



MCB-ARIF HABIB
Savings and Investments Limited

AM2
BY RAO

ANNUAL REPORT 2018

MCB-Arif Habib Savings and Investments Limited

TABLE OF CONTENTS

1	Vision, Mission and Core Values	02
2	Company Information	03
3	Notice of Annual General Meeting	04
4	Chairman's Review Report	12
5	Directors' Report	14
6	Pattern of Shareholding	31
7	Statement of Compliance with the Code of Corporate Governance	33
8	Review Report to the Members on the Statement of Compliance with the Code of Corporate Governance	35
9	Financial and Business Highlights	37
10	Auditors' Report to the Members	38
11	Balance Sheet	44
12	Profit and Loss Account	45
13	Statement of Comprehensive Income	46
14	Cash Flow Statement	47
15	Statement of Changes in Equity	48
16	Notes to Financial Statements	49
17	Form of Proxy	90

Vision

To become synonymous with Savings.

Mission

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

Core Values

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

COMPANY INFORMATION

Board of Directors	Mian Muhammad 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
Audit Committee	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Mirza Qamar Beg Mr. Nasim Beg	Chairman Member Member Member
Human Resource & Remuneration Committee	Dr. Syed Salman Ali Shah Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
Risk Management Committee	Mr. Mirza Qamar Beg Mr. Ahmed Jahangir Mr. Nasim Beg	Chairman Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Operating Officer & Company Secretary	Mr. Muhammad Asif Mehdi Rizvi	
Chief Financial Officer	Mr. Abdul Basit	
Share Registrar	Central Depository Company of Pakistan Ltd. 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	
Bankers	MCB Bank Limited Summit Bank Limited Bank Al-Habib Limited MCB Islamic Bank Limited Faysal Bank Limited Bank Alfalah Limited	
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants 1st Floor, Shaikh Sultan Trust, Building No. 2, Beaumont Road, Karachi - 75530	
Legal Advisors	Akhund Forbes D-21, Block-4, Scheme-5 Clifton, Karachi Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Registered Office	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centrepont, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Rating	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 Eighteenth (18th) Annual General Meeting of MCB-Arif Habib Savings and Investments Limited will be held on Friday, October 26, 2018 at 11:15 a.m. at Aquarius Hall, Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi - Pakistan to transact the following business:

Ordinary Business:

1. To confirm the minutes of the last Annual General Meeting held on October 25, 2017.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2018 together with Directors' and Auditors' Reports thereon.
3. To declare and approve final cash dividend of 17.5% i.e. Rs. 1.75 per ordinary share of Rs. 10/- each for the year ended June 30, 2018, as recommended by the Board of Directors.
4. To appoint external auditors of the Company for the year ending June 30, 2019 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, 2019.
5. To transact any other business with the permission of the Chair.

By Order of the Board



Muhammad Asif Mehdi Rizvi
Company Secretary

October 01, 2018
Karachi

Notes:

1. Book Closure Notice

The Share Transfer Books of the Company will remain closed from Friday, October 19, 2018 to Friday, October 26, 2018 (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 Thursday, October 18, 2018, will be considered in time for the determination of the entitlement of the shareholders to final cash dividend and to attend and vote at the meeting.

2. Appointment of Proxy and Participation in the AGM

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

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

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

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

4. Payment of Cash Dividend Electronically (Mandatory)

Under section 242 of Companies Act, 2017 (the 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 company shall be bound to withhold dividend of those members who do not provide their bank details. 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 Dividend Mandate 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 2018 effective July 1, 2018, 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%; and
- 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 Friday, October 19, 2018 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.

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

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

The required information must reach our Share Registrar by the close of business (5:00 p.m) on Thursday, October 18, 2018; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

(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

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

6. Change in Members Addresses

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

7. Unclaimed Dividend

Shareholders, who by any reason, could not claim their dividend, if any, are advised to contact our Share Registrar CDC House, Block 'B', SMCHS., Main Shahrah-e-Faisal, Karachi-74000 to collect / enquire about their unclaimed dividend, if any. In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated

NOTICE OF ANNUAL GENERAL MEETING

procedure, all such dividend outstanding for a period of 3 years or more from the date due and payable shall be deposited to the Federal Government in case of unclaimed dividend.

8. Placement of Audited Financial Statements on the Website

The financial statements for the year ended June 30, 2018 and reports have been placed on the Company's website: www.mcbah.com.

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

In terms of Section 223(6) of the Companies Act, 2017, the Company is allowed to send financial statements and reports to its members electronically. Moreover, pursuant to S.R.O. 787(I)/2014 dated 8th September 2014, issued by SECP, companies were permitted to circulate Annual Audited Financial Statements along with Notice of Annual General Meeting to its members through e-mail who opt for purpose.

Shareholders who wish to receive annual reports and notice of the General Meeting through e-mail are requested to provide, through a consent form duly signed by them, their particulars, i.e. Name, Folio / CDC A/C No., Email Address, Contact Number, CNIC Number. A Standard Consent Form is available at the Company's website: www.mcbah.com. Shareholders are also requested to notify immediately any change in their e-mail address to the Share Registrar of the Company, Central Depository Company of Pakistan Limited, Share Registrar Department, CDC House 99-B, Block 'B' S.M.C.H.S, Main Shahra-e-Faisal Karachi-74400.

10. Video-link Facility

If the members holding ten percent of the total paid up capital or such other percentage of the paid up capital as may be specified by the Commission, are resident in any other city, the company shall provide the facility of video-link to such members for attending annual general meeting of the company, if so required by such members in writing to the company at least seven days (7) before the date of the meeting.

Consent for Video-link Facility

I/We, _____ of _____ being a member of MCB-Arif Habib Savings & Investments Limited holder of Ordinary Share(s) as per Register Folio/CDC Participant ID & Sub-Account/Investor Account No. _____ hereby opt for participation in the Annual General Meeting to be held on October 26, 2018 or any adjourned meeting through video-link facility at _____ (Please insert name of the City)

Signature of member

اطلاع برائے سالانہ اجلاس عام

وہ حصص یافتگان جو سالانہ رپورٹس اور عمومی سالانہ اجلاس کی اطلاع بذریعہ ای میل حاصل کرنا چاہتے ہیں ان سے درخواست کی جاتی ہے کہ دستخط شدہ رضامندی فارم کے ذریعے اپنے مندرجہ ذیل کوائف فراہم کریں: نام، فوینومبر یا سی ڈی سی اکاؤنٹ نمبر، ای میل ایڈرس، رابطہ نمبر اور شناختی کارڈ نمبر۔ کمپنی کی ویب سائٹ www.mcbah.com پر اسٹینڈرڈ کنسنیٹ فارم دستیاب ہے۔ علاوہ ازیں، حصص یافتگان سے گزارش ہے کہ اپنے ای میل میں کسی بھی تبدیلی کی صورت میں فوری طور پر کمپنی کے شیئر رجسٹرار کو مطلع کریں: سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ، سی ڈی سی ہاؤس، بلاک B، ایس ایم سی ایچ ایس، مرکزی شاہراہ فیصل، کراچی 74000۔

10. ویڈیو لنک کی سہولت

اگر کل ادا شدہ کیپیٹل کے دس فیصد، یا ایس ای سی پی کی طرف سے متعین کردہ کوئی اور شرح، کے حامل ارکان کسی اور شہر میں مقیم ہوں تو وہ عمومی سالانہ اجلاس میں شرکت کے لئے اجلاس کی تاریخ سے کم از کم سات (7) دن پہلے ویڈیو لنک سہولت کا تحریری مطالبہ کر سکتے ہیں اور کمپنی اس کو پورا کرنے کی پابند ہوگی۔

ویڈیو لنک سہولت کی رضامندی

میں / ہم، _____ ایم سی بی عارف حبیب سیونگزن اینڈ انویسٹمنٹس لمیٹڈ کے رکن، عام شیئر (ز) بمطابق رجسٹرڈ فوئیو ای سی ڈی سی پارٹنیشن ID اور سب۔ اکاؤنٹ / انویسٹر اکاؤنٹ نمبر _____ کا / کے حامل، 26 اکتوبر 2018ء کو ہونے والے عمومی سالانہ اجلاس یا کسی ملتوی شدہ میٹنگ میں ویڈیو لنک سہولت کے ذریعے _____ (شہر کا نام) میں شریک ہونا چاہتا ہوں / چاہتے ہیں۔

رکن کے دستخط

اطلاع برائے سالانہ اجلاس عام

لیس، جبکہ کارپوریٹ physical حصص یافتگان کے لئے ضروری ہے کہ کمپنی یا شیئر رجسٹرار کو اپنے NTN سرٹیفکیٹ کی نقل جمع کرائیں، جس میں کمپنی کا نام اور ان کے فوئیو نمبر ظاہر کریں۔

کسی سوال، مسئلے یا معلومات کے لیے سرمایہ کار کمپنی اور / یا شیئر رجسٹرار سے مندرجہ ذیل فون نمبرز اور ای میل ایڈرس پر رابطہ کر سکتے ہیں:

کمپنی: ایم سی بی عارف حبیب سیونگزن اینڈ انویسٹمنٹس لمیٹڈ

ای میل: info@mcbah.com UAN: 11-11-622-24

شیئر رجسٹرار: سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ

فون: 0800-23275 ای میل: info@cdcpak.com

6. ارکان کے رہائشی پتے میں تبدیلی

ارکان سے درخواست کی جاتی ہے کہ اپنے رہائشی پتے میں کسی بھی تبدیلی کی فوری اطلاع شیئر رجسٹرار M/s سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ کو کریں تاکہ ڈیویڈنڈ وارنٹس صحیح پتوں پر روانہ ہوں۔

7. غیر تحویل شدہ ڈیویڈنڈز

وہ حصص یافتگان جو کسی بھی وجہ سے اپنے ڈیویڈنڈ تحویل میں نہیں لے سکے اُن کو تاکید کی جاتی ہے کہ ہمارے شیئر رجسٹرار: سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ، سی ڈی سی ہاؤس، بلاک B، ایس ایم سی ایچ ایس، مرکزی شاہراہ فیصل، کراچی 74000 سے رابطہ کریں اور اپنے غیر تحویل شدہ ڈیویڈنڈ کو حاصل کریں یا اس کے بارے میں معلوم کریں کمپنیز ایکٹ 2017ء کے سیکشن 244 کی تعمیل میں مقررہ طریقہ مکمل کرنے کے بعد ادائیگی کی تاریخ سے 3 سال یا اس سے زیادہ عرصے کے غیر تحویل شدہ ڈیویڈنڈ وفاقی حکومت کے پاس جمع کرا دیئے جائیں گے۔

8. ویب سائٹ پر آڈٹ شدہ مالیاتی گوشواروں کی دستیابی

30 جون 2018ء کو اختتام پذیر ہونے والے سال کے مالیاتے گوشوارے اور رپورٹس کمپنی کی ویب سائٹ www.mcbah.com پر دستیاب کر دیئے گئے ہیں۔

9. سالانہ آڈٹ شدہ مالیاتی گوشواروں اور عمومی سالانہ اجلاس (AGM) کی اطلاع کی ای میل کے ذریعے اشاعت

کمپنیز ایکٹ 2017ء کے سیکشن (6) 223 کے مطابق کمپنی کو اپنے ارکان کو مالیاتی گوشوارے اور رپورٹس الیکٹرانک ذریعے سے بھیجنے کی اجازت ہے۔ مزید برآں، ایس ای سی پی کے جاری کردہ SRO 787(1)/2014 بتاریخ 8 ستمبر 2014ء میں کمپنیوں کو اپنے ارکان کو سالانہ آڈٹ شدہ مالیاتی گوشوارے اور عمومی سالانہ اجلاس کی اطلاع ای میل کے ذریعے بھیجنے کی اجازت دی گئی تھی۔

اطلاع برائے سالانہ اجلاس عام

کرے، یعنی ارکان کے فراہم کردہ بینک اکاؤنٹ میں ڈیویڈنڈ جمع کرادے۔ کمپنی پر لازم ہے کہ ایسے ارکان کے ڈیویڈنڈ روک لے جنہوں نے اپنے بینک اکاؤنٹ کی تفصیلات فراہم نہیں کی ہیں۔ ارکان کے لئے ضروری ہے کہ کمپنی کے شیئر رجسٹرار کو اپنے نام، فوئیو نمبر، بینک اکاؤنٹ کا نام اور نمبر، اور بینک کا مکمل ڈاک پتہ فراہم کریں۔ سی ڈی سی اکاؤنٹ حاملین اپنی درخواست براہ راست اپنے بروکر (participant) / سی ڈی سی کے پاس جمع کرائیں۔ کمپنی کے رجسٹرڈ دفتر میں ایک ڈیویڈنڈ مینڈیٹ فارم دستیاب ہے، اور اس کو کمپنی کی ویب سائٹ پر بھی دستیاب کیا گیا ہے۔

5. انکم ٹیکس آرڈیننس 2001ء کے سیکشن 150 کے تحت ڈیویڈنڈ پر ود ہولڈنگ ٹیکس کی کٹوتی (لازمی)

(i) فائنالس ایکٹ 2018ء (1 جولائی 2018ء سے نافذ العمل) کی شرائط کے تحت انکم ٹیکس آرڈیننس کے مطابق ڈیویڈنڈ پر انکم ٹیکس کی نظر ثانی شدہ شرحیں درج ذیل ہیں:

(a) انکم ٹیکس ریٹرن فائل کرنے والوں کے لئے کٹوتی کی شرح: 15% اور

(b) انکم ٹیکس ریٹرن فائل نہ کرنے والوں کے لئے کٹوتی کی شرح: 20%

نقد ڈیویڈنڈ پر 15% ٹیکس اُن حصص یافتگان پر عائد ہوگا جن کے نام فیڈرل بورڈ آف ریونیو کی ویب سائٹ <http://www.fbr.gov.pk> پر موجود ’ایکٹو ٹیکس پیئر لسٹ‘ (ATL) میں جمعہ 19 اکتوبر 2018ء کو اختتام کار (5:00 بجے شام) سے پہلے شامل ہو جائیں گے، ورنہ نقد ڈیویڈنڈ پر 15% کے بجائے 20% ٹیکس عائد کیا جائے گا۔

(ii) مزید براں، فیڈرل بورڈ آف ریونیو (ایف بی آر) سے موصول شدہ وضاحت کے مطابق جوائنٹ اکاؤنٹس کی صورت میں ود ہولڈنگ ٹیکس پر نپل شیئر ہولڈر کے ساتھ ساتھ جوائنٹ ہولڈر (ز) کے فائلر / نان فائلر ہونے کی بنیاد پر ان کی حصص یافتگی کے تناسب کے مطابق علیحدہ شمار کیا جائے گا۔ اس ضمن میں اُن تمام حصص یافتگان سے جو جوائنٹ بنیاد پر شیئرز کے حامل ہیں درخواست کی جاتی ہے کہ ہمارے شیئر رجسٹرار کو اپنے نپل شیئر ہولڈر اور جوائنٹ ہولڈر (ز) کی حصص یافتگی کا تناسب مندرجہ ذیل طرز پر تحریر فرماہم کریں:

پرنسپل شیئر ہولڈر		جوائنٹ ہولڈر (ز)		شیئرز کی کل تعداد	فوئیو / سی ڈی سی اکاؤنٹ نمبر
نام اور شناختی کارڈ نمبر	حصص یافتگی کا تناسب (شیئرز کی تعداد)	نام اور شناختی کارڈ نمبر	حصص یافتگی کا تناسب (شیئرز کی تعداد)		

مطلوبہ معلومات ہمارے شیئر رجسٹرار تک جمعرات 18 اکتوبر 2018ء کو اختتام کار (5:00 بجے شام) سے پہلے پہنچ جانا چاہیے، ورنہ یہ سمجھا جائے گا کہ نپل شیئر ہولڈر اور جوائنٹ ہولڈر (ز) کے درمیان شیئرز برابر تقسیم ہیں۔

(iii) سی ڈی سی اکاؤنٹس کے حامل کارپوریٹ حصص یافتگان کے لئے ضروری ہے کہ اپنے متعلقہ شرکاء کے پاس اپنے نیشنل ٹیکس نمبر (NTN) کی تصدیق کر

اطلاع برائے سالانہ اجلاس عام

رجسٹرار M/s سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ، سی ڈی سی ہاؤس، بلاک B، ایس ایم سی ایچ ایس، مرکزی شاہراہ فیصل، کراچی - 74400 کے دفتر میں جمعرات 18 اکتوبر 2018ء کو اختتام کار (5:00 بجے شام) تک بالترتیب موصول ہونے والی منتقلیوں کو حتمی نقد ڈیویڈنڈ اور اجلاس میں شرکت اور ووٹ کے حق کے لئے زیر غور لایا جائے گا۔

2. AGM میں 'پراسی' کی تقرری اور شرکت

AGM میں شرکت کرنے، بولنے اور ووٹ کرنے کے حقدار رکن کو اپنے پراسی کے طور پر کسی دوسرے شخص کی تقرری کا بھی حق حاصل ہے جو اس کی جانب سے اجلاس میں شرکت کرے، بولے اور ووٹ دے۔ پراسی کے لئے کمپنی کا رکن ہونا ضروری نہیں ہے۔ پراسی کو پول کا مطالبہ کرنے اور اس میں شامل ہونے اور ووٹ کرنے کا بھی حق حاصل ہوگا۔

جس انسٹرومنٹ کے ذریعے پراسی کی تقرری ہوئی ہے، بمع پاور آف اٹارنی یا دیگر اختیار جس کے تحت اس پر دستخط کیے گئے ہیں، یا پاور آف اتھارٹی کی نوٹری پبلک سے تصدیق شدہ نقل، کمپنی کے رجسٹرڈ دفتر میں اجلاس سے کم از کم 48 گھنٹے قبل جمع کرائی جائے۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی بمع دستخط کا نمونہ اور پراسی فارم کمپنی میں جمع کرائے جائیں (اگر پہلے نہیں کرائے گئے تو)۔ پراسی فارم انگریزی اور اردو زبان میں ملحق ہے۔

اجلاس میں شرکت کے وقت ظاہری حصص اور سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ (CDC) کے پاس جمع کرائے گئے حصص کے استفادی مالکان اور / یا ان کے پراسی اصلی کمپیوٹرائزڈ شناختی کارڈ (CNIC) یا پاسپورٹ دکھائیں،

