from July 2011 to June 2015. An appeal against the aforesaid order has been filed before the concerned Commissioner Appeals - Sindh Revenue Board.

No provision has been made in these financial statements against the above disallowances made by the assessing officers vide above orders as the management and the tax advisors of the Company are confident that good grounds exist to contest the additions / disallowances before the appellate forums. Further, the Company has also obtained a restraining order from the Sindh High Court to prohibit the tax authorities from taking any coercive action against the said orders and notice of demand.

**18.2** During the year, Labour Inspector filed a complaint before Sindh Labour Court No. 5, alleging contravention of Section 24(1) of the Sindh Shops and Commercial Establishment Act, 2015. The aforesaid complaint was disposed off on 17 July 2017 by the Labour Court imposing a penalty of Rs. 2000 to the Company. The Company is considering to appeal against the order of the Labour Court.

No provision has been made in these financial statements against the above penalty imposed by the Labour Court vide above order as the management of the Company is confident that the matter will be decided in its favor at the appellate forum.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

19 MANAGEMENT FEE / INVESTMENT ADVISORY FEE	Note	2017	2016
		----- (Rupees) -----	
<b>From Collective Investment Schemes - related parties</b>			
MCB Cash Management Optimizer		50,209,679	70,511,082
MCB DCF Income Fund		109,812,502	230,408,328
MCB Pakistan Asset Allocation Fund		54,325,904	83,041,534
MCB Pakistan Frequent Payout Fund		12,397,586	6,096,636
MCB Pakistan Sovereign Fund		41,630,370	102,493,054
MCB Pakistan Stock Market Fund		238,963,247	186,864,633
Pakistan Cash Management Fund		9,641,485	11,299,711
Pakistan Capital Market Fund		15,111,316	20,068,097
Pakistan Income Enhancement Fund		38,067,443	64,118,975
Pakistan Income Fund		18,268,678	24,043,194
Pakistan Sarmaya Mehfooz Fund	1.8	3,532,121	9,106,163
Alhamra Islamic Income Fund	1.5	7,369,318	9,312,846
Alhamra Islamic Stock Fund	1.5	42,697,197	21,583,501
Alhamra Islamic Asset Allocation Fund	1.5	26,207,071	21,279,229
Alhamra Active Asset Allocation Fund Plan I	1.6	4,871,711	-
Alhamra Active Asset Allocation Fund Plan II	1.7	33,536	-
		<b>673,139,164</b>	860,226,983
<b>Pension schemes - related parties</b>			
Pakistan Islamic Pension Fund		10,644,922	9,184,285
Pakistan Pension Fund		22,434,266	19,213,308
		<b>33,079,188</b>	28,397,593
	19.1	<b>706,218,352</b>	888,624,576
Investment advisory fee from discretionary portfolio management	19.2	43,796,785	41,747,468
		<b>750,015,137</b>	930,372,044
Less: Indirect taxes and duties on management fee			
Sindh sales tax		(86,284,927)	(114,256,216)
Federal excise duty		-	(112,567,700)
		<b>663,730,210</b>	703,548,128

- 19.1** 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. In accordance with Regulation 61 of the NBFC Regulations, 2008, the fee so charged does not exceed 2% of the average annual net assets in case of Equity, Balanced, Asset Allocation Schemes and Capital Protected (dynamic asset allocation-direct exposure), 1.5% of average annual net assets in case of Income, Aggregate income, Index, Fund of Funds and Commodity Schemes (cash settled) and 1% of average annual net assets in case of Money Market, Commodity Schemes (deliverables) and Capital protected schemes, that has been verified by the trustee. In accordance with Rule 11 of the Voluntary Pension System Rules, 2005 the management fee from the pension funds is charged at the rate of 1.5% of the average of values of the net assets of the pension fund calculated during the year for determining the prices of the units of the sub-funds.
- 19.2** The Company is managing investments under discretionary portfolio management agreement. Investment advisory fee from the discretionary portfolios is calculated on a daily / monthly basis by charging specified rates to the net asset value of the portfolios as stated in the respective agreements with the clients. The details of this portfolio are given in note 1.4 of these financial statements.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**20 PROFIT ON BANK DEPOSITS**

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

<b>21 CAPITAL GAIN ON SALE OF INVESTMENTS - NET</b>	<i>Note</i>	<b>2017</b>	<b>2016</b>
		----- (Rupees) -----	
(Loss) / gain on sale of government securities		<b>(1,695,982)</b>	1,443,384
Gain on redemption of units of collective investment schemes and pension schemes		<b>91,040,961</b>	23,153,885
		<b>89,344,979</b>	<b>24,597,269</b>

**22 ADMINISTRATIVE EXPENSES**

Salaries, allowances and other benefits	22.2	<b>214,898,995</b>	166,953,141
Legal and professional charges	22.4	<b>16,631,086</b>	12,914,314
Travelling and conveyance charges		<b>3,879,725</b>	3,723,831
Rent, utilities, repairs and maintenance		<b>61,062,947</b>	55,051,894
Office supplies		<b>887,666</b>	767,595
Auditors' remuneration	22.3	<b>2,275,000</b>	4,405,100
Directors' meeting fee		<b>3,500,000</b>	2,125,000
Insurance		<b>1,479,018</b>	1,510,361
Depreciation	4.3	<b>11,380,845</b>	11,870,911
Amortisation	4.3	<b>4,119,756</b>	3,320,640
Stamp duty and taxes		<b>122,825</b>	133,375
Registrar fee		<b>766,192</b>	433,882
Printing and stationery		<b>2,582,994</b>	3,280,151
Telephone expenses		<b>5,832,516</b>	4,347,014
Entertainment expenses		<b>4,041,156</b>	2,467,202
Books, periodicals and subscription		<b>10,663,050</b>	9,109,834
Miscellaneous expenses		<b>1,163,100</b>	3,143,929
		<b>345,286,871</b>	<b>285,558,174</b>