3. کمپیوٹرائزڈ شناختی کارڈ کی درست نقل جمع کرانے کی اطلاع (لازمی)

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے SRO نمبر 831(1)/2012 بتاریخ 05 جولائی 2012ء میں کمپنیوں کو ہدایت دی گئی ہے کہ ڈیویڈنڈ وارنٹ "A/c Payee only" کے طور پر crossed ہونا چاہیے اور اس پر رجسٹرڈ رکن یا اختیار دیئے گئے شخص کا کمپیوٹرائزڈ شناختی کارڈ (CNIC) نمبر درج ہونا چاہیے۔ علاوہ ازیں، SECP میں فہرست ارکان کے ساتھ کمپنی کا سالانہ منافع جمع کرانے کے لئے تمام ارکان کے درست CNIC کی دستیابی بھی ضروری ہے۔

وہ ارکان جنہوں نے تاحال اپنے درست CNIC کی تصدیق شدہ نقل بمع فوئیو نمبر جمع نہیں کرائی ہے ان سے درخواست کی جاتی ہے کہ مذکورہ کو جلد از جلد براہ راست کمپنی کے شیئر رجسٹرار کے پاس جمع کرا دیں۔ کمپنی کے ریکارڈز میں کسی بھی رکن کے CNIC کے درست نقل کی عدم دستیابی کی صورت میں کمپنی مجبوراً ایسے ارکان کے ڈیویڈنڈ وارنٹ روک لے گی اور مذکورہ کی فراہمی پر ہی جاری کرے گی۔

4. نقد ڈیویڈنڈ کی الیکٹرانک ادائیگی (لازمی)

کمپنیز ایکٹ 2017ء (ایکٹ) کے سیکشن 242 کے تحت ہر لسٹڈ کمپنی پر لازم ہے کہ اگر وہ اپنے ارکان کو ڈیویڈنڈ ادا کرے تو الیکٹرانک طریقے سے

اطلاع برائے سالانہ اجلاس عام

اطلاع دی جاتی ہے کہ ایم سی بی عارف حبیب سیونکز اینڈ انویسٹمنٹس لمیٹڈ کا اٹھارواں (18th) سالانہ عمومی اجلاس (AGM) بروز جمعہ مورخہ 26 اکتوبر 2018ء بوقت 11:15 بجے صبح بمقام ایکوریٹس ہال، نیچ لکڑی ہوٹل، مولوی تمیز الدین خان روڈ، کراچی، پاکستان میں منعقد ہوگا جس میں مندرجہ ذیل نکات پر گفتگو کی جائے گی:

عام کاروبار:

1. گزشتہ عمومی سالانہ اجلاس منعقدہ 25 اکتوبر 2017ء کے منٹس کی تصدیق کرنا۔
2. کمپنی کے 30 جون 2018ء کو اختتام پذیر ہونے والے سال کے آڈٹ شدہ مالیاتی گوشواروں بشمول ڈائریکٹرز اور آڈیٹرز رپورٹ وصول کرنا، ان پر غور کرنا اور ان کو اختیار کرنا۔
3. بورڈ آف ڈائریکٹرز کی سفارش کے مطابق 30 جون 2018ء کو اختتام پذیر ہونے والے سال کے لئے حتمی نقد ڈیویڈنڈ 17.5 فیصد یعنی 1.75 روپے فی عام شیئر کا اعلان کرنا اور اس کو منظور کرنا۔
4. کمپنی کے خارجی آڈیٹرز برائے سال اختتام پذیر 30 جون 2019ء کا تقرر کرنا اور ان کا معاوضہ طے کرنا کمپنی کی آڈٹ کمیٹی کی سفارش پر بورڈ آف ڈائریکٹرز نے 30 جون 2019ء کو اختتام پذیر ہونے والے سال کے لئے کمپنی کے خارجی آڈیٹرز کے طور پر "M/s کے پی ایم جی تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس" کی تقرری کی پیشکش کی ہے۔
5. چیئرمین کی اجازت سے کسی اور نکتے پر گفتگو کرنا۔

بحکم بورڈ

Anesh

محمد آصف مہدی رضوی

کمپنی سیکرٹری

اکتوبر 01 2018ء

کراچی۔

نوٹ:

1. بک بند ہونے کی اطلاع

کمپنی کی بکس برائے منتقلی حصص جمعہ 19 اکتوبر 2018ء سے جمعہ 26 اکتوبر 2018ء (بشمول دونوں دن) بند رہیں گی۔ ہمارے شیئر

CHAIRMAN'S REVIEW REPORT

Dear Shareholders

It is my pleasure to present the Annual Report for the year ended June 30, 2018. I would like to start by offering you my sincerest thanks for trusting MCB-Arif Habib Savings and Investments Limited as a vehicle for your investment. Your continued trust in us helps us create greater benefits for the Country and the Industry our business operates in.

The Audited Financial Statements for the year reveals following about the operational performance of the Company, when compared with last year:

	June 30, 2018	June 30, 2017
	-----Amount in Rupees-----	
Management Fee / Investment Advisory Fee	701,640,243	663,730,210
Revenue	703,020,666	793,504,445
Profit after taxation	124,192,903	202,194,317
Earnings per share (EPS)	1.72	2.81

The Board's report has delved on the details of the economy and I shall therefore refrain from repeating that information but focus on the broader issues.

Our asset management company operates in the domestic market, which in turn is impacted by international, as well as domestic issues. While most of the developed world has been on a quantitative-easing-based recovery path since the financial crisis driven downturn of a decade ago, there remain fears of the growth being negatively impacted, not only with the reversal of the easing, but owing to the inward looking trade policies being adopted by the developed countries, as well as the global political relations that can be detrimental the supply of oil and have a consequential impact on energy prices. This in turn, enhances the vulnerability of the economies of the emerging markets, in particular those that are energy deficient like Pakistan.

Pakistan has achieved a growth rate of 5.8%, a ten-year high; however, it has been based on a high level of import dependence, both in terms of importing manufactured goods, as well as its energy needs. This has left the country with precariously low foreign currency reserves, particularly when exports were severely impacted through a variety of policy measures. This factor has significantly increased our vulnerability.

Even without the challenges that are currently being faced by the economy, a perennial issue that the asset management faces, is the extremely low savings rate coupled with a very large size of an undocumented economy, which results in a very significant amount of the savings being parked in grossly under-documented real-estate transactions. Pakistan's savings rate has averaged around 12% of GDP, whereas the average of the rest of the Subcontinent is twice that.

During the year your company launched, the first of its kind in Pakistan, an online savings solution, **iSave**, which allows the investor to open his/ her account online and start savings journey within minutes. In this age of constant change, the launch of **iSave** coupled with use of other innovations and technologies, we feel there is a great hope and optimism for what MCB-Arif Habib Savings and Investments Limited can achieve in this area. The scope and scale of technology are unprecedented and with our size and understanding of the Mutual Funds Industry, we feel we are ideally placed to capture the highest value opportunities as we respond with agility and reinvention. Our talent plans, our strategic roadmap, our digital initiatives and our move into new lines of businesses are all geared to ensure sustainable profitable growth for the long term while addressing the complexities and ambiguities of the current economic cycle.

The overall governance of the Company, through the Board's oversight of the Management during the year, has continued to take steps on various structural initiatives for a sustainable performance in the future. The Board's focus has remained on key areas towards achieving high levels of performance, including an emphasis on technology to ensure high standards of service delivery and increase the Company's market penetration. During the year, the Board and its various Committees remained active and met frequently to provide strategic direction to the management on the overall corporate and retail business strategy of the Company apart from meeting for various regulatory approvals. The composition of the Board reflects mix of varied backgrounds and rich experience in the fields of business, finance, banking and regulations. The Audit Committee continues to ensure that the governance structure is fully compliant whilst they monitor the high standards of ethics, control procedures and risks associated with the business as identified by the Board. The Human Resource and Remuneration Committee recommend and evaluate management performance against key performance indicators and objectives agreed by the Board. During the year, a total of 23 meetings were held which comprised of nine (9) meetings of the Board of Directors, nine (9) meetings of the Audit Committee and 5 meetings of the Human Resource and Remuneration Committee. After the close of the financial year, to carry out review of the effectiveness of the risk management procedures, the Risk Management Committee of the Board has been formed. I wish to record my appreciation of the Board Members for the active participation and continuing guidance provided to the Management.

CHAIRMAN'S REVIEW REPORT

The Management under the guidance of the Board has been able to revamp various processes leading to improvement in service quality, upgrading of technology, enhancing distribution platforms, strengthening the fund management and improving the governance structure. I expect that the Company, through its Management team, will continue to work closely with its valued unit holders whose savings it manages as well as with its employees', shareholders and stakeholders in a manner that makes them feel proud to be associated with MCB-Arif Habib Savings and Investments Limited. It is with their continued hard work that the Company has been able to and will continue to meet the expectations of all its stakeholders and deliver the results expected of it.

Finally, on behalf of the Board and myself personally, I would wish to place on record my appreciation for the support received by the Company from the Securities and Exchange Commission of Pakistan and other Regulatory Authorities including the Mutual Funds Association of Pakistan, the unit holders who entrusted us with their savings and our shareholders for their continued support and confidence.



Mian Mohammad Mansha
Chairman - Board of Directors
MCB-Arif Habib Savings and Investments Limited

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, 2018.

PRINCIPAL BUSINESS

The Company is a non-banking 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 of Pakistan's regulatory regime.

THE BUSINESS ENVIRONMENT

Economy & Money Market Review

Financial Year 2018 (FY18) has been a rollercoaster ride of contradicting economic indicators with benign inflation and healthy Large Scale Manufacturing Index (LSM) growth positively contributed to the economy, while mounting fiscal pressure, falling Foreign Exchange (FX) reserves, and political turmoil created a negative impact on the economy. Upward trending global commodity prices, especially rising crude oil prices, further added to the woes of the local economy.

Gross Domestic Product (GDP) growth is expected to set at a record 10 years high of around 5.7% supported by a robust industrial and services sector growth. The marked end of power crises along with easing monetary cycle has led to an expansion in Large Scale Manufacturing Index (LSM) growth which is expected to post a growth of around 7% for Financial Year 2018 (FY18). Inflation as measured by Consumer Price Index (CPI) has averaged around 4.0% owing to adequate supply of commodities and a stable currency during the most part of the year. However, for Financial Year 2019 (FY19), we expect Consumer Price Index (CPI) to jack up to average of around 7.5% owing to rising commodity prices along with weakness in currency. Furthermore, the weaker currency is also expected to shoot up the core inflation above 8.0%.

External sector has been the Achilles heel as a record high current account deficit along with financial flows by both bilateral and multilateral institutions have caused a scarcity of dollars. Current account deficit soared to United States Dollar (USD) 18 billion, nearly 5.8% of the GDP raising alarm bells for the economy. As a result of which, Foreign Exchange (FX) reserves of State Bank of Pakistan (SBP) have depleted by United States Dollar (USD) 6.5 billion during Financial Year 2018 (FY18) to USD 9.7 billion, providing a mere import coverage of around 2.0 times. By large, Pakistan could be heading towards another International Monetary Fund (IMF) program during the second quarter of next fiscal year unless significant flows are generated via the amnesty scheme.

During Financial Year 2018 (FY18), State Bank of Pakistan (SBP) increased Policy Rate by a cumulative 75 basis points (bps) mainly due to ballooning twin deficits, declining real interest rates and rapid increase in imports. In anticipation of an interest rate hike, bond yield curve showed an upward trajectory particularly during the second half of Financial Year 2018 (FY18). Pace of widening trade deficit remained alarmingly high which kept on diluting Forex reserves, keeping investors away from longer tenure securities. To extend maturity profile, State Bank of Pakistan (SBP) introduced Floater rate 10 year bond with a base rate of 6-month Market Treasury Bills (MTB) weighted average yield. Healthy participation of PKR 174 billion was witnessed in the very first auction of 10 year Floater bond out of which a total of PKR 20 billion was accepted at a rate of benchmark + 50 basis points (bps). Liquidity remained comfortable throughout Financial Year 2018 (FY18) owing to regular Open Market Operations (OMOs) conducted by State Bank of Pakistan (SBP). Scarcity of Shariah Compliant avenues continued in period under review as there was no fresh issuance of Ijara SUKUK despite ample liquidity in the market.

Equities Market Review

Equities turned red after a span of nearly 9 years, as the benchmark index lost around 10% during the year. Both economic and political factors continued to haunt the investors; with the dominant theme prevailing around the external account crisis. Foreigners' in view of weak currency, kept offloading local equities, selling USD 288 million of stocks which was mainly absorbed by Insurance companies (around USD 204 Million) and Companies (around USD 100 Million). Trading volumes during the year averaged around 174 million shares/ USD 8.15 billion depicting a massive decline of around 49%/47% Year-over-Year (YoY) respectively.

Cyclical had the worst year as emerging concerns on the economic growth kept the investors at bay. Cement and Autos were major laggards as they lost around 42% and 30% respectively. Cements declined due to increasing coal prices and imminent supply additions in the sector. While, Autos lost mainly due to a weak local currency along with negative sentiments emanating post budget due to government's announcement of barring non-filers from purchasing vehicles. Power sector shrank by around 20% due to rising circular debt resulting in non-payment of dividends by some companies and shut-down of some Furnace Oil (FO) plants post government orders. Oil Exploration and Production Companies (E&Ps) and Fertilizers were the only major sectors providing positive return, gaining 20% and 3% respectively. Against the market movement, Oil Exploration and Production Companies (E&Ps) posted a considerable gain of around 20% Year-over-Year (YoY) due to surge in average oil prices by 29%. Fertilizer rallied due to improved sector dynamics in the form of comfortable inventory levels and enhanced pricing power of the manufacturers being reflected in increased fertilizer prices post-budget.

DIRECTORS' REPORT

MARKET & ECONOMY - FUTURE OUTLOOK

For the next year, the economic growth is expected to slightly slow down as a weak currency and tighter monetary policy will rein on the consumption patterns. However, increased power supply along with the documentation of economy will provide a respite to the economic managers during this critical juncture. We share the optimism on better governance & long term prospects for economic revival amid more focused and sincere efforts to address chronic issues on economic front by the new government; however, the path is likely to be tough and with a number of potentially un-popular policy steps. Given initial plans of Pakistan Tehreek-e-Insaf (PTI), the ruling party, some sense of policy steps can be expected but given the precarious economic conditions, we think immediate term measures to address twin deficits are critical.

Fiscal side is also expected to weaken as spending by the government will cause fiscal deficit to cross above 6.0% of Gross Domestic Product (GDP). Given pressures on the external front along with rising inflation, State Bank of Pakistan (SBP) is expected to further tighten the monetary policy, with 100 basis points (bps) already increased, which shall result in higher debt servicing cost for the government during the next fiscal year. Along with entry to the International Monetary Fund (IMF) program, which will aim to curtail the fiscal deficit, developmental expenditures will be sharply cut during the next year.

On the equity side, we shall closely monitor the environment to incorporate the new policy guidance as it becomes available. In broader terms, we believe, the last two years market performance (down approx. 20% from peak levels) has reflected the concerns on political and economic direction and also reflected in performance of cyclical stocks where correction in stock prices is even sharper. We continue to reiterate our stance that current levels offer little downside potential which puts in a lot of comfort for long term investors. We believe upside in stocks shall unveil only gradually as confidence reigns back and economic policies shape the outlook in the expected manner. Therefore, going forward, stocks offer long term investment opportunity with rewards for patient investors. We continue to track trends in the economic indicators of the country and adjust our portfolio accordingly. Our Top-Down analysis favors sectors that benefit from currency depreciation and higher interest rates; however, we cannot ignore the individual company dynamics along with their prices that can play an important role in security selection.

MUTUAL FUND INDUSTRY REVIEW

The Net Assets of the open end mutual fund industry stood at around PKR 549 billion at the end of Financial Year 2018 (FY18). Monetary tightening by the government resulted in an increase in interest rates, bringing flows to the money market funds. Size of Money Market (Islamic/Conventional) and Capital Protected funds increased, while assets under management of all other categories decreased in Financial Year 2018 (FY18). Conventional Money market funds garnered a huge inflow of PKR 52 billion, increasing from PKR 70 billion to PKR 122 billion, whereas Shariah Compliant Money Market Funds grew by PKR 1.6 billion to PKR 9.0 billion.

In terms of the segment share, Equity and Equity related funds continued to be the leaders with a share of around 58%, followed by Money Market funds with a share of 24% and Income funds having a share of 18% as at the end of Financial Year 2018 (FY18).

The Net Assets of Pension Funds stood at around PKR 26 billion at the end of Financial Year 2018 (FY18). The size of both Conventional and Shariah-Compliant funds increased by 2.5% and 4.3% respectively. Amongst sub-categories, size of Debt and Money Market funds increased while those of equity funds decreased.

MUTUAL FUND INDUSTRY OUTLOOK

In the wake of expected increase in interest rates, fixed income fund should garner attention over the short to medium term. The recent amnesty scheme can also provide increased inflows, as the scarcity of alternate investment avenues will increase the relative attractiveness of the mutual funds. Interest in equity space would be contingent on how the government tackles the external crisis, bringing the confidence back into the markets. Nevertheless, these attractive levels do offer an opportunity to build equity portfolios with a longer term investment horizon.

Digitization has touched upon various aspects of our lives. It all started with digitizing our social networks, purchase of goods online, transactions on the internet, lifestyle enhancements and now our finances too.

Our unique Direct-to-Consumer (D2C) distribution through **"iSave"** is changing the rules of engagement in the asset management industry. A few years back, an investor residing in a small town could not have imagined having access to wealth advisory. He would typically have had his money in a savings bank account or fixed deposit. Digitization has changed this scenario for us. We are now investing and utilizing our digital strengths through smart targeting and creating new processes to tap this customer segment which was earlier under the radar and difficult to reach. By utilizing mobile, social media, big data, analytics and FinTech, the process are becoming paperless, efficient, and easy and allows real-time access to manage your funds.

Technology has enabled wider geographical reach, providing relevant and unbiased advisory and customer satisfaction, all at the same time. With such marketing efforts we have started spreading financial awareness to the remotest parts of the country and bridging geographical difference. We believe increased investment in our business, distribution and technology shall augur well with more visible impact on profitability gradually from next couple of years.

DIRECTORS' REPORT

COMPANY'S PERFORMANCE REVIEW

The Company recorded a gross income of Rs. 703 million, which includes management/investment advisory fee and other operating income. After accounting for administrative, operating & financial expenses and income sharing of Rs. 546 million, the company earned a profit before tax of Rs. 197 million. The net profit after tax for the period amounts to Rs. 124 million, as compared to net profit of Rs. 202 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.

The earnings per share of current financial year ended June 30, 2018 is Rs. 1.72 as compared to Rs. 2.81 per share in the previous financial year ended June 30, 2017.

The Board has proposed a final dividend of 17.5 per cent (Rs. 1.75 per share) as compared to 32.5 per cent (Rs. 3.25 per share) for the year ended June 30, 2017.

The company remains focused towards its growth strategy to penetrate the potential markets. The company has invested significantly in skilled work force to enable itself to capture the growing market size and enhance awareness about mutual fund investments which remains low. We are actively focusing on digital platforms to educate the public with investable surpluses about mutual funds and reach target audiences not reachable through physical platforms. These focused investments primarily in human resource require cash outlays in initial years which, in accordance with accounting standards, are expensed out, hurting profitability of the company. However, the results of these investments would be reflected in future years. The early results of our investments in people and digital platforms are encouraging reflected by the company achieving highest core revenues of last five years. During the current year we witnessed 8% increase in revenue from core activity reaching at Rs.723 million. We remain confident current investments would bear fruits in future leading to better dividends in coming years.

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 employees in pension funds is Rs. 27,222,357 as per the audited financial statements for the year ended June 30, 2018 (Rs. 24,787,595 for the year ended June 30, 2017).

PRINCIPAL RISKS AND UNCERTAINTIES

Asset under management (AUM) which is the life blood of asset management industry has shown mediocre growth in the past. This relates to poor savings trend in the society (which is around 13.4% at the moment) on one hand and averseness of general public from documentation on the other. Corporate being a financially educated sector is more inclined towards mutual fund investments as compared to general public. To attract new clients in this highly competitive industry Asset Management Companies (AMCs) are coming up with online solutions and developing bank like products. All these things have substantial costs to develop and maintain while the demand for delivery of superior returns is not allowing increment in management fee. Thus, this continues to put pressure on margins of Asset Management Companies (AMCs). To cover up expenses and being profitable the only remedy is high volume of investments. To make up for the slow growth in the industry Asset Management Companies (AMCs) are striving hard on tapping discretionary portfolio management accounts.

Government has been coming up with more and more stringent regulations for the industry especially on Know Your Customer (KYC) requirements to cope up Anti Money Laundering (AML) and Combating the Financing of Terrorism (CFT). This puts high responsibility of Asset Management Companies (AMCs) to carefully perform Customer Due Diligence (CDD) as breach of these regulations might attract heavy penalties. This increases regulatory risk for Asset Management Companies (AMCs). We are committed to ensuring compliance of these very demanding but necessary regulations.

Pakistan has been facing political turmoil, corruption and terrorism for quite some time which have taken heavy toll on the economic growth of country. The economic instability on the back of these factors and ad hoc policies have made the environment murky, which is reflected in burgeoning current account deficit, declining reserves and currency devaluation. This bleak economic environment which deter both foreign and local investors for accepting high risk and persuade them to take shelter in safe heavens could also hamper growth of asset management business.

There have not occurred any significant changes during the financial year concerning the nature of the business of the Company or any other Company in which the Company has interest.

CORPORATE SOCIAL RESPONSIBILITY AND IMPACT ON ENVIRONMENT

During the year under review, there were no major Corporate Social Responsibility (CSR) activities undertaken by the Company. However, the Company believes that its business has no adverse impact on the environment and with the increased use of technology; the Company shall reduce the use of paper.

DIRECTORS' REPORT

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, 2018		As at June 30, 2017		Rating agency
	-----Performance ranking-----				
	Long-term	Short-term	Long-term	Short-term	
MCB Pakistan Stock Market Fund	4 - star	4 - star	4 - star	3 - star	PACRA
Pakistan Capital Market Fund	5 - star	4 - star	4 - star	4 - star	PACRA
Alhamra Islamic Asset Allocation Fund	4 - star	4 - star	4 - star	4 - star	PACRA
Alhamra Islamic Stock Fund	3 - star	4 - star	-	4 - star	PACRA
MCB Pakistan Frequent Payout Fund	-	4 - star	-	2 - star	PACRA
MCB Pakistan Asset Allocation Fund	3 - star	3 - star	4 - star	3 - star	PACRA

	As at June 30, 2018	As at June 30, 2017	
	-----Stability rating-----		Rating agency
Pakistan Cash Management Fund	AA + (f)	AAA (f)	PACRA
Pakistan Income Fund	A + (f)	A + (f)	PACRA
MCB Pakistan Sovereign Fund	AA- (f)	AA- (f)	PACRA
Pakistan Income Enhancement Fund	A + (f)	A + (f)	PACRA
MCB DCF Income Fund	A + (f)	A +	PACRA
MCB Cash Management Optimizer	AA + (f)	AA (f)	PACRA
Alhamra Islamic Income Fund	AA - (f)	AA - (f)	PACRA

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

During the financial year ended June 30, 2018, eight (8) members (Male: 8 and Female: 0) remained on the Board of Directors of the Company, the details of which are as under:

Sr. No.	Name	Status	Membership in other Board Committees
1.	Mian Muhammad Mansha	Non-Executive Director	None
2.	Mr. Nasim Beg	Non-Executive Director	Audit, Risk Management and HR&R* Committees
3.	Mr. Ahmed Jahangir	Non-Executive Director	Audit, Risk Management and HR&R* Committees
4.	Mr. Samad A. Habib	Non-Executive Director	None
5.	Dr. Syed Salman Shah	Independent Director	Chairman - HR&R* Committee
6.	Mr. Haroun Rashid	Independent Director	Chairman - Audit Committee and member HR&R* Committee
7.	Mr. Mirza Qamar Beg	Independent Director	Chairman - Risk Management Committee and member Audit Committee
8.	Mr. Muhammad Saqib Saleem	Chief Executive Officer	HR&R* Committee

* HR&R Stands for Human Resource and Remuneration

The Company is committed to implement the highest standards of corporate governance. With seven (7) non-executive directors including 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.

DIRECTORS' REPORT

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;
- 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. The Directors' Remuneration Policy (The Policy) was approved by the Board of Directors in their 144th meeting held on September 14, 2018. The main features of the Policy are as under:
 - (i) With effect from September 14, 2018 each non-executive director will be paid a sum of rupees seventy five thousand (75,000) for attending the Board meeting / committees of the Board;
 - (ii) For the year ended June 30, 2018, the Directors were paid a sum of rupees fifty thousand (50,000) for attending the Board meeting / committees of the Board;
 - (iii) The Vice Chairman of the Board is entitled to certain perks and perquisites on account of the additional responsibilities, which have been disclosed in the annexed audited financial statements, for details please refer note 32;
 - (iv) Payment for any extra services shall not be made to any executive director. However, if a non-executive director perform any special services, the remuneration of the same will be pre-decided by the Board and in the absence of the quorum, by the general meeting of members of the Company;
 - (v) Remuneration to executive director(s) shall be decided by the Board on recommendation of the Human Resource and Remuneration Committee based on the role and responsibilities of the executive director and shall reflect the individual's roles, experience and responsibilities; and
 - (vi) Non-executive directors are not covered under any post retirement scheme of the Company.
- m. The detailed pattern of shareholding as on June 30, 2018 is annexed;
- n. A formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of the Board and Committees of the Board;

DIRECTORS' REPORT

- o. During the year, management rights of an in-house built software were sold to one of the related parties, Adamjee Insurance Company Limited. There are no other contracts or arrangements entered into with any of the related parties requiring disclosure under section 208 of the Companies Act, 2017;

p. Meeting of the Directors.

During the year, nine (9) meetings of the Board of Directors were held. The attendance of each Director is as follows:

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

q. Meeting of the Audit Committee.

During the year, nine (9) meetings of the Audit Committee were held. The attendance of each participant is as follows:

Name of Persons	Number of meetings held	Number of meetings		
		Attendance required	Attended	Leave granted
1. Mr. Haroun Rashid	9	9	6	3
2. Mr. Ahmed Jahangir	9	9	9	-
3. Mr. Nasim Beg	9	9	7	2
4. Mr. Mirza Qamar Beg	9	9	7	2

r. Meeting of the Human Resource and Remuneration Committee.

During the year, five (5) meetings of the Human Resource and Remuneration Committee were held. The attendance of each participant is as follows:

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

DIRECTORS' REPORT

- s. In the meeting held on September 14, 2018, the Risk Committee of the Board was formed consisting of the following members:

- (i) Mr. Mirza Qamar Beg - Chairman of the Committee;
- (ii) Mr. Nasim Beg;
- (iii) Mr. Ahmed Jahangir.

AUDITORS

The present auditors, KPMG Taseer Hadi & Co., Chartered Accountants, have completed their engagement for the year ended June 30, 2018 and shall retire on the conclusion of the 18th 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, 2019 and the Board of Directors also endorsed the recommendation of the Audit Committee to comply with the requirements 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
September 14, 2018



Nasim Beg
Director and Vice Chairman

ڈائریکٹرز رپورٹ

s. مورخہ 14 ستمبر 2018ء کو بورڈ آف ڈائریکٹرز کی رسک مینجمنٹ کمیٹی بنائی گئی۔ شرکاء کی تفصیلات درج ذیل ہیں؛

(i) جناب مرزا تم بیگ کمیٹی چیئرمین؛

(ii) جناب نسیم بیگ؛ اور

(iii) جناب احمد جہانگیر۔

آڈیٹرز

موجودہ آڈیٹرز ”کے پی ایم جی تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس“ نے 30 جون 2018ء کو اختتام پذیر ہونے والے سال کے لئے اپنی مدت پوری کر لی ہے اور اٹھارویں سالانہ عمومی اجلاس کے اختتام پر وہ ریٹائر ہو جائیں گی۔

آڈٹ کمیٹی نے ”کے پی ایم جی تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس“ کی کمپنی کے قانونی آڈیٹرز کے طور پر دوبارہ تقرری پر غور کیا اور اس کی سفارش پیش کی، اور بورڈ آف ڈائریکٹرز نے بھی کارپوریٹ گورننس کے ضابطہء اخلاق کی تعمیل میں آڈٹ کمیٹی کی سفارش کی توثیق کی۔

اظہار تشکر

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

من جانب ڈائریکٹرز،

نسیم بیگ

ڈائریکٹر / وائس چیئرمین

محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

14 ستمبر 2018ء

ڈائریکٹرز رپورٹ

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

q. آڈٹ کمیٹی کی میٹنگ

دوران سال آڈٹ کمیٹی کی نو (9) میٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

میٹنگز کی تعداد			منعقدہ میٹنگز کی تعداد	نام
مطلوبہ حاضری	حاضری	منظور شدہ رخصت		
9	6	3	9	1. جناب ہارون رشید
9	9	-	9	2. جناب احمد جہانگیر
9	7	2	9	3. جناب نسیم بیگ
9	7	2	9	4. مرزا محمد قمر بیگ

r. ہیومن ریسورس اینڈ ریوژنیشن کمیٹی کی میٹنگ

دوران سال ہیومن ریسورس اینڈ ریوژنیشن کمیٹی کی پانچ (05) میٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

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

ڈائریکٹرز رپورٹ

z. کمپنی کی انتظامیہ اس بات کو یقینی بنانے کی مسلسل کوششیں کر رہی ہے کہ مالیات کی اندرونی جانچ پڑتال (انٹرنل آڈٹ) کا ایک مؤثر اور کارآمد نظام نافذ العمل رہے اور اس کی باقاعدہ اور مسلسل نگرانی ہوتی رہے۔ کمپنی کا انٹرنل آڈٹ کا شعبہ آڈٹ اور دیگر متعلقہ سرگرمیاں عمل میں لا رہا ہے تاکہ مالیاتی جانچ پڑتال کے نفاذ کا جائزہ لیا جاسکے اور پورے ادارے میں نگرانی کے ایک مؤثر ماحول کو یقینی بنایا جاسکے۔ دوران سال انتظامیہ نے اندرونی اور خارجی آڈیٹرز اور ریگولیٹرز کے خاطر خواہ اور اہم انکشافات پر ترجیحی بنیاد پر توجہ دی اور بورڈ آڈٹ کمیٹی (BAC) کو باقاعدگی سے آگاہ کیا گیا۔ دوران سال کیے گئے جائزے اور آڈٹ سے حاصل ہونے والے نتائج کی بنیاد پر بورڈ آف ڈائریکٹرز سمجھتے ہیں کہ مالیات کی جانچ پڑتال کا موجودہ نظام کافی اور مؤثر طور پر نافذ العمل اور زیر نگرانی ہے، اگرچہ بہتری کی گنجائش ہمیشہ موجود ہوتی ہے؛

k. تمام ڈائریکٹرز ”ڈائریکٹرز ٹریننگ پروگرام“ مکمل کر چکے ہیں یا خاطر خواہ تجربے کی بنیاد پر تربیتی کورس میں شرکت سے مستثنیٰ ہیں؛

a. ڈائریکٹرز رمیویشن پالیسی (پالیسی) کے لئے بورڈ آف ڈائریکٹرز نے اپنی 144th میٹنگ منعقدہ 14 ستمبر 2018ء میں منظوری دی۔ پالیسی کے بنیادی نکات درج ذیل ہیں:

- (i) مورخہ 14 ستمبر 2018ء سے Non ایگزیکٹو ڈائریکٹر کو بورڈ میٹنگ / کمیٹی میٹنگ میں شرکت کے عوض پچھتر ہزار (75,000) روپے دئے جائیں گے۔
 - (ii) 30 جون 2018ء کو ختم ہونے والے سال کے دوران ہر Non ایگزیکٹو ڈائریکٹر کو بورڈ میٹنگ / بورڈ کی کمیٹی میں شرکت کے عوض پچاس ہزار (50,000) دئے گئے؛
 - (iii) بورڈ آف ڈائریکٹرز کے وائس چیئرمین کو انکی اضافی ذمہ داریوں کے عیوض چند اضافی مراعات دی جاتی ہیں (تفصیلات کیلئے نوٹ 32 ملاحظہ فرمائیے)؛
 - (iv) اضافی خدمات کیلئے کسی بھی ایگزیکٹو ڈائریکٹر کو کوئی ادائیگی نہیں کی جائے گی اور Independent ڈائریکٹرز کے معاملے میں بھی اس بات کی حوصلہ شکنی کی جاتی ہے۔ تاہم اگر کسی Non ایگزیکٹو ڈائریکٹر کو کوئی خاص خدمات ادا کرنے کیلئے بلایا جائیگا تو اس کا معاوضہ بورڈ کریگا اور بورڈ کے Quorum کی غیر موجودگی کی صورت میں کمپنی کے ارکان کے عمومی اجلاس میں طے کیا جائیگا۔
 - (v) ایگزیکٹو ڈائریکٹر کا معاوضہ ہیومن ریسورس اینڈ رمیویشن کمیٹی کی سفارش پر بورڈ طے کرے گا، جس کا دار و مدار Non ایگزیکٹو ڈائریکٹر کی ذمہ داریوں پر ہوگا، اور معاوضے میں انفرادی ذمہ داریوں کی عکاسی ہونی چاہیے؛ اور
 - (vi) Non ایگزیکٹو ڈائریکٹر کمپنی کی کسی بھی بعد از ریٹائرمنٹ اسکیم میں شامل نہیں ہیں۔
- m. 30 جون 2018ء کو حصص یافتگی کا تفصیلی خاکہ ملحق ہے؛
- n. بورڈ، بورڈ ممبران اور بورڈ کی کمیٹیوں کی سالانہ کارکردگی ایک باقاعدہ Mechanism کے تحت کی جاتی ہے؛
- o. 30 جون 2018ء کو ختم ہونے والے سال کے دوران آدم جی انشورنس کمپنی کو جو کہ ایک متعلقہ فریق ہے، ایک in-house تعمیر کردہ Software کے management rights فروخت کئے گئے۔ اسکے علاوہ کسی بھی متعلقہ فریق کے ساتھ کوئی ایسا معاہدہ یا انتظام نہیں کیا گیا جس کو کمپنیز ایکٹ 2017ء کے سیکشن 208 کے تحت ظاہر کرنا لازمی ہو۔

p. ڈائریکٹرز کی میٹنگ

دوران سال بورڈ آف ڈائریکٹرز کی نو (9) میٹنگز منعقد ہوئیں جن میں ڈائریکٹرز کی حاضری کی تفصیلات درج ذیل ہیں:

ڈائریکٹرز رپورٹ

رہے جن کی تفصیل درج ذیل ہے:

نمبر شمار	نام	عہدہ	دیگر بورڈ کمیٹیوں میں رکنیت
۱	میاں محمد منشاء	Non ایگزیکٹو ڈائریکٹر	-
۲	جناب نسیم بیگ	Non ایگزیکٹو ڈائریکٹر	آڈٹ، رسک مینجمنٹ اور ایچ آر اینڈ آر * کمیٹی
۳	جناب احمد جہانگیر	Non ایگزیکٹو ڈائریکٹر	آڈٹ، رسک مینجمنٹ اور ایچ آر اینڈ آر * کمیٹی
۴	جناب صمد اے حبیب	Non ایگزیکٹو ڈائریکٹر	-
۵	ڈاکٹر سید سلمان شاہ	Independent ڈائریکٹر	چیز مین - ایچ آر اینڈ آر * کمیٹی
۶	جناب ہارون رشید	Independent ڈائریکٹر	چیز مین آڈٹ کمیٹی اور رکن ایچ آر اینڈ آر * کمیٹی
۷	جناب مرزا قمر بیگ	Independent ڈائریکٹر	چیز مین رسک مینجمنٹ اور رکن آڈٹ کمیٹی
۸	جناب محمد ثاقب سلیم	چیف ایگزیکٹو آفیسر	ایچ آر اینڈ آر * کمیٹی