**22.1** The SECP vide S.R.O No. 1160 (1) / 2015 dated November 25, 2015 introduced amendments in the NBFC Regulations. As a result of these amendments, the management company may charge fees and expenses pertaining to registrar services, accounting, operations an (CISs) upto a maximum of 0.1% of average annual net assets of the scheme. Accordingly, expenses amounting to Rs 44.109 million have been charged by the Company to the respective CISs under its management.

**22.2** This amount includes contributions on behalf of the employees to pension fund (note 3.6) amounting to Rs 5.238 million (2016: Rs 3.279 million).

<b>22.3 Auditors' remuneration</b>	<b>2017</b>	<b>2016</b>
	----- (Rupees) -----	
Audit fee	<b>1,500,000</b>	1,500,000
Half yearly review fee	<b>275,000</b>	275,000
Fee for the review of compliance with the best practices of the Code of Corporate Governance	<b>75,000</b>	75,000
Fee for other services	<b>350,000</b>	2,505,100
Out of pocket expenses	<b>75,000</b>	50,000
	<b>2,275,000</b>	<b>4,405,100</b>



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**22.4** This includes Rs. 500,000 paid to SECP as a penalty based on a complaint filed by an investor. The investor alleged that the front end load was wrongly charged to him amounting to Rs. 297,540. On 5 May 2016, the Commissioner Specialised Companies Division of the SECP passed an order against the Company. The Company submitted detailed response to the show cause notice and after proceedings held on the case, the SECP imposed an aggregate fine of Rs. 500,000 and instructed the Company to refund the above said amount of front end load charged to the investor. The Company filed an appeal which was dismissed by the Appellate Bench of the SECP by a non-speaking Order dated February 3, 2017. The Company has decided not to challenge the decision in the High Court and the matter stands closed.

<b>23 SELLING AND DISTRIBUTION EXPENSES</b>	<i>Note</i>	<b>2017</b>	<b>2016</b>
		----- (Rupees) -----	
Commission expense	23.1	<b>119,722,208</b>	124,433,967
Marketing and other expenses	23.2 & 23.3	<b>50,629,926</b>	14,683,091
		<b><u>170,352,134</u></b>	<b><u>139,117,058</u></b>

**23.1** This includes an amount of Rs. 48.586 million (2016: Rs. 60.524 million) pertaining to a related party.

**23.2** This includes an amount of Rs. 20.1 million (2016: Nil) in respect of refund of front end load charged to the investors.

**23.3** The SECP vide Circular 40/2016 dated December 30, 2016, prescribed certain conditions on Asset Management Companies (AMC) for charging of selling and marketing expenses to open end equity, asset allocation and index funds initially for three years (from January 01, 2017 till December 31, 2019) for opening of new branches in cities, except Karachi, Lahore, Islamabad and Rawalpindi. Minimum two branches required to be opened by June 30, 2017. Maximum cap of selling and marketing expenses shall be 0.4% per annum of net assets of fund or actual expenses whichever is lower.

The expenses amounting to Rs. 21.738 million have been charged by the Company to aforesaid funds under its management. However, the payment has not been received as an objection has been raised by Central Depository Company (CDC). Therefore, the Company has recorded a provision for the same amount.

**24 FINANCIAL CHARGES**

Bank charges	<b><u>603,359</u></b>	<b><u>454,854</u></b>
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**25 WORKERS' WELFARE FUND**

Workers' Welfare Fund	<b><u>6,025,000</u></b>	<b><u>7,428,029</u></b>
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**26 OTHER INCOME**

**Income from assets other than financial assets**

Gain on disposal of fixed assets - net		<b>176,633</b>	21,952,338
Miscellaneous income	26.1	<b>14,545,055</b>	79,010
		<b><u>14,721,688</u></b>	<b><u>22,031,348</u></b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

**26.1** This includes Rs. 14.442 million (2016: Nil) which represents reversal of WWF as more fully explained in note 17.1.

	<i>Note</i>	<b>2017</b>	<b>2016</b>
<b>27 TAXATION</b>		----- (Rupees) -----	
Current	<i>27.1</i>	<b>77,096,550</b>	111,510,401
Prior		<b>1,087,310</b>	1,753,967
Deferred	<i>16.1</i>	<b>5,580,592</b>	(2,563,001)
		<u><b>83,764,452</b></u>	<u>110,701,367</u>

## **27.1 Relationship between income tax expense and accounting profit**

The current year provision is based on tax payable by the Company under presumptive tax regime and minimum taxation under section 153(1)(b) of the Income Tax Ordinance, 2001. Therefore, there is no relationship between accounting profit and tax expense for the year.