* ایچ آر اینڈ آر سے مراد ہیومن ریسورس اینڈ ریموڈیشن کمیٹی ہے۔

کمپنی کارپوریٹ گورننس کے اعلیٰ ترین معیار نافذ کرنے کے لئے پُر عزم ہے۔ سات (7) Non ایگزیکٹو ڈائریکٹرز بشمول تین (3) Independent ڈائریکٹرز پر مشتمل بورڈ مینجمنٹ کمیٹی کے انتظامی ادارے کی حیثیت سے عہدہ کارپوریٹ گورننس کے لئے شیئر ہولڈرز کو جوابدہ ہے۔ انتظامیہ کارپوریٹ گورننس کے ضابطہ اخلاق کی بہترین طریقوں سے متعلق شقوں کی، خاص طور پر Non ایگزیکٹو ڈائریکٹرز کی خود مختاری کے حوالے سے، بدستور تعمیل کر رہی ہے۔ کمپنی پاکستان اسٹاک ایکسچینج کے لسٹنگ قوانین کے مطابق کاروبار جاری رکھنے کے لئے پُر عزم ہے جن میں بورڈ آف ڈائریکٹرز اور مینجمنٹ کے کردار اور ذمہ داریوں کی وضاحت کی گئی ہے۔

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

a. کمپنی کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے کمپنی کے معاملات کی صورتحال، اس کی سرگرمیوں کے نتائج، نقد کی آمد و رفت اور ایکوٹی میں تبدیلیوں کی منصفانہ عکاسی کرتے ہیں؛

b. کمپنی کی درست بگس آف اکاؤنٹس تیار کی گئی ہیں؛

c. مالیاتی گوشواروں کی تیاری میں موزوں اکاؤنٹنگ پالیسیوں کا باقاعدگی سے اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینے معقول اور محتاط اندازوں پر مبنی ہیں؛

d. مالیاتی گوشواروں کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ کے معیار کی، جس حد تک ان کا پاکستان میں اطلاق ہوتا ہے، تعمیل کی گئی ہے اور ان سے کسی بھی انحراف کو خاطر خواہ طور پر ظاہر اور واضح کیا گیا ہے؛

e. انٹرنل کنٹرول کا نظام مستحکم خطوط پر استوار اور موثر انداز میں نافذ کیا گیا ہے اور اس کی موثر نگرانی کی جاتی ہے، اور اسے مزید بہتر بنانے کی کوششیں جاری ہیں؛

f. کمپنی کے کاروبار جاری رکھنے کی صلاحیت میں کوئی شبہات نہیں ہیں؛

g. لسٹنگ ریگولیشن کے قواعد و ضوابط میں پیش کردہ کارپوریٹ گورننس کی بہترین روایات سے کوئی قابل ذکر انحراف نہیں کیا گیا ہے؛

h. گزشتہ 6 برسوں کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا مختصراً ملحق ہے؛

i. واجب الاداء ٹیکسز، ڈیویڈنڈ، محصولات اور چارجز 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)؛

ڈائریکٹرز رپورٹ

	30 جون 2017 ء		30 جون 2018 ء		
	کارکردگی کی درجہ بندی				
درجہ بندی کرنے والا ادارہ	مختصر المیعاد	طویل المیعاد	مختصر المیعاد	طویل المیعاد	فنڈ
PACRA	3-star	4-star	4-star	4-star	ایم سی بی پاکستان اسٹاک مارکیٹ فنڈ
PACRA	4-star	4-star	4-star	5-star	پاکستان کپیٹل مارکیٹ فنڈ
PACRA	4-star	4-star	4-star	4-star	الحمرء اسلامک Asset ایلوکیشن فنڈ
PACRA	4-star	-	4-star	3-star	الحمرء اسلامک اسٹاک فنڈ
PACRA	2-star	-	4-star	-	ایم سی بی پاکستان فریکوینٹ پے آؤٹ فنڈ
PACRA	3-star	4-star	3-star	3-star	ایم سی بی پاکستان Asset ایلوکیشن فنڈ
	30 جون 2017 ء		30 جون 2018 ء		
	استحکام کی درجہ بندی				
PACRA	AAA(f)	AA+(f)			پاکستان کیش مینجمنٹ فنڈ
PACRA	A+(f)	A+(f)			پاکستان انکم فنڈ
PACRA	AA-(f)	AA-(f)			ایم سی بی پاکستان Sovereign فنڈ
PACRA	A+(f)	A+(f)			ایم سی بی پاکستان انکم انہینسمنٹ فنڈ
PACRA	A+	A+(f)			الحمرء اسلامک انکم فنڈ
PACRA	AA(f)	AA+(f)			ایم سی بی ڈی سی ایف انکم فنڈ
PACRA	AA-(f)	AA-(f)			ایم سی بی کیش مینجمنٹ آپٹیمائزر

ہولڈنگ کمپنی

ایم سی بی بینک لمیٹڈ، جو ایم سی بی-عارف سیونگز اینڈ انویسٹمنٹس لمیٹڈ کی parent کمپنی ہے، کمپنی کے 51.33% واجب الاداء عام حصص کی حامل ہے۔

کارپوریٹ گورننس

30 جون 2018ء کو اختتام پذیر ہونے والے مالی سال کے دوران آٹھ (8) ممبرز (حضرات: 8 اور خواتین: 0) کمپنی کے بورڈ آف ڈائریکٹرز میں شامل

مالیاتی اعتبار سے آگاہی کا حامل شعبہ ہے اس لئے عوام الناس کی بہ نسبت میوچل فنڈز سرمایہ کاری کی جانب زیادہ مائل ہے۔ بھرپور مسابقت والی اس صنعت کی طرف لوگوں کو مائل کرنے کے لئے AMC's آن لائن طریقے اور بینک سے مشابہت رکھنے والی مصنوعات وضع کر رہے ہیں۔ ان تمام کاموں کو شروع کرنے اور چلانے کی خاطر خواہ لاگت ہوتی ہے، جبکہ بھرپور منافع کی فراہمی کے باعث مینجمنٹ فیس میں اضافہ ممکن نہیں ہو پارہا ہے۔ چنانچہ AMC's کی آمدنی پر دباؤ بدستور برقرار ہے۔ اخراجات پورے کرنے اور منافع بخش ہونے کے لئے واحد حل سرمایہ کاریوں کا بڑا حجم ہے۔ صنعت کی سست رفتار ترقی کی تلافی کے لئے AMC's صوابدیدی پورٹ فولیو مینجمنٹ اکاؤنٹس سے فائدہ اٹھانے کی بھرپور کوشش کر رہی ہیں۔

حکومت اس صنعت پر زیادہ سے زیادہ سخت قواعد و ضوابط عائد کرتی رہی ہے، خاص طور پر Know Your Customer (KYC) کی شرائط کے حوالے سے، تاکہ اینٹی منی لانڈرنگ (AML) (غیر قانونی طور پر ملک سے باہر پیسہ بھیجنے کے خلاف مہم) اور کمبانگ دی فائنانسنگ آف ٹیریزم (CFT) (دہشت گردی کے لئے پیسہ فراہم کرنے کے خلاف مہم) سے نمٹا جاسکے۔ اس طرح AMC's پر بھاری ذمہ داری آتی ہے کہ کسٹمر ڈیوٹی لیجنس (CDD) (یعنی صارفین کے حوالے سے دانشمندانہ طرز عمل) پر محتاط انداز میں عمل کریں کیونکہ ان قواعد و ضوابط کی خلاف ورزی کی بھاری تعزیرات ہو سکتی ہیں۔ چنانچہ AMC's کے لئے قانونی خطرات میں اضافہ ہو جاتا ہے۔

پاکستان ایک طویل عرصے سے سیاسی افراتفری، بدعنوانی اور دہشت گردی کا شکار ہے جس کے نتیجے میں ملک میں معاشی تیزی شدید متاثر ہوئی ہے۔ ان عوامل کے ساتھ ساتھ عارضی پالیسیوں کے باعث معاشی ماحول مشکوک ہو گیا ہے جس کی عکاسی تیزی سے پھیلتے ہوئے کرنٹ اکاؤنٹ خسارے، گھٹتے ہوئے ذخائر اور روپے کی قدر میں کمی میں ہوتی ہے۔ اس خستہ حال معاشی ماحول سے نہ صرف مقامی اور غیر ملکی، دونوں قسم کے سرمایہ کاروں کی حوصلہ شکنی ہوتی ہے اور وہ محفوظ مواقع تلاش کرتے ہیں، بلکہ اثاثہ جاتی انتظام کا کاروبار بھی متاثر ہو سکتا ہے۔

دوران مالی سال کمپنی کے کاروبار کی نوعیت میں کوئی خاطر خواہ تبدیلی نہیں ہوئی ہے، اور نہ ہی کسی ایسی کمپنی کے کاروبار میں کوئی خاطر خواہ تبدیلی ہوئی ہے جس میں کمپنی کی شراکت ہے۔

کارپوریٹ سوشل ریسپانسیبلٹی (CSR) اور ماحول پر اثر

زیر جائزہ سال کے دوران کمپنی نے CSR (قانونی سماجی ذمہ داری) کے ضمن میں کوئی خاطر خواہ سرگرمیاں انجام نہیں دیں۔ تاہم کمپنی پر اعتماد ہے کہ اس کے کاروبار سے ماحول پر کوئی منفی اثرات مرتب نہیں ہوتے، اور ٹیکنالوجی سے استفادے میں اضافے کے ذریعے کمپنی کا غنڈ کے استعمال میں کمی کر دے گی۔

اینٹٹی کی درجہ بندی اور اثاثہ جاتی انتظام کی درجہ بندی

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے کمپنی کو اثاثہ جاتی انتظام کی "AA" درجہ بندی دی ہے۔ کمپنی کے زیر انتظام کلیٹو انویسٹمنٹ اسکیمز کی درجہ بندی مندرجہ ذیل ہے:

ٹیکنالوجی کی بدولت بیک وقت جغرافیائی وسعت میں اضافہ ہوا ہے اور مطلوبہ اور غیر جانبدارانہ مشاورت کی فراہمی کے ذریعے صارفین کا بھرپور اطمینان ممکن ہوا ہے۔ مارکیٹنگ کی مذکورہ کوششوں کے ذریعے ہم نے ملک کے دور دراز ترین علاقوں میں مالیاتی آگاہی کے فروغ کا آغاز کر کے جغرافیائی خلیج کو پُر کیا ہے۔ ہم سمجھتے ہیں کہ اضافی سرمایہ کاری، ڈسٹری بیوشن اور ٹیکنالوجی کے اثرات اگلے کچھ برسوں سے بتدریج مرتب ہوں گے اور ہمارے کاروبار کے منافع بخش ہونے کی استعداد میں مزید اضافہ ہوگا۔

کمپنی کی کارکردگی کا جائزہ

کمپنی کی gross آمدنی بشمول مینجمنٹ / انویسٹمنٹ ایڈوائزری فیس اور دیگر آپریٹنگ آمدنی 703 ملین روپے تھی۔ 546 ملین روپے کے ایڈمنسٹریٹو، آپریٹنگ اور فنانسنگ اخراجات اور آمدنی کی تقسیم منہا کرنے کے بعد منافع قبل از ٹیکس 197 ملین روپے تھا۔ Net منافع بعد از ٹیکس 124 ملین روپے ہے جبکہ 30 جون 2017ء کو اختتام پذیر ہونے والی مماثل مدت کے لئے 202 ملین روپے تھا۔ ہمیں اُمید ہے کہ مینجمنٹ کے زیر انتظام اثاثہ جات مزید مستحکم ہوں گے اور آمدنی اور منافع میں اضافے میں کردار ادا کریں گے۔

30 جون 2018ء کو اختتام پذیر ہونے والے موجودہ مالی سال کی آمدنی فی شیئر 1.72 روپے ہے، جو 30 جون 2017ء کو اختتام پذیر ہونے والے سابقہ مالی سال میں 2.81 روپے تھی۔

بورڈ نے 17.5 فیصد (1.75 روپے فی شیئر) حتیٰ ڈیویڈنڈ کی پیشکش کی ہے، جو 30 جون 2017ء کو اختتام پذیر ہونے والے سال کے لئے 32.5 فیصد (3.25 روپے فی شیئر) تھا۔

کمپنی اپنے ترقیاتی لائحہ عمل پر توجہ مرکوز کیے ہوئے ہے تاکہ متوقع مارکیٹس میں سرانیت کر سکے۔ کمپنی نے ہنرمند افرادی قوت میں خاطر خواہ سرمایہ کاری کی ہے تاکہ وسعت پذیر مارکیٹ میں قدم جما سکے اور میوچل فنڈ سرمایہ کاریوں سے متعلق آگاہی میں اضافہ کر سکے، جو ابھی تک کم ہے۔ ہم ڈیجیٹل ذرائع میں متحرک انداز میں توجہ مرکوز کر رہے ہیں تاکہ وہ عوام الناس جتنے پاس اضافی سرمایہ کاری ہے انہیں کو میوچل فنڈ سے متعلق معلومات فراہم کر سکیں اور ایسے صارفین تک پہنچ سکیں جن تک مادی ذرائع سے رسائی ممکن نہیں۔ خاص طور پر افرادی وسائل میں ان مرکوز سرمایہ کاریوں کے لئے ابتدائی برسوں میں نقد کی ضرورت ہوتی ہے، اور اکاؤنٹنگ معیار کے مطابق اس کے عوض کمپنی کے منافع کمانے کی صلاحیت متاثر ہوتی ہے۔ تاہم ان سرمایہ کاریوں کے نتائج آنے والے برسوں میں ظاہر ہوں گے۔ کمپنی کے ملازمین اور ڈیجیٹل ذرائع میں ہماری سرمایہ کاریوں کے ابتدائی نتائج حوصلہ بخش ہیں۔ جسکے باعث کمپنی کو گزشتہ پانچ برسوں کی سب سے زیادہ آمدنی حاصل ہوئی ہے۔ سال رواں کے دوران بنیادی نوعیت کی سرگرمیوں سے آمدنی میں 8% اضافہ ہوا اور 723 ملین روپے تک پہنچ گیا۔ ہم پُر اعتماد ہیں کہ موجودہ سرمایہ کاریاں مستقبل میں ثمرات لائیں گی جو آنے والے برسوں میں بہتر ڈیویڈنڈ کا سبب بنیں گے۔

کمپنی کے بورڈ آف ڈائریکٹرز کی مجموعی طور پر ذمہ داری ہے کہ اس بات کو یقینی بنائیں کہ ادارے کے اندرونی مالیاتی کنٹرولز کا نظام مطلوبہ ضروریات کے مطابق ہے اور موثر انداز میں نافذ العمل ہے۔

30 جون 2018ء کو اختتام پذیر ہونے والے سال کے آڈٹ شدہ مالیاتی گوشواروں کے مطابق پینشن فنڈز میں ملازمین کی سرمایہ کاری کی مالیت 27,222,357 روپے ہے (جبکہ 30 جون 2017ء کو اختتام پذیر ہونے والے سال کے لئے 24,787,595 روپے تھی)۔

بنیادی خطرات اور عدم یقینی عناصر

Asset اندر مینجمنٹ (AUM) نے، جو اثاثہ جات کے انتظام کی صنعت کے شہ رگ ہے، ماضی میں درمیانے درجے کی ترقی کی ہے۔ اس کی وجہ ایک طرف معاشرے میں بچت کا کمزور رجحان (موجودہ طور پر 13.4%) اور دوسری طرف عوام الناس کی دستاویزی کارروائی میں عدم دلچسپی ہے۔ کارپوریٹ سیکٹر چونکہ

ایکویٹی کی جہت پر ہم ماحول کی باریک بینی سے نگرانی کریں گے تاکہ پالیسی کے حوالے سے نئی راہنمائی کے دستیاب ہوتے ہی اس پر عملدرآمد کر سکیں۔ وسیع تر تناظر میں ہم سمجھتے ہیں کہ مارکیٹ کی گزشتہ دو برسوں کی کارکردگی سے (اوپر ترین سطح سے تقریباً 20% کم) سیاسی اور معاشی سمت پر خدشات کی عکاسی ہوئی ہے، اور دورانی اسٹاکس کی کارکردگی کی بھی عکاسی ہوئی ہے جہاں اسٹاکس کی قیمتوں میں تصحیح مزید تیز ہے۔ ہم اپنے موقف پر قائم ہیں کہ موجودہ سطحوں پر کمی کی محدود استعداد ہے جس کی بدولت طویل المیعاد سرمایہ کاروں کو خاطر خواہ سہولت فراہم ہوتی ہے۔ ہم سمجھتے ہیں کہ اسٹاکس میں ترقی بتدریج ظاہر ہوگی جب اعتماد بحال ہوگا اور معاشی پالیسیاں حالات کو توقعات کے مطابق ڈھالیں گی۔ چنانچہ آگے بڑھتے ہوئے اسٹاکس طویل المیعاد سرمایہ کاری کا موقع فراہم کرتے ہیں جس میں صبر کے ساتھ چلنے والے سرمایہ کاروں کے لیے منافع ہوگا۔ ہم بدستور ملک کی معاشی علامات کے رجحانات پر نظر رکھ کر ان کے مطابق اپنے دائرہ کار میں تبدیلیاں لا رہے ہیں۔ ہمارا Top-Down تجزیہ روپے کی قدر میں کمی اور انٹریسٹ کی بلند شرحوں سے مستفید ہونے والے شعبوں کی حمایت کرتا ہے؛ تاہم، ہم کمپنی کے انفرادی عناصر اور ان کی قیمتوں کو نظر انداز نہیں کر سکتے جن سے سیکورٹی کے انتخاب میں اہم کردار ادا ہو سکتا ہے۔

میوچل فنڈ کی صنعت کا جائزہ

مالی سال 2018ء کے اختتام پر اپن end میوچل فنڈ کی صنعت کے net اثاثہ جات 549 تقریباً بلین روپے تھے۔ حکومت کی طرف سے مالیاتی سختی کے نتیجے میں انٹریسٹ کی شرحوں میں اضافہ ہوا جس کے باعث بازار زر کے فنڈز میں آمدات ہوئیں۔ مالی سال 2018ء میں منی مارکیٹ (اسلامک / کنوینشنل) اور کیپیٹل پروڈیکٹ فنڈز کے حجم میں اضافہ ہوا، جبکہ باقی تمام زمروں کے تحت اثاثہ جات میں کمی ہوئی۔ کنوینشنل منی مارکیٹ کے فنڈز نے 52 بلین کی خطر آمد پیدا کی جو کہ 70 بلین روپے سے بڑھ کر 122 بلین روپے ہو گئے، جبکہ شریعہ کمپلائنٹ منی مارکیٹ فنڈز 1.6 بلین روپے سے بڑھ کر 9.0 بلین روپے ہو گئے۔ سیگمنٹ شیئر کے ضمن میں مالی سال 2018ء کے اختتام پر ایکویٹی اور ایکویٹی سے متعلقہ فنڈز تقریباً 58% کے ساتھ بدستور سب سے آگے رہے، اور اس کے بعد منی مارکیٹ فنڈز 24% اور انکم فنڈز 18% کے ساتھ دوسرے اور تیسرے نمبر پر رہے۔