## **28 EARNINGS PER SHARE**

### **28.1 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:

	<b>2017</b>	<b>2016</b>
	----- (Rupees) -----	
Profit for the year after taxation	<u><b>202,194,317</b></u>	<u>239,108,886</u>
	----- (Number of shares) -----	
Weighted average number of ordinary shares outstanding during the year	<u><b>72,000,000</b></u>	<u>72,000,000</u>
	----- (Rupees) -----	
Basic earnings per share	<u><b>2.81</b></u>	<u>3.32</u>

### **28.2 Diluted**

Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2017 and 2016 which would have any effect on the earnings per share if the option to convert is exercised.

## **29 NET UNREALISED APPRECIATION ON RE-MEASUREMENT OF INVESTMENTS CLASSIFIED AS 'AVAILABLE-FOR-SALE'**

### **Long-term Investments:**

Market value of investments

Less: carrying value of investments

Less: net unrealised appreciation in fair value of investments at the beginning of the year

Add: amount realised on redemption

	<i>Note</i>	<b>2017</b>	<b>2016</b>
		----- (Rupees) -----	
		<b>547,193,018</b>	456,022,751
		<b>(210,900,280)</b>	(210,900,280)
	<i>5.1</i>	<b>336,292,738</b>	245,122,471
		<b>(245,122,471)</b>	(212,547,010)
		<b>-</b>	4,970,219
		<u><b>91,170,267</b></u>	<u>37,545,680</u>

### **Short-term Investments:**

Market value of investments

Less: carrying value of investments

Less: net unrealised appreciation in fair value of investments at the beginning of the year

Add: amount realised on redemption

	<i>Note</i>	<b>2017</b>	<b>2016</b>
		----- (Rupees) -----	
		<b>285,219,388</b>	368,911,874
		<b>(303,928,693)</b>	(354,759,738)
	<i>11.3 &amp; 11.5</i>	<b>(18,709,305)</b>	14,152,136
		<b>(14,152,136)</b>	(11,696,092)
		<b>11,118,149</b>	45,087
		<u><b>(21,743,292)</b></u>	<u>2,501,131</u>
		<u><b>69,426,975</b></u>	<u>40,046,811</u>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

## 30 CASH AND CASH EQUIVALENTS

Note	2017	2016
	----- (Rupees) -----	
13	<u><u>18,692,497</u></u>	<u><u>41,867,164</u></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	2017			2016		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
	----- Rupees -----					
Managerial remuneration	6,545,455	-	53,483,376	6,865,103	-	36,024,208
Bonus	4,320,000	-	22,224,404	2,500,000	-	17,947,522
Retirement benefits	546,792	-	4,612,969	509,004	-	2,209,228
Rent and house maintenance	2,945,455	-	19,329,824	3,089,296	-	12,956,678
Utilities	654,545	-	4,295,516	686,510	-	2,879,262
Medical	654,545	-	4,295,516	686,510	-	2,879,262
Meeting fee	-	3,500,000	-	-	2,125,000	-
Others	4,223,889	-	12,049,188	2,909,641	-	9,045,055
	<u><u>19,890,681</u></u>	<u><u>3,500,000</u></u>	<u><u>120,290,793</u></u>	<u><u>17,246,064</u></u>	<u><u>2,125,000</u></u>	<u><u>83,941,215</u></u>
Number of persons	<u><u>1</u></u>	<u><u>7</u></u>	<u><u>40</u></u>	<u><u>2</u></u>	<u><u>7</u></u>	<u><u>34</u></u>

## 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 94.16% and 5.84% (2016: 95.51% and 4.49%) respectively of the total income earned during the year.

## 33 FINANCIAL INSTRUMENTS BY CATEGORY

Particulars	----- As at June 30, 2017 -----			
	Loans and receivables	Available-for-sale	At fair value through profit or loss	Total
	----- Rupees -----			
<b>Assets</b>				
<b>Non-current assets</b>				
Long-term investments	-	547,193,018	-	547,193,018
Long-term loans and receivables	26,918,837	-	-	26,918,837
Long-term deposits	4,290,038	-	-	4,290,038
	<u>31,208,875</u>	<u>547,193,018</u>	<u>-</u>	<u>578,401,893</u>
<b>Current assets</b>				
Receivable from related parties	484,368,200	-	-	484,368,200
Loans and advances	27,928,661	-	-	27,928,661
Deposits and other receivables	34,950,796	-	-	34,950,796
Accrued mark-up	72,809	-	-	72,809
Short-term investments	-	285,219,388	384,081,782	669,301,170
Cash and bank balances	18,692,497	-	-	18,692,497
	<u>566,012,963</u>	<u>285,219,388</u>	<u>384,081,782</u>	<u>1,235,314,133</u>
	<u><u>597,221,838</u></u>	<u><u>832,412,406</u></u>	<u><u>384,081,782</u></u>	<u><u>1,813,716,026</u></u>
	----- As at June 30, 2017 -----			
		At amortised cost	At fair value through profit or loss	Total
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables		641,389,581	-	641,389,581

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Particulars	As at June 30, 2016			
	Loans and receivables	Available-for-sale	At fair value through profit or loss	Total
----- (Rupees) -----				
<b>Assets</b>				
<b>Non-current assets</b>				
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
	3,993,850	456,022,751	-	460,016,601
<b>Current assets</b>				
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
	550,771,769	368,911,874	388,799,299	1,308,482,942
	554,765,619	824,934,625	388,799,299	1,768,499,543
----- As at June 30, 2016 -----				
	At amortised cost	At fair value through profit or loss	Total	
----- (Rupees) -----				
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables		117,547,326	-	117,547,326

## 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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

## b) Sensitivity analysis of fixed rate instruments

Fixed rate instruments comprise 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, arising as a result of fluctuations in the respective fair values.

The composition of the Company's investment portfolio, KIBOR rates and the rates announced by the Financial Markets Association of Pakistan are expected to change over time. Therefore, the sensitivity analysis prepared as of June 30, 2017 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, 2017-----														
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				-	-	-	-	-	-	-	669,301,170	547,193,018	1,216,494,188	1,216,494,188
Loans, advances and receivables		-	-	-	-	-	-	85,178	170,356	255,534	443,702	25,812,704	26,767,474	26,834,840
Long-term deposits		-	-	-	-	-	-	-	-	-	-	4,290,038	4,290,038	4,290,038
Receivable from related parties		-	-	-	-	-	-	62,001,438	-	-	89,484,523	354,648,221	506,134,182	506,134,182
Deposits and other receivables		-	-	-	-	-	-	-	-	-	34,950,796	-	34,950,796	34,950,796
Accrued mark-up		-	-	-	-	-	-	72,809	-	-	-	-	72,809	72,809
Cash and bank balances	3.16% - 5.5%	-	-	-	14,391,629	-	14,391,629	-	-	-	4,300,868	-	4,300,868	18,692,497
		-	-	-	14,391,629	-	14,391,629	62,159,425	170,356	255,534	798,481,059	931,943,981	1,793,010,355	1,807,469,350
Financial liabilities														
Trade and other payables		-	-	-	-	-	-	-	-	-	192,762,742	-	192,762,742	192,762,742
On-balance sheet gap (a) *		-	-	-	14,391,629	-	14,391,629	62,159,425	170,356	255,534	605,718,317	931,943,981	1,600,247,613	1,614,706,608
Off-balance sheet gap (b)		-	-	-	-	-	-	-	-	-	-	-	-	-
Total interest rate sensitivity gap (a+b)		-	-	-	14,391,629	-	14,391,629							
Cumulative interest rate sensitivity gap		-	-	-	14,391,629	14,391,629								

-----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								

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### 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.

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 3.841 million (2016: Rs 3.888 million), other comprehensive income for the year would be higher / lower by Rs 8.324 million (2016: Rs 6.234 million) and total comprehensive income for the year would be higher/lower by Rs 12.165 million (2016: Rs 10.122 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 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, 2017 is the carrying amount of the financial assets as set out below:

	2017	2016
	----- Rupees -----	
<b>Financial assets</b>		
Investments	1,216,494,188	1,012,220,865
Long term deposits	4,290,038	2,721,712
Long-term loans and advances	26,918,837	1,272,138
Receivable from related parties	484,368,200	484,256,904
Loans and advances	1,022,135	465,441
Other receivables	34,950,796	18,939,023
Accrued mark-up	72,809	5,243,237
Cash and bank balances	25,000	41,842,164
	<u>1,768,142,003</u>	<u>1,566,961,484</u>

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

	<i>Note</i>	----- As at June 30, 2017 -----	----- As at June 30, 2016 -----			
		----- (Performance ranking) -----				
Fund		Long-term	Short-term	Long-term	Short-term	Rating agency
MCB Pakistan Asset Allocation Fund		4 - star	3 - star	5 - star	4 - star	PACRA
Alhamra Islamic Stock Fund	1.5	-	4 - star	3 - star	3 - star	PACRA
MCB Pakistan Stock Market Fund		4 - star	3 - star	4 - star	5 - star	PACRA
Pakistan Capital Market Fund		4 - star	4 - star	3 - star	4 - star	PACRA
MCB Pakistan Frequent Payout Fund		-	2 - star	-	-	PACRA
Alhamra Islamic Asset Allocation Fund	1.5	4 - star	4 - star	3 - star	4 - star	PACRA
		----- As at June 30, 2017 -----		----- As at June 30, 2016 -----		
		----- (Stability rating) -----				Rating agency
MCB Cash Management Optimizer		AA (f)		AA (f)		PACRA
MCB DCF Income Fund		A +		A + (f)		PACRA
Alhamra Islamic Income Fund	1.5	AA - (f)		AA - (f)		PACRA
MCB Pakistan Frequent Payout Fund *		-		N/A		-
MCB Pakistan Sovereign Fund		AA - (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.

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

BANK	----- As at June 30, 2017 -----		----- As at June 30, 2016 -----		Rating agency
	(Rating)				
	Long-term	Short-term	Long-term	Short-term	
MCB Bank Limited	AAA	A1+	AAA	A1+	PACRA
Summit Bank Limited	A-	A-1	A-	A-1	JCR-VIS
Bank Al Habib Limited	AA+	A1+	AA+	A1+	PACRA
NIB Bank Limited	AA-	A1+	AA-	A1+	PACRA
Faysal Bank Limited	AA	A1+	AA	A1+	PACRA
MCB Islamic Bank Limited	A	A1	A	A1	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, 2017, the Company's cash and bank balances amounted to Rs 73.897 million (2016: Rs 41.867 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### 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)

	As at June 30, 2017			
	Level 1	Level 2	Level 3	Total
	(Rupees)			
<b>Assets</b>				
<b>Financial assets classified as available-for-sale</b>				
Investment in units of pension schemes	547,193,018	-	-	547,193,018
Investment in units of open-end collective investment schemes	285,219,388	-	-	285,219,388
Investments in Pakistan Investment Bonds	-	-	-	-
Investments in Market Treasury Bills	-	-	-	-
<b>Financial assets at fair value through profit or loss</b>				
Investment in units of open-end collective investment schemes	384,081,782	-	-	384,081,782
<b>Non-financial assets</b>				
Building	-	-	-	-



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

	As at June 30, 2016			Total
	Level 1	Level 2	Level 3	
	(Rupees)			
<b>Assets</b>				
<b>Financial assets classified as available-for-sale</b>				
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
<b>Financial assets at fair value through profit or loss</b>				
Investment in units of open-end collective investment schemes	38,025,601	-	-	38,025,601
<b>Non-financial assets</b>				
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, 2017.