بینشن فنڈز کے net اثاثہ جات مالی سال 2018ء کے اختتام پر 26 بلین روپے تھے۔ کنوینشنل اور شریعہ کمپلائنٹ، دونوں فنڈز کے حجم میں بالترتیب 2.5% اور 4.3% اضافہ ہوا۔ چھوٹے زمروں میں Debt فنڈ اور منی مارکیٹ فنڈز کے حجم میں اضافہ ہوا جبکہ ایکویٹی فنڈز کے حجم میں کمی ہوئی۔

میوچل فنڈ صنعت کی صورتحال

انٹریسٹ کی شرحوں میں متوقع اضافے کے پیش نظر فیکسڈ انکم فنڈز میں مختصر اور درمیانے میعاد کے لیے سرمایہ کاروں کی دلچسپی پیدا ہونے کا امکان ہے۔ حالیہ اینسٹی اسکیم سے بھی اضافی آمدات فراہم ہو سکتی ہیں، کیونکہ سرمایہ کاری کے متبادل مواقع کی کمی کے باعث میوچل فنڈز کی طرف میلان بڑھے گا۔ ایکویٹی کے شعبے میں دلچسپی کا انحصار اس بات پر ہوگا کہ حکومت خارجی بحران سے کس طرح نمٹتی ہے جس سے سرمایہ کاری میں اعتماد بحال ہو۔ ڈیجیٹائزیشن ہماری زندگی کے متعدد جہات پر اثر انداز ہوئی ہے۔ اس کا آغاز ہمارے سوشل نیٹ ورکس کو ڈیجیٹائز کرنے سے ہوا، جو پھر آن لائن خریداری، انٹرنیٹ پر مالی لین دین، طرز حیات میں بہتری تک گئی اور اب ہمارے مالیات میں بھی چھا گئی ہے۔

ہماری منفرد ”ڈائریکٹ - ٹو - کنزیومر“ (D2C) ڈسٹری بیوشن بذریعہ iSave اثاثہ جاتی انتظام کی صنعت میں طرز کار و باریکی کا پلٹ رہی ہے۔ کچھ برسوں قبل کسی چھوٹے شہر میں رہنے والا سرمایہ کار سوچ بھی نہیں سکتا تھا کہ اُسے مالیاتی مشاورت تک رسائی حاصل ہوگی۔ وہ اپنی جمع پونجی کو کسی سیونگزن بینک یا فیکسڈ ڈپازٹ میں رکھ دیتا۔ لیکن ڈیجیٹائزیشن نے اس صورتحال کو یکسر تبدیل کر دیا ہے۔ اب ہم اسمارٹ ٹارگٹنگ کے ذریعے سرمایہ کاری کر رہے ہیں اور اپنی ڈیجیٹل صلاحیتیں استعمال میں لا رہے ہیں، اور صارفین کے اس شعبے کے لیے، جس تک رسائی پہلے مشکل تھی، نئے طریقے تشکیل دے رہے ہیں۔ موبائل فون، سوشل میڈیا، بگ ڈیٹا، اینالیٹکس اور FinTech کو استعمال میں لاتے ہوئے کاروبار کے طریقے کاغذ کے بغیر، کارآمد اور سہل ہو رہے ہیں اور فوری طور پر فنڈز تک رسائی ممکن ہو رہی ہے۔

کی شرح پر قبول کر لیے گئے۔ مالی سال 2018ء کے دوران اسٹیٹ بینک کی جانب سے باقاعدگی کے ساتھ (OMOs) Open Market Operations کے انعقاد کی بدولت نقدیت میں سہولت رہی۔ زیر جائزہ مدت میں شریعت سے ہم آہنگ مواقع کی قلت رہی کیونکہ مارکیٹ میں خاطر خواہ نقدیت کے باوجود تازہ اجارہ سکلگ کا اجراء نہیں کیا گیا۔

ایکویٹیز مارکیٹ کا مجموعی جائزہ

ایکویٹیز تقریباً 9 سال کے عرصے کے بعد مندی میں آئی کیونکہ انڈیکس کے مقررہ معیار میں دوران سال 10% تقریباً کمی ہوئی۔ معاشی اور سیاسی، دونوں عوامل نے سرمایہ کاروں کو پریشان کیے رکھا جن میں اہم ترین موضوع خارجی اکاؤنٹ کا بحران تھا۔ کمزور روپے کے پیش نظر غیر ملکی سرمایہ کار مقامی ایکویٹیز سے دستبردار ہوتے رہے، اور 288 ملین ڈالر مالیت کے اسٹاکس فروخت کیے جن کا زیادہ تر اثر انشورنس کمپنیوں (204 ملین ڈالر) اور کمپنیوں (100 ملین ڈالر) نے قبول کیا۔ دوران سال تجارتی حجم کا اوسط تقریباً 174 ملین حصص / 8.15 بلین ڈالر تھا، جو بالترتیب 49% / 47% تقریباً Year-Over-Year (YoY) کی بڑی کمی تھی۔

Cyclicals کے لیے یہ بدترین سال تھا کیونکہ معاشی ترقی کے حوالے سے بڑھتے ہوئے خدشات کے باعث سرمایہ کاروں کی حوصلہ شکنی ہوئی۔ سیمنٹ اور آئوز بالترتیب 42% اور 30% کمی کے باعث پسماندہ ترین شعبے تھے۔ سیمنٹ کے شعبے میں پسماندگی کی وجہ کوئلے کی بڑھتی ہوئی قیمتیں اور فراہمیوں میں اضافہ ہے، جبکہ آئوز میں پسماندگی کے بنیادی عوامل کمزور روپیہ، اور بجٹ کے بعد ٹیکس ریٹرن فائل نہ کرنے والوں کے لیے گاڑیوں کی خریداری پر پابندی کے حکومتی اعلان سے پیدا ہونے والے منفی جذبات ہیں۔ بجلی کے شعبے میں 20% تقریباً کمی ہوئی جس کا سبب یہ تھا کہ گزشتہ قرضوں میں اضافے کی وجہ سے کچھ کمپنیوں نے ڈیویڈنڈ کی ادائیگی نہیں کی اور حکومتی احکام کے بعد کچھ FO پلانٹس بند کر دیئے گئے۔ صرف (E&Ps) Oil Exploration and Production اور فریٹلائزرز کے شعبوں میں بالترتیب 20% اور 3% ترقی ہوئی۔ (E&Ps) Oil Exploration and Production نے مارکیٹ کی صورتحال کے برخلاف (YoY) Year-Over-Year 20% تقریباً منافع دیا جس کی وجہ تیل کی اوسط قیمتوں میں 29% اضافہ ہے۔ فریٹلائزرز میں ترقی کا سبب اس شعبے کے عوامل میں بہتری ہے، اور اس کے اسباب یہ ہیں کہ انویسٹری با سہولت سطحوں پر رہی، اور مینوفیکچررز کے قیمتیں طے کرنے کے اختیار میں اضافہ ہوا جس کی عکاسی بجٹ کے بعد فریٹلائزرز کی قیمتوں میں اضافے سے ہوئی۔

بازار اور معیشت - مستقبل کا منظر

اگلے سال معاشی ترقی میں کچھ سست رفتاری متوقع ہے کیونکہ کھپت کے رجحان پر کمزور روپیہ اور تنگ مالیاتی پالیسی کا راج رہے گا۔ تاہم زیادہ بجلی کی فراہمی کے ساتھ ساتھ معیشت کی دستاویزی کی بدولت اس اہم موڑ پر معاشی تنظیمیں کو سہولت میسر ہوگی۔ دیرینہ مسائل کے حل کے لیے نئی حکومت کی مرکوز اور مخلصانہ کوششوں کے پیش نظر ہم بہتر طور پر حکومت اور معاشی بحالی کے طویل المیعاد امکانات کے حوالے سے پُر امید ہیں، تاہم راستہ دشوار اور پالیسی میں متعدد ناپسندیدہ اقدامات سے پُر ہو سکتا ہے۔ پاکستان تحریک انصاف (حکمران جماعت) کے ابتدائی منصوبوں کی روشنی میں بہتر پالیسی اقدامات کی توقع کی جاسکتی ہے، لیکن خطرناک معاشی حالات کے پیش نظر ہم سمجھتے ہیں کہ فوری میعاد والے اقدامات بے حد ضروری ہیں تاکہ جڑواں خساروں پر توجہ دی جاسکے۔

مالیاتی جہت میں بھی ضعف متوقع ہے کیونکہ حکومت کے خرچوں کے باعث مالیاتی خسارہ مجموعی ملکی پیداوار (GDP) کے 6.0% سے تجاوز کر جائے گا۔ خارجی رُخ پر متعدد دباؤ کے ساتھ ساتھ افراط زر میں اضافے کے پیش نظر اسٹیٹ بینک کی جانب سے مالیاتی پالیسی میں مزید سختی متوقع ہے، جبکہ 100 Basis Points (bps) اضافہ پہلے ہی ہو چکا ہے، جس کے نتیجے میں حکومت کے لیے اگلے مالی سال کے دوران قرضوں کی واپسی کی لاگت میں اضافہ ہو جائے گا۔ آئی ایم ایف پروگرام میں داخلے کے ساتھ ساتھ، جس کا مقصد مالیاتی خسارے میں کمی ہوگا، ترقیاتی اخراجات میں بھی اگلے سال تیزی سے کمی کی جائے گی۔

ڈائریکٹرز رپورٹ

ایم سی بی عارف حبیب سیونگزنڈ انویسٹمنٹس لمیٹڈ (MCBAH) کے بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2018ء کو اختتام پذیر ہونے والے سال کے لئے MCBAH کے معاملات کی رپورٹ پیش خدمت ہے۔

بنیادی کاروبار

کمپنی ایک غیر بینکاری مالیاتی ادارہ ہے جو سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ریگولیٹری نظام کے تحت ”پینشن فنڈ مینیجر“ کے علاوہ ”Asset مینیجمنٹ کمپنی“ (اثاثوں کے انتظام کی کمپنی) اور ”انویسٹمنٹ ایڈوائزر“ (سرمایہ کاری کے مشیر) کے طور پر لائسنس شدہ ہے۔

کاروبار کا ماحول

معیشت اور بازار زر کا جائزہ

مالی سال 2018ء متضاد معاشی علامات کے مدو جزر سے بھرپور رہا۔ مفید افراط زر اور Large Scale Manufacturing Index (LSM) کی خاطر خواہ ترقی نے معیشت میں مثبت کردار ادا کیا جبکہ بڑھتے ہوئے مالیاتی دباؤ، غیر ملکی زرمبادلہ کے گھٹتے ہوئے ذخائر اور سیاسی ہلچل نے منفی اثرات مرتب کیے۔ عالمی اشیاء، خصوصاً خام تیل، کی بڑھتی ہوئی قیمتوں نے ملکی معیشت کے مسائل میں مزید اضافہ کیا۔

مجموعی ملکی پیداوار (GDP) میں 5.7% تقریباً ترقی متوقع ہے جو گزشتہ دہائی کی سب سے اونچی سطح ہے، اور اس میں صنعتی اور خدمات کے شعبے کی بھرپور ترقی کی معاونت شامل ہے۔ بجلی کے بحران کے خاتمے اور شرح سود میں نرمی کے نتیجے میں Large Scale Manufacturing Index (LSM) کی ترقی میں وسعت ہوئی ہے جو مالی سال 2018ء میں 7% تقریباً متوقع ہے۔ Consumer Price Index (CPI) کی صورت میں پیمائش کردہ افراط زر کا اوسط 4.0% تقریباً ہے جو سال کے اکثر حصے کے دوران اشیاء کی خاطر خواہ فراہمی اور مستحکم روپے کی بدولت ہے۔ تاہم مالی سال 2019ء کے لیے توقع ہے کہ اشیاء کی بڑھتی ہوئی قیمتوں اور روپے میں ضعف کے باعث Consumer Price Index (CPI) بڑھ کر 7.5% تقریباً اوسط تک پہنچ جائے گا۔ مزید برآں، کمزور روپیہ متوقع طور پر Core CPI (افراط زر کو 8.0% سے اونچی سطح پر لے جائے گا۔

خارجی شعبہ نازک مقام رہا کیونکہ کرنٹ اکاؤنٹ کے اب تک کے سب سے زیادہ خسارے کے ساتھ ساتھ دو جہتی اور کثیر الجہتی، دونوں قسم کے اداروں کی جانب سے مالیاتی آمدورفت کی رکاوٹ کے باعث ڈالر میں قلت ہو گئی ہے۔ کرنٹ اکاؤنٹ کا خسارہ 18 بلین ڈالر تک پہنچ گیا، یعنی مجموعی ملکی پیداوار (GDP) کا تقریباً 5.8%، جو معیشت کے لیے خطرے کی گھنٹی ہے۔ اس کے نتیجے میں مالی سال 2018ء کے دوران اسٹیٹ بینک آف پاکستان کے غیر ملکی زرمبادلہ کے ذخائر 6.5 بلین ڈالر کم ہو کر 9.7 بلین ڈالر رہ گئے، جس سے صرف 2.0x ~ درآمداتی تلافی فراہم ہو۔ مجموعی طور پر اگلے مالی سال کی دوسری سہ ماہی کے دوران پاکستان ایک اور IMF International Monetary Fund (IMF) پروگرام کے رُخ پر گامزن ہو سکتا ہے۔

مالی سال 2018ء کے دوران اسٹیٹ بینک آف پاکستان نے پالیسی شرح میں مجموعی طور پر 75 Basis Points (bps) اضافہ کیا جس کی بنیادی وجہ بڑھتے ہوئے جڑواں خسارے، ریئل انٹریسٹ کی گھٹتی ہوئی شرحیں، اور تیزی سے بڑھتی ہوئی درآمدات ہیں۔ انٹریسٹ کی شرحوں میں تیز رفتار اضافے کے امکانات کے باعث بانڈ کی آمدنی کا ختم اوپر کی طرف گیا، خصوصاً مالی سال 2018ء کی دوسری سہ ماہی کے دوران۔ تجارتی خسارے میں اضافے کی رفتار خوفناک حد تک تیز رہی جس کے باعث غیر ملکی زرمبادلہ کے ذخائر متاثر ہوئے اور سرمایہ کاروں نے طویل المیعاد سیکیورٹیز میں دلچسپی کا اظہار نہیں کیا۔ میچورٹی کے دائرہ کار میں توسیع کے لیے اسٹیٹ بینک نے فلوٹریٹ 10 سالہ بانڈ متعارف کرایا جس کا base ریٹ 6 ماہ Weighted (MTB) Market Treasury Bills اوسط منافع ہے۔ 10 سالہ فلوٹریٹ بانڈ کی سب سے پہلی نیلامی میں 174 بلین روپے کی بھرپور شرکت دیکھی گئی جس میں سے 20 بلین روپے پنچ مارک + 50 bps

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2018

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
HAROUN RASHID	1	500	0.00
NASIM BEG	3	26,322	0.04
AHMED JAHANGIR	1	500	0.00
ABDUS SAMAD	2	504	0.00
MIAN MOHAMMAD MANSHA	1	500	0.00
SYED SALMAN ALI SHAH	1	500	0.00
MR. MUHAMMAD SAQIB SALEEM	1	500	0.00
MIRZA QAMAR BEG	1	500	0.00
Associated Companies, undertakings and related parties			
ARIF HABIB CORPORATION LIMITED	1	21,664,167	30.09
ADAMJEE INSURANCE COMPANY LIMITED	1	5,462,000	7.59
MCB BANK LIMITED - TREASURY	1	36,956,768	51.33
Executives	-	-	-
Public Sector Companies and Corporations	1	70	0.00
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	1	11,470	0.02
Mutual Funds			
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	900,000	1.25
General Public			
a. Local	905	3,396,136	4.72
b. Foreign	1	4	0.00
Foreign Companies	1	2,961,000	4.11
Others	11	618,559	0.86
Totals	935	72,000,000	100.00

Share holders holding 5% or more	Shares Held	Percentage
MCB BANK LIMITED - TREASURY	36,956,768	51.33
ARIF HABIB CORPORATION LIMITED	21,664,167	30.09
ADAMJEE INSURANCE COMPANY LIMITED	5,462,000	7.59

**PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2018**

No. Of Shareholders	Shareholdings'Slab			Total Shares Held
292	1	to	100	4,381
128	101	to	500	43,581
213	501	to	1000	143,130
192	1001	to	5000	420,830
45	5001	to	10000	347,035
19	10001	to	15000	245,590
14	15001	to	20000	268,500
5	20001	to	25000	111,938
3	25001	to	30000	87,500
3	30001	to	35000	101,000
2	35001	to	40000	72,500
1	45001	to	50000	50,000
1	50001	to	55000	52,900
3	55001	to	60000	176,800
1	75001	to	80000	77,880
1	90001	to	95000	92,000
1	150001	to	155000	154,000
1	160001	to	165000	165,000
1	180001	to	185000	183,500
1	210001	to	215000	211,500
1	220001	to	225000	224,000
1	325001	to	330000	327,000
1	495001	to	500000	495,500
1	895001	to	900000	900,000
1	2960001	to	2965000	2,961,000
1	5460001	to	5465000	5,462,000
1	21660001	to	21665000	21,664,167
1	36955001	to	36960000	36,956,768
935				72,000,000

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2018

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors is eight as per the following:
 - (a) Male: 8
 - (b) Female: 0
2. The composition of board is as follows:
 - (a) Independent Directors: 3
 - (b) Other Non-executive Director: 4
 - (c) Executive Directors (CEO): 1
3. Since the limit on directorship in more than five listed companies is effective from January 1, 2019 (i.e. one year from the effective date of Code of Corporate Governance, 2017), the directors, in accordance with the Code of Corporate Governance, 2012 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).
4. 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.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. All the Directors of the Company have already completed the Directors' Training program in previous years or are exempted from the requirement.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO have duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:

(a) Audit Committee

Name of Director	Status
Mr. Haroun Rashid	Chairman
Mr. Ahmed Jahangir	Member
Mr. Nasim Beg	Member
Mr. Mirza Qamar Beg	Member

(b) HR and Remuneration Committee

Name of Director	Status
Dr. Syed Salman Ali Shah	Chairman
Mr. Haroun Rashid	Member
Mr. Ahmed Jahangir	Member
Mr. Nasim Beg	Member
Mr. Muhammad Saqib Saleem (CEO)	Member

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2018

(c) Risk Management Committee

Name of Director	Status
Mr. Mirza Qamar Beg	Chairman
Mr. Ahmed Jahangir	Member
Mr. Nasim Beg	Member

13. The terms of reference of the aforesaid Committees have been formed, documented and advised to the Committee for compliance.