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 Arif Habib Corporation Limited with a holding percentage of 30%, companies having common directorship, collective investment schemes and voluntary pension schemes managed by the Company, directors, key management personnel and their close family members and retirement benefit plan. The transactions with related parties are in the normal course of business and are carried out at contracted rates and terms. Details of such transaction are as follows:

37.1 Transactions with related parties during the year	2017	2016
	(Rupees)	
<b>CONTRIBUTION TO PENSION FUND</b>	<b>5,238,513</b>	3,949,830
<b>MCB BANK LIMITED</b>		
Commission and other expenses	69,249,917	62,997,234
Profit on bank deposits	676,396	924,351
Bank charges	590,916	362,461
Reimbursement of expenses	15,000,000	10,000,000
Branch sharing expenses	5,031,674	3,727,920
Dividend paid	120,109,496	120,109,496

**NOTES TO THE FINANCIAL STATEMENTS  
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	2017	2016
	----- (Rupees) -----	
<b>MCB ISLAMIC BANK LIMITED</b>		
Profit on bank deposits	113,311	-
Bank charges	12,443	-
<b>NISHAT REAL ESTATE DEVELOPMENT COMPANY PVT. LIMITED</b>		
Rent deposit	784,326	-
Rent expense	2,614,420	-
<b>ADAMJEE LIFE ASSURANCE COMPANY LIMITED</b>		
Investment advisory fee	8,731,065	19,991,824
Amount paid against life assurance	6,649,847	4,776,235
<b>ADAMJEE INSURANCE COMPANY LIMITED</b>		
Amount paid against insurance	1,580,415	1,085,306
Amount received against insurance claim	119,220	-
Dividend paid	1,518,720	1,518,720
<b>MCB FINANCIAL SERVICES LIMITED</b>		
Reimbursement of expenses	8,720	754,898
Trustee fee	2,340,000	2,400,000
<b>ARIF HABIB CORPORATION LIMITED</b>		
Dividend paid	70,408,543	70,408,543
<b>ARIF HABIB LIMITED</b>		
Sharing of expenses	441,856	-
<b>MCB CASH MANAGEMENT OPTIMIZER</b>		
Management fee	44,433,344	53,320,540
Reimbursement of expenses	7,049,087	3,529,657
Investment in units	1,722,668,015	531,797,888
Redemption of units	1,359,985,488	570,902,675
<b>MCB DCF INCOME FUND</b>		
Management Fee	97,179,205	174,234,973
Share of sales load	117,248	131,721
Reimbursement of expenses	6,841,653	6,384,865
Investment in units	439,588,644	55,000,000
Redemption of units	440,229,055	55,928,033
<b>ALHAMRA ISLAMIC INCOME FUND</b>		
Management fee	6,521,520	7,042,382
Share of sales load	100,268	38,951
Reimbursement of expenses	1,039,573	614,535
Sharia fee paid on behalf of the fund	900,000	610,706

**NOTES TO THE FINANCIAL STATEMENTS  
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	2017	2016
	----- (Rupees) -----	
<b>MCB PAKISTAN ASSET ALLOCATION FUND</b>		
Management fee	48,076,021	62,796,078
Share of sales load	250,953	201,779
Reimbursement of expenses	2,403,358	1,850,772
Selling and marketing	2,799,803	-
Back-end load	6,939	-
Dividend income	-	773,825
Investment in units	-	118,732,324
Redemption of units	85,500,324	43,000,000
<b>MCB PAKISTAN FREQUENT PAYOUT FUND</b>		
Management fee	10,971,315	4,610,281
Share of sales load	21,513	955,339
Reimbursement of expenses	1,050,529	340,231
Selling and marketing	1,045,581	-
Payment made on behalf of the Fund	-	2,795,028
Formation cost	-	733,077
<b>ALHAMRA ISLAMIC STOCK FUND</b>		
Management fee	37,785,130	16,321,462
Amount received against conversion cost	-	1,520,031
Share of sales load	1,030,050	81,037
Reimbursement of expenses	1,889,284	509,158
Selling and marketing	2,961,255	-
Sharia fee paid on behalf of the fund	900,000	610,706
<b>MCB PAKISTAN SOVEREIGN FUND</b>		
Management fee	36,841,035	77,505,334
Share of sales load	69,715	126,948
Reimbursement of expenses	5,264,888	5,307,530
Investments in units	124,986,422	959,568,195
Redemption of units	440,638,231	662,871,256
<b>MCB PAKISTAN STOCK MARKET FUND</b>		
Management fee	211,471,900	141,307,194
Share of sales load	3,370,419	1,215,751
Amount received against conversion cost	-	1,135,912
Reimbursement of expenses	10,573,595	4,302,088
Selling and marketing	13,336,300	-
Dividend income	25,574,849	956,182
Investments in units	433,776,048	80,261,062
Redemption of units	340,000,000	-
<b>PAKISTAN CAPITAL MARKET FUND</b>		
Management fee	13,372,846	15,175,512
Share of sales load	137,175	153,175
Reimbursement of expenses	668,643	435,416
<b>PAKISTAN CASH MANAGEMENT FUND</b>		
Management fee	8,532,288	8,544,851
Reimbursement of expenses	1,410,890	524,165

**NOTES TO THE FINANCIAL STATEMENTS  
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	2017	2016
	----- (Rupees) -----	
<b>PAKISTAN INCOME ENHANCEMENT FUND</b>		
Management fee	33,688,003	48,486,823
Share of sales load	72,410	224,573
Reimbursement of expenses	2,434,868	2,294,960
Investments in units	132,192,627	-
Redemption of units	132,773,938	-
<b>PAKISTAN INCOME FUND</b>		
Management fee	16,166,972	18,181,484
Share of sales load	55,217	16,421
Reimbursement of expenses	1,225,052	717,555
<b>ALHAMRA ISLAMIC ASSET ALLOCATION FUND</b>		
Management fee	23,192,098	16,091,371
Share of sales load	780,295	423,827
Back-end load	64,589	
Reimbursement of expenses	1,181,217	467,417
Selling and marketing	1,592,601	
Sharia fee paid on behalf of the fund	900,000	610,706
<b>PAKISTAN SARMAVA MAHFOOZ FUND (Matured)</b>		
Management fee	3,125,771	6,886,088
Reimbursement of expenses	312,577	398,073
<b>PAKISTAN ISLAMIC PENSION FUND</b>		
Management fee	9,420,285	6,945,164
Share of sales load	474,819	153,617
Redemption of units	-	5,000,000
<b>PAKISTAN PENSION FUND</b>		
Management fee	19,853,333	14,529,120
Share of sales load	250,585	193,619
Redemption of units	-	10,000,000
<b>AL-HAMRA ISLAMIC ACTIVE ASSET ALLOCATION FUND PLAN-I</b>		
Management fee	4,311,249	-
Sales load	492,090	-
Payment made on behalf of fund - formation cost	5,000,000	-
Payment made on behalf of fund - account opening	30,000	-
Reimbursement of expenses	760,467	-
<b>AL-HAMRA ISLAMIC ACTIVE ASSET ALLOCATION FUND PLAN-II</b>		
Management fee	29,678	-
Payment made on behalf of fund - account opening	30,000	-
Reimbursement of expenses	3,379	-

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

37.2	Amount outstanding at year end	2017	2016
		----- (Rupees) -----	
	<b>MCB BANK LIMITED</b>		
	Bank balance	11,206,085	7,482,397
	Commission payable	48,574,718	25,111,516
	Mark-up receivable	34,212	7,363
	<b>NISHAT REAL ESTATE DEVELOPMENT COMPANY PVT. LIMITED</b>		
	Rent deposit	784,326	-
	<b>MCB ISLAMIC BANK LIMITED</b>		
	Bank balance	2,745,552	-
	Mark-up receivable	24,198	-
	<b>ADAMJEE LIFE ASSURANCE COMPANY LIMITED</b>		
	Advisory fee receivable	8,731,065	9,714,575
	<b>MCB FINANCIAL SERVICES LIMITED</b>		
	Payable against monthly reimbursement	-	50,864
	Payable against trustee fee	226,000	228,000
	<b>ARIF HABIB LIMITED</b>		
	Sharing of expenses	441,856	-
	<b>MCB DCF INCOME FUND</b>		
	Remuneration receivable	106,720,514	110,432,577
	Sales load receivable	28,018,233	28,104,927
	Receivable against reimbursement of expenses	524,823	666,991
	<b>MCB PAKISTAN ASSET ALLOCATION FUND</b>		
	Remuneration receivable	24,836,759	24,262,791
	Sales load receivable	16,230,551	16,459,752
	Back-end load	6,939	-
	Closing balance of investment in units	-	77,055,309
	Receivable against reimbursement of expenses	257,038	738,964
	Receivable against selling & marketing expenses	2,799,803	-
	<b>MCB CASH MANAGEMENT OPTIMIZER</b>		
	Remuneration receivable	59,215,590	57,517,457
	Closing balance of investment in units	384,081,729	-
	Receivable against reimbursement of expenses	664,025	395,024
	<b>ALHAMRA ISLAMIC INCOME FUND</b>		
	Remuneration receivable	9,525,302	9,068,897
	Sales load receivable	3,053,115	3,084,457
	Receivable against reimbursement of expenses	111,885	78,967
	Receivable against shariah fee	75,000	75,000
	<b>MCB PAKISTAN STOCK MARKET FUND</b>		
	Remuneration receivable	76,724,748	69,351,934
	Sales load receivable	5,572,296	5,177,743
	Other receivable	6,052	35,642
	Conversion cost receivable	-	544,939
	Closing balance of investment in units	285,219,441	167,398,815
	Receivable against reimbursement of expenses	971,257	639,634
	Receivable against selling & marketing expenses	13,336,300	-