14. The frequency of meetings of the committees was as per following:

(a) **Audit Committee:** Quarterly meetings of the Audit Committee were held, the details of which are as under:

Sr. No	Particulars of Meeting	Date of Meetings
1.	1st meeting of the Committee for the year	August 2, 2017
2.	2nd meeting of the Committee for the year	August 3, 2017
3.	3rd meeting of the Committee for the year	October 18, 2017
4.	4th meeting of the Committee for the year	October 19, 2017
5.	5th meeting of the Committee for the year	January 31, 2018
6.	6th meeting of the Committee for the year	February 1, 2018
7.	7th meeting of the Committee for the year	February 23, 2018
8.	8th meeting of the Committee for the year	April 17, 2018
9.	9th meeting of the Committee for the year	April 18, 2018

(b) **Human Resource and Remuneration Committee:** The HR&R Committee met on various occasions the details of which are as under:

Sr. No	Particulars of Meeting	Date of Meetings
1.	10th meeting of the Committee	August 4, 2017
2.	11th meeting of the Committee	September 7, 2017
3.	12th meeting of the Committee	October 12, 2017
4.	13th meeting of the Committee	February 2, 2018
5.	14th meeting of the Committee	February 23, 2018

(c) **Risk Management Committee:** Since the Risk Management Committee was formed after the close of the financial year, no meetings of the Risk Management Committee were held during the year.

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

16. 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 and registered with Audit Oversight Board of Pakistan, 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.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.



MIAN MUHAMMAD MANSHA

Chairman - Board of Directors

MCB-Arif Habib Savings & Investments Limited

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, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

To the members of MCB – Arif Habib Savings and Investments Limited

Review Report on Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance Regulations, 2017 ("the Regulations")) prepared by the Board of Directors of MCB – Arif Habib Savings and Investments Limited ("the Company") for the year ended 30 June 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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 Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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.

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



KPMG Taseer Hadi & Co.

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 requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2018.

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

Date: 14 September 2018

Karachi

FINANCIAL AND BUSINESS HIGHLIGHTS

Financial highlights for the last 6 years

		2013	2014	2015	2016	2017	2018
Pre tax Margin	%	41%	41%	51%	46%	36%	28%
Net Margin	%	29%	31%	36%	31%	25%	18%

Performance

Return on assets	%	11%	11%	14%	11%	9%	6%
Return on equity	%	12%	12%	19%	15%	13%	8%

Leverage

Gearing (T-Debt:Equity)	times	0.11	0.19	0.34	0.40	0.43	0.43
Interest Coverage Ratio	times	N/A	N/A	65.03	770.06	474.94	479.53

Liquidity

Current Ratio	times	7.33	4.17	2.63	2.38	2.08	2.09
---------------	-------	------	------	------	------	------	------

Valuation

Earnings per share	Rs.	2.19	2.54	3.87	3.32	2.81	1.72
--------------------	-----	------	------	------	------	------	------

No. of ordinary shares		72	72	72	72	72	72
------------------------	--	----	----	----	----	----	----

Historical trend

Management fee (Rs. in million)	469.98	510.67	640.09	703.55	663.73	701.64
Operating profit [PBIT] (Rs. in million)	220.16	239.35	398.77	350.27	286.56	196.98
Profit before tax (Rs. in million)	220.16	239.11	392.64	349.81	285.96	196.57
Profit after tax (Rs. in million)	157.65	182.64	278.86	239.11	202.19	124.19
Share capital (Rs. in million)	720.00	720.00	720.00	720.00	720.00	720.00
Shareholders equity (Rs. in million)	1273.03	1353.85	1505.04	1549.23	1579.54	1570.97
Total assets (Rs. in million)	1411.54	1607.73	2019.33	2173.87	2263.77	2248.73

AUDITOR'S REPORT TO THE MEMBERS



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

INDEPENDENT AUDITORS' REPORT

To the Members of MCB Arif Habib Savings and Investments Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **MCB Arif Habib Savings and Investments Limited** ("the Company"), which comprise the statement of financial position as at 30 June 2018, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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 2018 and of the profit and comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a

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

AUDITOR'S REPORT TO THE MEMBERS



KPMG Taseer Hadi & Co.

whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1	Assessing potential impairment of goodwill and management rights	
	<p>Refer note 3.1.3 and 5.2 to the financial statements for accounting policies and details of goodwill and management rights.</p> <p>Goodwill and management rights amounting to Rs. 82.1 million and Rs. 192 million respectively were recognized by the Company in 2011 as a result of merger scheme, as fully disclosed in note 1.1 to the financial statements. The Company annually tests the carrying values of Goodwill and intangibles having indefinite useful lives for impairment.</p> <p>We identified impairment of goodwill and management rights as a key audit matter because of its significance to the financial statements, involvement of significant degree of judgment and estimation, particularly in forecasting future cash flows, the discount rate applied in calculating the present value of future cash flows and the expected terminal growth rate applied to the cash flows, all of which can be inherently uncertain.</p>	<p>Our audit procedures to test the potential impairment of goodwill and management rights included the following:</p> <ul style="list-style-type: none"> Assessing management's identification of Cash Generating Unit and the allocation of goodwill with respect to our understanding of the Company's business; Involved our internal valuation specialist to assist in evaluating the appropriateness of assumptions applied to key inputs such as management remuneration, operating costs, discount rate and terminal growth rate, which included comparing these inputs with externally derived data as well as our knowledge of the client and the industry; and Evaluated the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgments and sensitivities.
2	Valuation of Investments	
	<p>Refer note 3.2, 6 and 12 to the financial statements for accounting policies and details of investments.</p> <p>As at 30 June 2018, the Company has investments classified as "Available-for-sale" amounting to Rs. 714.9 million representing approximately 32 % of total assets of the Company.</p>	<p>Our audit procedures in respect of valuation of investments including impairment allowance included the following:</p> <ul style="list-style-type: none"> obtaining an understanding of and testing the design and operating effectiveness of the key controls for the valuation of investments including impairment allowance against

AUDITOR'S REPORT TO THE MEMBERS



KPMG Taseer Hadi & Co.

S. No.	Key audit matters	How the matter was addressed in our audit
	We identified the valuation of investments including determination of impairment allowance on investments classified as 'Available-for-sale' as key audit matter because of its significance in relation to the total asset of the Company and judgment involved in assessing impairment allowance.	<p>investment classified as available for sale;</p> <ul style="list-style-type: none">• assessing, on a sample basis, whether investments were valued at fair value based on the last quoted market price and rates quoted by Mutual Fund Association of Pakistan (MUFAP); and• assessing the basis used by the management to determine impairment against available-for-sale investments.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Company's Annual Report for 2018, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S REPORT TO THE MEMBERS



KPMG Taseer Hadi & Co.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's

AUDITOR'S REPORT TO THE MEMBERS



KPMG Taseer Hadi & Co.

report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

AUDITOR'S REPORT TO THE MEMBERS



KPMG Taseer Hadi & Co.

- d) 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 engagement partner on the audit resulting in this independent auditor's report is Mazhar Saleem.

Date: 14 September 2018

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants

BALANCE SHEET AS AT JUNE 30, 2018

	Note	2018	2017
		(Rupees)	
ASSETS			
Non-current assets			
Fixed assets	5	400,730,566	375,063,339
Long-term investments	6	520,628,175	547,193,018
Long-term loans and prepayments	7	30,230,650	26,918,837
Long-term deposits		3,089,228	4,594,738
		954,678,619	953,769,932
Current assets			
Receivable from related parties	8	511,110,119	484,368,200
Loans and advances	9	7,072,270	7,480,791
Deposits, prepayments and other receivables	10	75,108,196	62,357,896
Accrued mark-up	11	200,207	72,809
Short-term investments	12	618,571,508	669,301,170
Advance tax - net of provisions	13	62,495,927	67,730,351
Cash and bank balances	14	19,491,053	18,692,497
		1,294,049,280	1,310,003,714
Total assets		2,248,727,899	2,263,773,646
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
72,000,000 (2017: 72,000,000) ordinary shares of Rs. 10 each		720,000,000	720,000,000
Issued, subscribed and paid-up share capital	15	720,000,000	720,000,000
Reserves		847,536,132	859,537,437
Total equity		1,567,536,132	1,579,537,437
LIABILITIES			
Non-current liabilities			
Deferred tax liability - net	17	54,837,186	49,012,986
Current liabilities			
Unclaimed dividend		4,203,632	4,275,656
Trade and other payables	18	622,150,949	630,947,567
Total liabilities		681,191,767	684,236,209
Total equity and liabilities		2,248,727,899	2,263,773,646
CONTINGENCIES AND COMMITMENTS			
	19		

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, 2018

	Note	2018	2017
		(Rupees)	
Revenue			
Management fee / investment advisory fee	20	701,640,243	663,730,210
Processing and other related income		21,471,680	7,294,285
Profit on bank deposits	21	1,441,811	1,141,924
Income from government securities		-	5,825,173
Dividend income		869,942	25,574,849
Capital (loss) / gain on sale of investments - net	22	(5,212,252)	89,344,979
Impairment loss on available for sale investments		(27,828,966)	-
Unrealized appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	12.1	10,638,208	593,025
		703,020,666	793,504,445
Expenses			
Administrative expenses	23	(458,558,671)	(349,042,880)
Selling and distribution expenses	24	(83,402,312)	(166,596,125)
Financial charges	25	(410,790)	(603,359)
Workers' welfare fund	26	(4,081,800)	(6,025,000)
		(546,453,573)	(522,267,364)
		156,567,093	271,237,081
Other income	27	40,006,480	14,721,688
Profit for the year before taxation		196,573,573	285,958,769
Taxation	28	(72,380,670)	(83,764,452)
Profit for the year after taxation		124,192,903	202,194,317
Earnings per share - basic and diluted	29	1.72	2.81

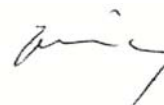
The annexed notes 1 to 43 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	2017
		(Rupees)	
Profit for the year after taxation		124,192,903	202,194,317
Other comprehensive income for the year			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Unrealized appreciation/ (diminution) on re-measurement of investments classified as 'available-for-sale'	30	(42,248,274)	69,426,975
Transfer of unrealized loss to profit and loss account on impairment of available for sale investments		27,828,966	-
Related deferred tax asset / (liability)	17.1	(2,338,670)	3,805,507
		(16,757,978)	73,232,482
Unrealized loss / (gain) transferred to profit and loss account on disposal		6,563,770	(11,118,149)
		(10,194,208)	62,114,333
		113,998,695	264,308,650

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



Chief Executive Officer



Chief Financial Officer



Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	2017
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before taxation		196,573,573	285,958,769
Adjustments for non-cash and other items:			
Depreciation	5.3	17,734,861	12,694,517
Amortization	5.3	8,742,977	4,595,294
Financial charges	25	410,790	603,359
Unrealized appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	12.1	(10,638,208)	(593,025)
Capital loss / (gain) on sale of investments - net	22	5,212,252	(89,344,979)
Loss / (gain) on disposal of fixed assets - net	27	68,524	(176,633)
		<u>21,531,196</u>	<u>(72,221,467)</u>
Operating cash flows before working capital changes		221,540,006	213,737,302
Movement in working capital			
(Increase) / decrease in current assets			
Loans and advances		408,521	(2,571,045)
Deposits, prepayments and other receivables		(12,750,300)	(37,970,558)
Accrued mark-up		(127,398)	5,170,428
Receivable from related parties		(26,741,919)	1,677,914
		<u>(39,211,096)</u>	<u>(33,693,261)</u>
Increase / (decrease) in current liabilities			
Unclaimed dividend		(72,024)	332,721
Trade and other payables		(8,796,618)	63,652,651
		<u>(8,868,642)</u>	<u>63,985,372</u>
Net cash generated from operations		170,025,031	244,029,413
Taxes paid		(61,322,046)	(100,443,200)
Financial charges paid		(410,790)	(603,359)
Dividend paid		(126,000,000)	(234,000,000)
		<u>(187,732,836)</u>	<u>(335,046,559)</u>
Net cash used in operating activities		(17,707,805)	(91,017,146)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(52,288,017)	(52,832,131)
Long-term loans and receivables		(3,311,813)	(25,646,699)
Long-term deposits		1,505,510	(1,568,326)
Net proceeds from disposal of fixed assets		75,000	386,770
Proceeds against redemption of investments		72,525,681	147,502,865
Net cash generated from investing activities		18,506,361	67,842,479
Net increase / (decrease) in cash and cash equivalents		798,556	(23,174,667)
Cash and cash equivalents at the beginning of the year		18,692,497	41,867,164
Cash and cash equivalents at the end of the year	31	<u>19,491,053</u>	<u>18,692,497</u>

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



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2018

	Issued, subscribed and paid-up capital	Reserves						Total
		Capital			Revenue			
		Share premium	Deficit arising on amalgamation	Sub-total	Unappropriated profit	Unrealized appreciation on re- measurement of 'available for sale' financial assets	Sub-total	
	----- (Rupees) -----							
Balance as at June 30, 2016	720,000,000	396,000,000	(60,000,000)	336,000,000	235,421,017	257,807,770	493,228,787	1,549,228,787
Transactions with owners recorded directly in equity								
Final dividend for the year ended June 30, 2016 at Rs 1.75 per share	-	-	-	-	(126,000,000)	-	(126,000,000)	(126,000,000)
Interim dividend for the year ended June 30, 2017 at Rs 1.5 per share	-	-	-	-	(108,000,000)	-	(108,000,000)	(108,000,000)
	-	-	-	-	(234,000,000)	-	(234,000,000)	(234,000,000)
Total comprehensive income for the year								
Profit after taxation for the year ended June 30, 2017	-	-	-	-	202,194,317	-	202,194,317	202,194,317
Other comprehensive income for the year ended June 30, 2017	-	-	-	-	-	62,114,333	62,114,333	62,114,333
Total comprehensive income for the year	-	-	-	-	202,194,317	62,114,333	264,308,650	264,308,650
Balance as at June 30, 2017	720,000,000	396,000,000	(60,000,000)	336,000,000	203,615,334	319,922,103	523,537,437	1,579,537,437
Transactions with owners recorded directly in equity								
Final dividend for the year ended June 30, 2017 at Rs 1.75 per share	-	-	-	-	(126,000,000)	-	(126,000,000)	(126,000,000)
Total comprehensive income for the year								
Profit after taxation for the year ended June 30, 2018	-	-	-	-	124,192,903	-	124,192,903	124,192,903
Other comprehensive income for the year ended June 30, 2018	-	-	-	-	-	(10,194,208)	(10,194,208)	(10,194,208)
Total comprehensive income for the year	-	-	-	-	124,192,903	(10,194,208)	113,998,695	113,998,695
Balance as at June 30, 2018	720,000,000	396,000,000	(60,000,000)	336,000,000	201,808,237	309,727,895	511,536,132	1,567,536,132

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



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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 December 28, 2017. Currently, the Company is managing the following funds under management:

	<i>Note</i>	Net assets value as at	
		2018	2017
		(Rupees in million)	
Open-end Collective Investment Schemes (CISs)			
Pakistan Income Fund		1,519	1,722
MCB Pakistan Stock Market Fund		10,113	11,629
MCB Pakistan Sovereign Fund		585	1,351
Pakistan Capital Market Fund		619	675
Pakistan Cash Management Fund		889	628
Pakistan Income Enhancement Fund		1,350	1,688
MCB Pakistan Asset Allocation Fund		3,213	3,439
MCB DCF Income Fund		4,872	6,189
MCB Cash Management Optimizer		11,993	10,094
MCB Pakistan Frequent Payout Fund		487	900
Alhamra Islamic Asset Allocation Fund		3,633	1,485
Alhamra Islamic Stock Fund		3,550	2,915
Alhamra Islamic Income Fund		2,715	1,981
Alhamra Islamic Active Asset Allocation Fund Plan - I		1,404	1,584
Alhamra Islamic Active Asset Allocation Fund Plan - II		794	88
Alhamra Daily Dividend Fund	1.6	502	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	<i>Note</i>	Net assets value as at	
		2018	2017
		(Rupees in million)	
Pension Funds			
Pakistan Pension Fund		1,572	1,451
Alhamra Islamic Pension Fund (Formerly Pakistan Islamic Pension Fund)	1.5	774	729
Discretionary portfolio		32,106	25,061
The Company is also managing investments under discretionary portfolio management agreements, the details of which are given below:			
Number of clients		78	70
Total portfolio at cost (Rs. in millions)		31,180	24,924
Total portfolio at market value (Rs. in millions)		30,681	24,878
Fee earned (Rs. in millions)		32	39

1.5 During the year, the name of Alhamra Islamic Pension Fund (Formerly Pakistan Islamic Pension Fund) was changed.

1.6 "During the year, the Company launched "Alhamra Daily Dividend Fund" and Pre-IPO was started from April 2, 2018 to April 9, 2018. The scheme is aimed at meeting investors' short to medium term investment requirements. The scheme seeks to provide investors daily dividend through investment in Shariah Compliant instruments.

1.7 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 PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

2.2 Consolidation of mutual funds by the asset management company

The company has made investments in mutual funds established under trust structure. As per SECP notification SRO 56(1)/2016 dated January 28, 2016, the requirements of consolidation under section 237 of the repealed Companies Ordinance, 1984 (section 228 of the Companies Act, 2017) 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

2.3 Basis of measurement

These financial statements have been prepared on the basis of historical cost conversion, except those financial asset that have been carried at fair values in accordance with the requirement of international Accounting Standards (IAS) 39.