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

	2017	2016
	----- (Rupees) -----	
<b>PAKISTAN INCOME FUND</b>		
Remuneration receivable	11,542,973	10,787,558
Sales load receivable	245,297	241,109
Receivable against reimbursement of expenses	134,570	92,295
<b>MCB PAKISTAN SOVEREIGN FUND</b>		
Remuneration receivable	30,248,261	34,929,172
Sales load receivable	4,169,840	4,765,754
Closing balance of investment in units	-	311,743,990
Receivable against reimbursement of expenses	173,767	634,452
<b>PAKISTAN CAPITAL MARKET FUND</b>		
Remuneration receivable	7,149,396	7,065,616
Sales load receivable	608,197	483,611
Receivable against reimbursement of expenses	56,505	52,133
<b>ALHAMRA ISLAMIC STOCK FUND</b>		
Remuneration receivable	10,763,732	7,765,643
Sales load receivable	439,701	245,968
Conversion cost receivable		562,733
Receivable against reimbursement of expenses	224,540	91,163
Receivable against selling & marketing expenses	2,961,255	
Receivable against shariah fee	75,000	154,641
<b>PAKISTAN PENSION FUND</b>		
Remuneration receivable	7,991,039	7,487,260
Sales load receivable	940,963	1,020,012
Closing balance of investment in units	263,737,823	221,228,697
<b>ALHAMRA ISLAMIC ASSET ALLOCATION FUND</b>		
Remuneration receivable	8,710,001	7,474,952
Sales load receivable	1,986,320	1,536,861
Back end load receivable	7,231	
Receivable against reimbursement of expenses	123,832	203,829
Receivable against selling & marketing expenses	1,592,601	-
Receivable against shariah fee	75,000	295,723
<b>PAKISTAN ISLAMIC PENSION FUND</b>		
Remuneration receivable	4,048,307	3,732,980
Sales load receivable	619,674	468,855
Closing balance of investment in units	283,455,195	234,794,054
<b>PAKISTAN SARMAVA MAHFOOZ FUND (Matured)</b>		
Remuneration receivable	2,335,803	2,572,474
Sales load receivable	2,307,278	2,307,278
Receivable against reimbursement of expenses	34,320	54,779
<b>PAKISTAN CASH MANAGEMENT FUND</b>		
Remuneration receivable	12,744,520	12,748,418
Receivable against reimbursement of expenses	121,768	114,533
Other receivable	222,399	-
Other payable	181,000	191,000

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
	----- (Rupees) -----	
<b>PAKISTAN INCOME ENHANCEMENT FUND</b>		
Remuneration receivable	18,453,728	21,983,795
Sales load receivable	4,757,245	6,076,712
Other receivable	7,660	3,530
Receivable against reimbursement of expenses	162,167	315,421
<b>MCB PAKISTAN FREQUENT PAYOUT FUND</b>		
Remuneration receivable	1,671,792	1,738,568
Sales load receivable	3,624,619	6,308,937
Formation cost	-	733,077
Other receivable	-	2,795,028
Receivable against reimbursement of expenses	74,789	61,763
Receivable against selling & marketing expenses	1,045,581	-
<b>AL-HAMRA ISLAMIC ACTIVE ASSET ALLOCATION FUND PLAN-I</b>		
Remuneration receivable	591,876	-
Formation Cost	5,000,000	-
Other receivable	30,000	-
Receivable against reimbursement of expenses	133,648	-
<b>AL-HAMRA ISLAMIC ACTIVE ASSET ALLOCATION FUND PLAN-II</b>		
Management fee	33,536	-
Sales load receivable	6,886	-
Other receivable	30,000	-
Receivable against reimbursement of expenses	3,379	-

### 38 FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

Fair value of investments is determined as follows:

- The fair value of investments in units of open-end collective investment schemes and pension funds are based on the net assets value quoted by the Company and Mutual Funds Association of Pakistan at each reporting date.
- Investments in government securities are valued on the basis of average rates of brokers as announced by the Financial Markets Association of Pakistan.

The estimated fair value of all other financial assets and liabilities other than asset classified as 'held for sale' is considered not to be significantly different from carrying values as the items are either short-term in nature or are yearically repriced.

#### 38.1 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets 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:

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### Level 1:

Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities.

### Level 2:

Fair value measurements using 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 3:

Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Following are the details of the financial instruments measured at fair value:

2017				
	Level 1	Level 2	Level 3	Total
	(Rupees)			
Assets				
Investment in units of open-end collective investment schemes and pension funds				
Available-for-sale investments	832,412,406	-	-	832,412,406
Investments at fair value through profit or loss	384,081,782	-	-	384,081,782
	1,216,494,188	-	-	1,216,494,188
2016				
	Level 1	Level 2	Level 3	Total
	(Rupees)			
Assets				
Investment in units of open-end collective investment schemes and pension funds				
Available-for-sale investments	623,421,566	201,513,059	-	824,934,625
Investments at fair value through profit or loss	388,799,299	-	-	388,799,299
	1,012,220,865	201,513,059	-	1,213,733,924

### 39 NUMBER OF EMPLOYEES

Number of employees at June 30

- Permanent	201	130
- Contractual	108	83

Average number of employees during the year

- Permanent	170	116
- Contractual	103	85

### 40 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

The Board of Directors in its meeting held on August 04, 2017 has declared final cash dividend of Rs. 1.75 per share (2016: Rs. 1.75 per share declared on August 05, 2016). These financial statements do not include the effect of this appropriation which will be accounted for in the financial statements of the Company for the year ending June 30, 2017.