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 the accounting and reporting 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 recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of the accounting and reporting standards, as applicable in Pakistan, that have the most significant effect on the amount recognized in these financial statements and estimates with a significant risk of material adjustments to the carrying amount of assets and liabilities in the future years are as follows:

- i) Depreciation of tangible fixed assets (Note 3.1)
- ii) Amortization 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 Change in accounting standards, interpretations and amendments to published approved accounting standards

- a) Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

The Companies Act, 2017 (the Act) has brought certain changes with regard to preparation and presentation of annual financial statements of the Company. These changes also include change in respect of recognition criteria of revaluation surplus on fixed assets, change in nomenclature of primary statements, etc. Further, the disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in the elimination of duplicative disclosures with the IFRS disclosure requirements; and incorporation of significant additional disclosures which have been included in these financial statements.

- b) Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after 1 July 2017. However, these do not have any significant impact on the Company's financial reporting and therefore have not been detailed in these financial statements.

- c) Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after 1 July 2018, that may have an impact on the financial statements of the Company:

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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 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 the Company's financial statements.
- Annual Improvements to IFRSs 2014-2016 Cycle [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 the 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. The application of interpretation is not likely to have an impact on the Company's financial statements.
- 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 application of interpretation is not likely to have an impact on the Company's financial statements.
- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programs'. The Company is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard.
- IFRS 9 'Financial Instruments' and amendment - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instrument: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Based on the analysis of Company's financial assets and liabilities as at June 30, 2018 considering facts and circumstances that exists at that date, the Company has assessed that as mutual fund units do not qualify as equity instruments, hence the irrevocable election to present subsequent changes in the fair value through OCI is not available, therefore these need to be classified as fair value through profit and loss. Further as per IFRS 9, any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the date of initial application shall be recognised in the opening retained earnings of the annual reporting period that includes the date of initial application. Therefore the estimated impact that the initial application of IFRS 9 will have on the Company's financial statements is presented as follows:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	As reported at 30 June 2018	Estimated adjustment due to adoption of IFRS 9	Estimated adjustment opening balance 1 July 2018
	----- (Rupees) -----		
Unrealized appreciation on re-measurement of 'available for sale' financial assets	309,727,895	(309,727,895)	-
Retained earnings	201,808,237	309,727,895	511,536,132
	511,536,132	-	511,536,132

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentive and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term lease and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Company's financial statements.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the Company's financial statements.
- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:
 - IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
 - IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
 - IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective for annual period beginning on or after 1 January 2019 and are not likely to have an impact on the Company's financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below, which have been consistently applied to all the years presented except for the following:

- the first time application of financial reporting requirements, including disclosure and presentation requirements of the Companies Act 2017 effective from June 30, 2018, some of the amounts reported for the previous period have been

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

reclassified (refer note 41). However, there was no change in the reported amounts of statement of profit or loss and other comprehensive income or the amounts presented in the statement of financial position except for presentation.

- new or amendments / interpretations to existing standards and interpretation as stated in note no. 2.6.(b).

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 recognized 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 5.1 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.

3.1.3 Intangible assets

Intangible assets acquired separately are initially recognized at cost. Intangible assets acquired in a business combination are recognized 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 amortization and accumulated impairment losses, if any. Amortization is charged at the rates specified in note 5.2 using the straight line method. Amortization begins from the month the asset is available for use and ceases in the month of disposal. The amortization period and amortization 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 recognized 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 amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. After initial recognition, these are stated at cost less accumulated impairment losses (if any).

Goodwill

Goodwill acquired in a business combination is recognized 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 recognized.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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.

Management rights

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

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

Impairment

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

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 categorized 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 recognized at the time the Company becomes a party to the contractual provisions of the instruments. These are initially recognized 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 recognized 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, 2018

'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 derecognized. 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 amortized 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 amortized cost and loans and receivables

Impairment loss in respect of 'assets carried at amortized 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 recognized 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 recognized (such as an improvement in the debtor's credit rating) the reversal of the previously recognized impairment loss is recognized in the profit and loss account.

Available-for-sale financial assets

Impairment loss in respect of financial assets classified as available-for-sale is recognized 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 recognized in the profit and loss account) that had been recognized 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 derecognized.

3.2.2 Financial liabilities

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

3.2.3 Derecognition

Financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized 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 recognized amounts and there is an intention to settle on a net basis, or realize the assets and settle the liabilities simultaneously.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

3.2.5 Provisions

Provisions are recognized 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 recognized at fair value and are subsequently re-measured to their fair values with the resultant gain or loss recognized 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 / finalized during the year.

Deferred

Deferred taxation is recognized 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 recognized for all taxable temporary differences. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. The Company also recognizes 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 realized 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 recognized 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 recognized 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 contribution 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 the Alhamra Islamic Pension Fund or Pakistan Pension Fund at the rate of 8.33% of basic salary on employees' discretion. These pension funds were established under the Voluntary Pension Scheme Rules, 2005 and the Company has been licensed to act as a pension fund manager of these funds. The Company's contribution along with employees' contribution are paid to the above mentioned pension funds.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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.

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

3.10.2 Processing fee and other related income

This is recognized 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 recognized on an accrual basis. Premium or discount on acquisition of investments is amortized 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 recognized 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.

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 recognized in the financial statements in the period in which such dividends are declared / transfers are made.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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 recognized 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 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

To cope with the increasing scope of innovation and technology, the Company has redirected its main thrust to digitalization. During the year ended June 30, 2018, the Company has successfully undertaken various steps to provide the investors with an online savings platform including the launch of mobile app of the Company, iSave, which provides the investors the option to enter into a complete online investment journey. Besides the launch of iSave, the following milestones were also achieved by the Company:

- a) During the year ended June 30, 2018, the Company crossed new major milestone in business digitization processes and signed an agreement with 1LINK, Pakistan's main payment switch that manages the PayPak Card scheme under the advice of the State Bank of Pakistan. Under this agreement, the Company inter alia other activities will also be issuing its own proprietary debit cards. This is the first of its kind agreement in Pakistan and the Company is not only the first PayPak Affiliate Member but also the first asset management company to enter such an agreement;
- b) During the year ended June 30, 2018, the Company launched a one of its kind Shariah compliant collective investment scheme, Alhamra Daily Dividend Fund. The entire income generated by the Fund during a day is distributed among the unit-holders on a daily basis through an automated system and requires minimum human intervention; and
- c) To increase the Company's physical reach across Pakistan, the Company, during the year, has further expanded the network of its branches and new branches in the cities of Multan, Quetta and Sialkot were opened whereas the branches in the cities of Rawalpindi and Abbottabad were relocated to maintain the footprints of the Company in these cities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

5	FIXED ASSETS	Note	2018	2017
			(Rupees)	
	<i>Tangible</i>			
	Property and equipment	5.1	92,902,785	87,070,895
	Capital work in progress	5.4	1,900,586	1,731,725
			94,803,371	88,802,620
	<i>Intangible assets</i>			
	Computer software	5.2	31,800,262	12,133,786
	Goodwill	5.2	82,126,933	82,126,933
	Management rights	5.2	192,000,000	192,000,000
			305,927,195	286,260,719
			400,730,566	375,063,339

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

5.1 Property and equipment

	2018				
	Computers	Office equipment	Furniture and fixtures	Leasehold improvements	Vehicles
	(Rupees)				
As at 1 July 2017					
Cost	28,094,752	22,523,576	15,025,031	57,748,037	7,662,267
Accumulated depreciation	(18,535,777)	(9,633,950)	(2,716,360)	(5,434,414)	(7,662,267)
Net book value	9,558,975	12,889,626	12,308,671	52,313,623	-
Year ended 30 June 2018					
Opening net book value	9,558,975	12,889,626	12,308,671	52,313,623	-
Additions during the year	5,934,633	5,687,731	1,709,864	8,583,475	1,794,000
Disposals during the year					
Cost	(437,870)	(178,634)	-	-	-
Accumulated depreciation	395,676	77,876	-	-	-
	(42,194)	(100,758)	-	-	-
Depreciation for the year	(4,827,699)	(5,006,106)	(1,498,199)	(6,328,107)	(74,750)
Closing net book value	10,623,715	13,470,493	12,520,336	54,568,991	1,719,250
As at 30 June 2018					
Cost	33,591,515	28,032,673	16,734,895	66,331,512	9,456,267
Accumulated depreciation	(22,967,800)	(14,562,180)	(4,214,559)	(11,762,521)	(7,737,017)
Net book value	10,623,715	13,470,493	12,520,336	54,568,991	1,719,250
Depreciation rates (% per annum)	25%	20% - 50%	10%	10% - 20%	25%
	2017				
	Computers	Office equipment	Furniture and fixtures	Leasehold improvements	Vehicles
	(Rupees)				
As at 1 July 2016					
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)
Net book value	6,513,961	5,249,447	8,032,820	29,201,432	-
Year ended 30 June 2017					
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)	-	-
Depreciation for the year	(3,564,620)	(3,667,013)	(1,086,901)	(4,375,983)	-
Closing net book value	9,558,975	12,889,626	12,308,671	52,313,623	-
As at 30 June 2017					
Cost	28,094,752	22,523,576	15,025,031	57,748,037	7,662,267
Accumulated depreciation	(18,535,777)	(9,633,950)	(2,716,360)	(5,434,414)	(7,662,267)
Net book value	9,558,975	12,889,626	12,308,671	52,313,623	-
Depreciation rates (% per annum)	25%	20% - 50%	10%	10% - 20%	25%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

5.1.1 There were no disposal of fixed assets during the year, whose aggregate book value exceeds Rs. 500,000.

5.1.2 Included in the cost of property and equipment are fully depreciated items which are still in use aggregating to Rs. 46.801 million (2017: Rs. 38.150 million).

5.2 Intangible assets

	2018			
	Computer software	Goodwill	Management rights	Total
	(Rupees)			
As at 1 July 2017				
Cost	40,020,325	82,126,933	192,000,000	314,147,258
Accumulated amortization	(27,886,539)	-	-	(27,886,539)
Net book value	12,133,786	82,126,933	192,000,000	286,260,719
Year ended 30 June 2018				
Opening net book value	12,133,786	82,126,933	192,000,000	286,260,719
Additions during the year	28,409,453	-	-	28,409,453
Amortization for the year	(8,742,977)	-	-	(8,742,977)
Closing net book value	31,800,262	82,126,933	192,000,000	305,927,195
As at 30 June 2018				
Cost	68,429,778	82,126,933	192,000,000	342,556,711
Accumulated amortization	(36,629,516)	-	-	(36,629,516)
Net book value	31,800,262	82,126,933	192,000,000	305,927,195
Amortization rates (% per annum)	25%			

	2017			
	Computer software	Goodwill	Management rights	Total
	(Rupees)			
As at 1 July 2016				
Cost	32,027,019	82,126,933	192,000,000	306,153,952
Accumulated amortization	(23,291,245)	-	-	(23,291,245)
Net book value	8,735,774	82,126,933	192,000,000	282,862,707
Year ended 30 June 2017				
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
Amortization 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
As at 30 June 2017				
Cost	40,020,325	82,126,933	192,000,000	314,147,258
Accumulated amortization	(27,886,539)	-	-	(27,886,539)
Net book value	12,133,786	82,126,933	192,000,000	286,260,719
Amortization rate (% per annum)	25%			

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

5.2.1 In accordance with the requirements of IFRS 3: 'Business combinations', an acquirer 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 amortized, 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.

5.2.2 The recoverable amount for the purpose of assessing impairment of goodwill and management rights allocated to CGU is based on value in use. The calculations performed by the Company's valuer, are based on a five year plan approved by management for its business unit. Value in use is determined by discounting the estimated future cash flows to be generated from the continuing use of CGU, using a discount rate of 16.97% (2017: 15.50%) that reflects current market assessment of the time value of money and the risk specific to the asset. 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 of 4% (2017: 4%) to the final year cash flow of the detailed projections. Based on this exercise at June 30, 2018, recoverable amount of CGU exceeded the carrying amount.

5.2.3 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 management believes that any reasonable possible changes to the key assumptions on which calculation of recoverable amount is based, would not cause the carrying amount to exceed the recoverable amount of value in use 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.

5.3 Depreciation and amortization is allocated as follows:

Note

		2018		2017	
		Depreciation	Amortization	Depreciation	Amortization
		(Rupees)		(Rupees)	
Charged to profit and loss	23	17,328,216	8,542,510	11,380,845	4,119,756
Charged to Collective Investment Schemes under management		406,645	200,467	1,313,672	475,538
		17,734,861	8,742,977	12,694,517	4,595,294

5.4 Capital work in progress

	2018	2017
	(Rupees)	
Opening balance	1,731,725	7,870,791
Additions during the year	6,894,729	8,542,161
Transferred to property and equipment	(6,725,868)	(14,681,227)
Closing balance	1,900,586	1,731,725

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

6	LONG-TERM INVESTMENTS	2018	2017
		(Rupees)	
	Investments in units of pension schemes - related parties		
	Available-for-sale investments	6.1 <u>520,628,175</u>	<u>547,193,018</u>

6.1 Available-for-sale

Name of the Investee fund	As at July 01, 2017	Purchase / Redemption	As at June 30, 2018	As at June 30, 2018			As at June 30, 2017		
				Cost	Market value	Unrealized appreciation	Cost	Market value	Unrealized appreciation
				(Rupees)					
Pakistan Pension Fund	805,305	-	805,305	102,112,651	255,569,563	153,456,912	102,112,651	263,737,823	161,625,172
Alhamra Islamic Pension Fund	876,129	-	876,129	108,787,629	265,058,612	156,270,983	108,787,629	283,455,195	174,667,566
				<u>210,900,280</u>	<u>520,628,175</u>	<u>309,727,895</u>	<u>210,900,280</u>	<u>547,193,018</u>	<u>336,292,738</u>

7	LONG-TERM LOANS AND PREPAYMENTS	Note	2018	2017
			(Rupees)	
	Loans			
	Secured - Considered good			
	- to executives	7.1	6,768,513	4,172,381
	- to other employees		9,311	12,311
	Less: current portion of loans		(1,449,092)	(1,022,135)
			5,328,732	3,162,557
	Prepayments			
	Prepaid commission against Bachat units		64,666,681	43,042,963
	Less: current portion		(39,764,763)	(19,286,683)
			24,901,918	23,756,280
			<u>30,230,650</u>	<u>26,918,837</u>

7.1 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 of the employees. Based on month end balances, the maximum aggregate balance of loans to executives outstanding at any time during the year was Rs. 6.91 million (2017: Rs. 4.17 million).

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

	2018	2017
	(Rupees)	
Opening balance	4,172,381	1,725,268
Disbursements during the year	4,139,600	3,857,600
Repayments made during the year	(1,543,468)	(1,410,487)
Closing balance	<u>6,768,513</u>	<u>4,172,381</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

8 RECEIVABLE FROM RELATED PARTIES	Note	2018	2017
		(Rupees)	
Unsecured - considered good			
Pakistan Income Fund		10,866,481	11,922,840
MCB Pakistan Stock Market Fund		90,829,265	96,611,863
MCB Pakistan Sovereign Fund		33,674,865	34,591,868
Pakistan Capital Market Fund		7,636,924	7,814,098
Pakistan Pension Fund		8,981,026	8,931,470
Alhamra Islamic Pension Fund	1.5	4,457,700	4,667,981
Pakistan Cash Management Fund		12,243,335	13,088,687
Pakistan Income Enhancement Fund		22,778,551	23,380,827
Pakistan Sarmaya Mehfooz Fund		4,267,360	4,677,401
MCB Pakistan Asset allocation Fund		46,366,084	44,131,385
MCB Cash Management Optimizer		64,520,591	59,879,615
MCB DCF Income Fund		134,131,922	135,263,570
MCB Pakistan Frequent Payout Fund		5,058,058	6,416,963
Alhamra Islamic Stock Fund		16,349,173	14,464,430
Alhamra Islamic Asset Allocation Fund		21,112,138	12,495,214
Alhamra Islamic Income Fund		14,312,957	12,765,302
Alhamra Islamic Active Asset Allocation Fund - Plan I		190,781	5,755,523
Alhamra Islamic Active Asset Allocation Fund - Plan II		105,810	73,801
Alhamra Daily Dividend Fund	1.6	197,897	-
MCB Financial Planning Fund (Proposed fund)		1,000,000	-
	8.1	499,080,918	496,932,838
Less: Provision against reimbursable expenses	27.1	-	(21,737,559)
		499,080,918	475,195,279
Advisory fee on account of discretionary portfolio management			
Adamjee Life Assurance Company Limited		9,023,008	8,731,065
Other Receivable			
Adamjee Life Assurance Company Limited		2,500,000	-
Arif Habib Limited		506,193	441,856
	8.2	511,110,119	484,368,200

- 8.1** 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 (FED) amounting to Rs. 399.62 million (2017: 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 18.2 to the financial statements.
- 8.2** Above balances are mark-up free and unsecured. These are neither past due nor impaired except for the FED balances mentioned in note 8.1.
- 8.3** The related parties from whom the maximum aggregate amount outstanding at any time during the year (month-end balance) are as under:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	2017
		(Rupees)	
Pakistan Income Fund		12,001,943	11,922,840
MCB Pakistan Stock Market Fund		90,829,265	96,611,863
MCB Pakistan Sovereign Fund		33,961,939	34,591,868
Pakistan Capital Market Fund		7,636,924	7,814,098
Pakistan Pension Fund		8,981,026	8,931,470
Alhamra Islamic Pension Fund		4,830,275	4,667,981
Pakistan Cash Management Fund		12,670,559	13,088,687
Pakistan Income Enhancement Fund		23,357,620	23,380,827
Pakistan Sarmaya Mehfooz Fund		4,267,360	4,677,401
MCB Pakistan Asset allocation Fund		46,582,181	44,131,385
MCB Cash Management Optimizer		64,520,591	59,879,615
MCB DCF Income Fund		135,694,868	135,263,570
MCB Pakistan Frequent Payout Fund		6,631,659	6,416,963
Alhamra Islamic Stock Fund		16,349,173	14,464,430
Alhamra Islamic Asset Allocation Fund		21,112,138	12,495,214
Alhamra Islamic Income Fund		14,312,957	12,765,302
Alhamra Islamic Active Asset Allocation Fund - Plan I		190,781	5,755,523
Alhamra Islamic Active Asset Allocation Fund - Plan II		151,273	73,801
Alhamra Daily Dividend Fund		198,944	-
Other proposed fund		1,000,000	-
Adamjee Life Assurance Company Limited		11,523,008	8,731,065
Arif Habib Limited		506,193	441,856