### 41 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified for the purposes of comparison and better presentation. No significant reclassification was made in these financial statements during the current year.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

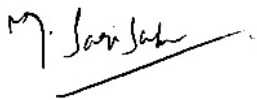
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### 42 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 04, 2017 by the Board of Directors of the Company.

### 43 GENERAL

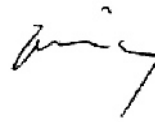
Amounts have been rounded off to the nearest Rupee unless otherwise stated.



Chief Executive Officer



Chief Financial Officer



Director



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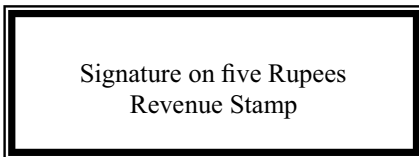
\*Mobile apps are also available for download for android and ios devices

**FORM OF PROXY**  
**17<sup>th</sup> ANNUAL GENERAL MEETING**  
**On October 25, 2017.**

The Company Secretary  
**MCB-Arif Habib Savings and Investments Limited**  
24<sup>th</sup> 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 17<sup>th</sup> Annual General Meeting of the Company to be held on  
Wednesday, October 25, 2017 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017.



(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 24<sup>th</sup> 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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24th Floor, Centrepont, Off Shaheed-e-Millat  
Expressway Near K.P.T Interchange, Karachi  
Postal Code: 74900

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پراکسی فارم  
ستر ہوا سالانہ اجلاس عام  
مورخہ 25 اکتوبر، 2017

کمپنی ریکریٹری  
ایم سی بی عارف حبیب سیونگز اینڈ انویسٹمنٹس لمیٹڈ  
24 ویں منزل، سینٹر پوائنٹ، آف شہید ملت ایکسپریس وے،  
کے پی ٹی انٹر چینج،  
کراچی۔ 74900

میں/ہم \_\_\_\_\_ کا/کے \_\_\_\_\_، کے ضلع میں ایم سی بی عارف حبیب سیونگز اینڈ انویسٹمنٹس لمیٹڈ کے  
ایک ممبر ہونے کی حیثیت سے \_\_\_\_\_ کے \_\_\_\_\_ کو مورخہ 25 اکتوبر، 2017 بروز بدھ منعقد ہونے والے ستر ہویں سالانہ اجلاس عام کے لیے اور کسی  
بھی التواء کی صورت میں میرے/ہمارے لیے اور میری/ہماری طرف سے ووٹ کرنے کے لیے بطور پراکسی مقرر کرتا ہوں/کرتے ہیں۔

بروز \_\_\_\_\_ مورخہ \_\_\_\_\_ 2017 کو دستخط ہوئے۔

پانچ روپے کے ریونیو اسٹیٹ پر دستخط  
(دستخط کو کمپنی کے پاس رجسٹر شدہ دستخط کے نمونے کے مطابق ہونا چاہئے)

1۔ گواہ	2۔ گواہ
دستخط: _____	دستخط: _____
نام: _____	نام: _____
پتہ: _____	پتہ: _____
کمپیوٹرائزڈ قومی شناختی کارڈ / پاسپورٹ نمبر: _____	کمپیوٹرائزڈ قومی شناختی کارڈ / پاسپورٹ نمبر: _____

شیر ہولڈر فو لیو نمبر  
سی ڈی سی حصہ داران کے آئی ڈی نمبر اور ذیلی اکاؤنٹ نمبر

نوٹ:

1۔ باقاعدہ مکمل اور دستخط شدہ پراکسی فارم کا کمپنی کے رجسٹر شدہ آفس، 24 ویں منزل، سینٹر پوائنٹ، آف شہید ملت ایکسپریس وے، کے پی ٹی انٹر چینج، کراچی۔ 74900 پر اجلاس کے آغاز سے  
48 گھنٹے قبل وصول ہونا ضروری ہے۔ پراکسی کے لیے کمپنی کا ممبر ہونا ضروری نہیں ہے۔

2۔ اگر کوئی ممبر ایک سے زائد پراکسی مقرر کرتا ہے اور کسی ممبر کی طرف سے ایک سے زائد پراکسی دستاویزات کمپنی میں جمع کروائے جاتے ہیں تو ایسے تمام پراکسی دستاویزات کو غیر قانونی / غیر  
درست قرار دیا جائے گا۔

3۔ ہر سی ڈی سی شیر ہولڈر داران کے پراکسیز سے درخواست کی جاتی ہے کہ اس پراکسی فارم کو کمپنی میں جمع کروانے سے قبل اس کے ساتھ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق  
شدہ کاپی منسلک کریں۔

4۔ اجلاس کے وقت پراکسی کو اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ فراہم کرنا ہوگا۔

5۔ کارپوریٹ ادارے کی صورت میں، پراکسی فارم کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی بعد نامزد کے دستخط کے نمونے کمپنی میں جمع کروانا ہونگے (اگر پہلے فراہم نہ کیے گئے  
ہوں)۔

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Expressway Near K.P.T Interchange, Karachi  
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## **MCB-Arif Habib Savings and Investments Limited**

**Head Office:** 24th Floor, Centrepont, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi-74900  
UAN: (+92-21) 11-11-62224 (11-11-MCB-AH), 111-468-378 (111-INVEST), Fax: (+92-21) 35316080, 35316081,  
URL: [www.mcbah.com](http://www.mcbah.com), Email: [info@mcbah.com](mailto:info@mcbah.com)