9 LOANS AND ADVANCES

	Note	2018	2017
		(Rupees)	
Secured - Considered good			
Current portion of loans to employees	7	1,449,092	1,022,135
Advances - Considered good			
Advance rent		4,309,271	3,916,888
Advances to employees		21,199	51,626
Advances to suppliers and contractors		1,292,708	2,490,142
		5,623,178	6,458,656
		7,072,270	7,480,791

10 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2018	2017
		(Rupees)	
DEPOSITS		1,697,676	-
Prepayments			
Registration fee		568,509	1,659,480
Insurance		5,144,565	3,946,739
Current portion of prepaid commission against Bachat units	7	39,764,763	19,286,683
Others		1,675,609	2,818,896
		47,153,446	27,711,798

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	2017
		(Rupees)	
Other receivables			
Advisory fee receivable on account of discretionary portfolio management		31,824,743	34,209,517
Others		376,950	436,581
		32,201,693	34,646,098
Provision against advisory fee	10.1	(5,944,619)	-
		<u>75,108,196</u>	<u>62,357,896</u>
10.1 MOVEMENT IN PROVISION			
Opening balance		-	-
Provision made during the year		5,944,619	-
Reversal of provision		-	-
Closing balance		<u>5,944,619</u>	<u>-</u>
11 ACCRUED MARK-UP			
This represents mark-up receivable on bank deposits.			
12 SHORT-TERM INVESTMENTS			
At fair value through profit or loss - related parties	12.1	424,303,397	384,081,782
Available-for-sale investments - related parties	12.2	194,268,111	285,219,388
		<u>618,571,508</u>	<u>669,301,170</u>

12.1 At fair value through profit or loss

Name of the Investee Fund	As at July 01, 2017	Purchases / dividend reinvested	Redemptions / sale	As at June 30, 2018	As at June 30, 2018			As at June 30, 2017		
					Carrying value	Market value	Unrealized appreciation	Carrying value	Market value	Unrealized appreciation
	----- (Number of units) -----					----- (Rupees) -----				
MCB Cash Management										
Optimizer	3,821,037	5,127,728	(4,943,413)	4,005,352	413,665,189	424,303,397	10,638,208	383,488,757	384,081,782	593,025
MCB Pakistan Stock										
Market Fund	-	557,576	(557,576)	-	-	-	-	-	-	-
Alhamra Daily Dividend										
Fund	-	1,069,968	(1,069,968)	-	-	-	-	-	-	-
					413,665,189	424,303,397	10,638,208	383,488,757	384,081,782	593,025

12.2 Available-for-sale investments

Name of the Investee Fund	As at July 01, 2017	Purchases during the year	Redemptions	As at June 30, 2018	As at June 30, 2018			As at June 30, 2017		
					Carrying value	Market value	Unrealized (diminution)	Carrying value	Market value	Unrealized (diminution)
	----- (Number of units) -----					----- (Rupees) -----				
MCB Pakistan Stock										
Market Fund	2,782,582	242,615	(976,209)	2,048,988	222,097,077	194,268,111	(27,828,966)	303,928,693	285,219,388	(18,709,305)
					222,097,077	194,268,111	(27,828,966)	303,928,693	285,219,388	(18,709,305)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

13	ADVANCE TAX - NET OF PROVISIONS	Note	2018	2017
			(Rupees)	
	Advance tax		84,277,463	105,024,475
	Income tax refundable		47,113,604	40,889,737
			131,391,067	145,914,212
	Provision for taxation	28	(68,895,140)	(78,183,861)
			62,495,927	67,730,351

Income tax refundable includes assessed refunds for the tax years 2008, 2009, 2010, 2011 and 2017.

14	CASH AND BANK BALANCES	Note	2018	2017
			(Rupees)	
	Balances with bank in			
	- saving accounts	14.1	15,262,022	14,391,629
	- current accounts	14.2	4,212,024	4,275,868
			19,474,046	18,667,497
	Cash in hand		17,007	25,000
			19,491,053	18,692,497

14.1 These represent deposits made with conventional banks under mark-up arrangements with mark-up rate ranging between 2.80% to 6.00% (2017: 3.16% to 5.5%) per annum and include balances in accounts maintained with related parties; MCB Bank Limited amounting to Rs. 10.689 million (2017: Rs. 7.109 million) which carries mark-up at the rate of 5.5% (2017: 3.75%) per annum and MCB Islamic Bank Limited amounting to Rs. 1.057 million (2017: Rs. 2.745 million) which carries mark-up at the rate of 2.9% (2017: 3.75%) per annum.

14.2 These represent balances in accounts maintained with conventional banks and include amounts placed with MCB Bank Limited (a related party) amounting to Rs. 4.025 million (2017: Rs. 4.097 million).

15 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2018	2017		Note	2018	2017
(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	16.1	360,000,000	360,000,000
72,000,000	72,000,000			720,000,000	720,000,000

15.1 Shares held by the related parties of the Company

	2018	2017
	(Number of shares)	
Particulars of the shareholders		
MCB Bank Limited	36,956,768	36,956,768
Arif Habib Corporation Limited	21,664,167	21,664,167
Adamjee Insurance Company Limited	5,462,000	-
Directors, spouses and their minor children	29,826	29,826
Others	1,200	1,200

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

15.2 There is no shareholder agreement for voting rights, board election, rights of first refusal and block voting.

	Note	2018	2017
		(Rupees)	
16 DEFICIT ARISING ON AMALGAMATION			
Deficit arising on amalgamation	16.1	<u>60,000,000</u>	<u>60,000,000</u>

16.1 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.

	Note	2018	2017
		(Rupees)	
17 DEFERRED TAX LIABILITY - NET			
Deferred tax credits / (debits) arising in respect of :			
- Property and equipment		3,438,902	1,191,351
- Intangible assets		55,700,838	50,071,343
- Investments at fair value through profit or loss		1,595,731	88,962
- Provision against advisory fee		(1,723,940)	-
- Available-for-sale investments		(4,174,345)	(2,338,670)
	17.1	<u>54,837,186</u>	<u>49,012,986</u>

17.1 Movement of deferred tax (asset) / liability

	Balance as at 30 June 2016	Recognized in profit and loss account 2017	Recognized in other comprehensive income	Balance as at 30 June 2017	Recognized in profit and loss account	Recognized in other comprehensive income 2018	Balance as at 30 June 2018
	----- (Rupees) -----						
Taxable temporary differences							
- Property and equipment	1,236,999	(45,648)	-	1,191,351	2,247,551	-	3,438,902
- Intangible assets	44,206,773	5,864,570	-	50,071,343	5,629,495	-	55,700,838
- Investments at fair value through profit or loss	327,293	(238,331)	-	88,962	1,506,769	-	1,595,731
	<u>45,771,065</u>	<u>5,580,591</u>	<u>-</u>	<u>51,351,656</u>	<u>9,383,815</u>	<u>-</u>	<u>60,735,471</u>
Deductible temporary differences							
- Provision against advisory fee	-	-	-	-	(1,723,940)	-	(1,723,940)
- Available-for-sale investments	1,466,837	-	(3,805,507)	(2,338,670)	(4,174,345)	2,338,670	(4,174,345)
	<u>47,237,902</u>	<u>5,580,591</u>	<u>(3,805,507)</u>	<u>49,012,986</u>	<u>3,485,530</u>	<u>2,338,670</u>	<u>54,837,186</u>

17.2 Deferred tax balance has been recognized at the rates at which these are expected to be settled or realized.

	Note	2018	2017
		(Rupees)	
18 TRADE AND OTHER PAYABLES			
Accrued expenses		81,637,452	95,288,194
Workers' welfare fund	18.1	25,569,050	21,487,250
Withholding tax payable		1,767,302	1,049,723
Indirect taxes and duties payable	18.2	408,073,171	415,647,852
Payable to facilitators / distributors		105,103,974	97,474,548
		<u>622,150,949</u>	<u>630,947,567</u>

18.1 Workers' welfare fund

Through Finance Act, 2008, the Federal Government introduced amendments to the Workers' Welfare Fund (WWF)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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.

The Supreme Court of Pakistan vide its order dated November 10, 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 on January 12, 2017. 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 July 01, 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. 25.86 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.

18.2 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 June 13, 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 September 4, 2013 challenging the levy of FED. The Sindh High Court in its decision dated July 16, 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.

Through Finance Act, 2016, FED on services rendered by non-banking financial institutions including asset management companies, which are already subject to provincial sales tax, has been withdrawn. Therefore, in the current year, provision for FED has not been recorded.

19 CONTINGENCIES AND COMMITMENTS

- 19.1** The Punjab Revenue Authority issued a show cause notice no. PRA/AM.70/14/18 dated June 20, 2014 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, by filing 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.
- 19.2** 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, amortization of management rights / goodwill created on merger of the MCB Asset Management Company (MCB AMC) into the Company etc. The Company filed an appeal before the Commissioner Inland Revenue – Appeals [CIR-A] against the impugned order and notice of demand issued there against. The CIR-A annulled the Order of the ACIR by deleting demand on all the issues raised therein. An appeal against the order of CIR-A has been filed before the Appellate Tribunal Inland Revenue [ATIR] by the Commissioner Inland Revenue. The company, in consultation with its tax advisor, is confident of a favourable outcome.
- 19.3** 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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

were conducted by the Deputy Commissioner Inland Revenue [DCIR] and a Show-Cause Notice [SCN] dated February 10, 2017 was issued thereafter. 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, amortization of management rights / goodwill created on merger of the MCB AMC into the Company etc. An appeal before the CIR-A was filed by the Company which has been adjudged in favor of the Company in respect of major disallowances made in the Order of the DCIR. In respect of the matters confirmed by the CIR-A, the Company has filed an appeal before the ATIR. For issues deleted / set-aside by the CIR-A, an appeal has also been filed by the Commissioner Inland Revenue before the ATIR. The company, in consultation with its tax advisor, is confident of a favourable outcome in respect of the said appeals.

- 19.4** On March 29, 2017, the 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, amortization of management rights / goodwill created on merger of the MCB AMC into the Company, disallowance of brought forward losses / refunds of prior periods etc. The Company filed an appeal before the CIR-A against the impugned order and notice of demand issued there against. The CIR-A annulled the Order of the ACIR by deleting demand on all the issues raised therein. An appeal against the order of the CIR-A has been filed before the ATIR by the Commissioner Inland Revenue. The company, in consultation with its tax advisor, is confident of a favourable outcome in respect of the said appeals.
- 19.5** On April 29, 2017, a notice under section 122(9) of the Income Tax Ordinance, 2001 was issued by the ACIR to conduct the amendment of assessment proceedings for tax year 2011 of the pre-merger entity MCB AMC. On July 3, 2017 an order under section 122(5A) of the Income Tax Ordinance, 2001, was passed to conclude the said proceedings. 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 CIR-A against the impugned order and notice of demand issued there against. During the year ended June 30, 2018, order of the CIR-A was received by the Company whereby the demand on major issues was deleted. In respect of the matters confirmed by the CIR-A, the Company has filed an appeal before the ATIR. For issues deleted / set-aside by the CIR-A, an appeal has also been filed by the Commissioner Inland Revenue before the ATIR. The company, in consultation with its tax advisor, is confident of a favourable outcome in respect of the said appeals.
- 19.6** On February 29, 2016, the 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. The Company filed an appeal before the CIR-A against the said order. The CIR-A vide order dated December 11, 2017 deleted the disallowances made by the DCIR. Subsequently, the ACIR relating to tax year 2010 of MCB AMC treated tax deduction under section 153(1)(b) on service as minimum tax creating demand of Rs 0.980 million on May 4, 2016. The Company filed an appeal before CIR-A. The CIR-A vide order dated January 22, 2018 has confirmed the treatment of ACIR. The Company has filed an appeal before the ATIR against the order of CIR-A. The company, in consultation with its tax advisor, is confident of a favourable outcome in respect of the said appeals.
- 19.7** On November 24, 2017, the Company received two orders pertaining to tax years 2015 and 2016 passed by the ACIR and DCIR raising demands of Rs. 119.350 million and Rs. 142.008 million respectively. The disallowances mainly pertained to apportionment of expenses, management / processing fee and related income sharing, amortization of management rights / goodwill created on merger of the MCB AMC into the Company, treatment of provision for FED as income of the Company etc. The Company filed separate appeals before the CIR-A against the impugned orders and notices of demand issued there against. During the year ended June 30, 2018, orders of CIR-A were received against the said appeals. For issues decided against the Company, appeals before the ATIR have been filed by the Company. The company, in consultation with its tax advisor, is confident of a favourable outcome in respect of the said appeals.
- 19.8** 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 which is pending adjudication. The management is expecting a favourable outcome of the aforesaid appeal.
- 19.9** During the year ended June 30, 2015, the Company had obtained a short-term running finance facility under mark up arrangement with MCB Bank Limited (a related party) amounting to Rs. 500 million. The facility carries mark-up at one month KIBOR+0.5% (2017: KIBOR+0.5%) per annum. The facility is secured against pledge of government securities i.e. PIBs and T-Bills only and will be expired on May 31, 2019. However, the facility is unutilized as at June 30, 2018.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

20	MANAGEMENT FEE / INVESTMENT ADVISORY FEE	Note	2018	2017
			(Rupees)	
	From Collective Investment Schemes - related parties			
	MCB Cash Management Optimizer		92,168,157	50,209,679
	MCB DCF Income Fund		92,974,053	109,812,502
	MCB Pakistan Asset Allocation Fund		72,913,131	54,325,904
	MCB Pakistan Frequent Payout Fund		7,558,987	12,397,586
	MCB Pakistan Sovereign Fund		7,113,329	41,630,370
	MCB Pakistan Stock Market Fund		237,048,344	238,963,247
	Pakistan Cash Management Fund		4,948,020	9,641,485
	Pakistan Capital Market Fund		14,242,527	15,111,316
	Pakistan Income Enhancement Fund		21,304,989	38,067,443
	Pakistan Income Fund		23,416,244	18,268,678
	Pakistan Sarmaya Mehfooz Fund		-	3,532,121
	Alhamra Islamic Income Fund		19,711,998	7,369,318
	Alhamra Islamic Stock Fund		72,800,197	42,697,197
	Alhamra Islamic Asset Allocation Fund		56,364,912	26,207,071
	Alhamra Active Asset Allocation Fund Plan I		938,601	4,871,711
	Alhamra Active Asset Allocation Fund Plan II		477,814	33,536
	Alhamra Daily Dividend Fund	1.6	377,613	-
			724,358,916	673,139,164
	Pension schemes - related parties			
	Alhamra Islamic Pension Fund	1.5	12,167,160	10,644,922
	Pakistan Pension Fund		24,647,536	22,434,266
			36,814,696	33,079,188
		20.1	761,173,612	706,218,352
	Investment advisory fee from discretionary portfolio management	20.2	31,679,863	43,796,785
			792,853,475	750,015,137
	Less: Indirect taxes and duties on management fee / investment advisory fee			
	Sindh sales tax		(91,213,232)	(86,284,927)
	Federal excise duty		-	-
			701,640,243	663,730,210

- 20.1** Management fee from open-end Collective Investment Schemes is calculated by charging the specified rates to the net asset value / income of such schemes as at the close of business of each calendar day. 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.
- 20.2** The Company is managing investments under discretionary portfolio management agreements. 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, 2018

21 PROFIT ON BANK DEPOSITS

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

22 CAPITAL GAIN ON SALE OF INVESTMENTS - NET

2018 2017

(Rupees)

Loss on sale of government securities	-	(1,695,982)
(Loss) / gain on redemption of units of collective investment schemes	<u>(5,212,252)</u>	<u>91,040,961</u>
	<u>(5,212,252)</u>	<u>89,344,979</u>

23 ADMINISTRATIVE EXPENSES

Note

2018

2017

(Rupees)

Salaries, allowances and other benefits	23.2	278,284,829	214,898,995
Legal and professional charges	23.3	9,739,235	16,631,086
Travelling and conveyance charges		12,081,276	7,635,734
Rent, utilities, repairs and maintenance		83,872,525	61,062,947
Office supplies		1,144,874	887,666
Auditors' remuneration	23.4	2,395,000	2,275,000
Directors' meeting fee		4,700,000	3,500,000
Insurance		1,559,296	1,479,018
Depreciation	5.3	17,328,216	11,380,845
Amortization	5.3	8,542,510	4,119,756
Stamp duty and taxes		438,050	122,825
Registrar fee		558,811	766,192
Printing and stationery		3,742,303	2,582,994
Telephone expenses		7,252,445	5,832,516
Entertainment expenses		3,813,695	4,041,156
Books, periodicals and subscription		17,844,883	10,663,050
Provision against advisory fee	10.1	5,260,723	-
Miscellaneous expenses		-	1,163,100
		<u>458,558,671</u>	<u>349,042,880</u>

23.1 The SECP vide S.R.O No. 1160 (1) / 2015 dated November 25, 2015 introduced amendments in the NBFC Regulations 2008. As a result of these amendments, the management company may charge fees and expenses pertaining to registrar services, accounting, operations on CISs upto a maximum of 0.1% of average annual net assets of the scheme. Accordingly, expenses amounting to Rs. 48.96 million (2017: Rs. 44.109 million) have been charged by the Company to the respective CISs under its management.

23.2 This amount includes contributions on behalf of the employees to pension fund (note 3.6) amounting to Rs. 8.2 million (2017: Rs 5.238 million).

23.3 This includes Rs. 0.3 million paid to PSX as a penalty in respect of non-compliance of clause 5.7.2 (d) of Pakistan Stock Exchange regulations.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

23.4	Auditors' remuneration		2018	2017
			(Rupees)	
	Audit fee		1,575,000	1,500,000
	Half yearly review fee		290,000	275,000
	Fee for the review of compliance with the best practices of the Code of Corporate Governance		80,000	75,000
	Fee for other services		375,000	350,000
	Out of pocket expenses		75,000	75,000
			2,395,000	2,275,000
24	SELLING AND DISTRIBUTION EXPENSES			
	Commission expense	24.1 & 24.2	38,541,760	119,722,208
	Marketing and other expenses		44,860,552	46,873,917
			83,402,312	166,596,125
24.1	This includes an amount of Rs. 53.067 million (2017: Rs. 48.586 million) pertaining to MCB Bank Limited (a related party).			
24.2	The SECP vide Circular 40/2016 dated December 30, 2016, prescribed certain conditions on Asset Management Companies (AMCs) 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 three branches required to be opened in June 30, 2018. 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. 78.909 million have been charged by the Company to aforesaid funds under its management.			
25	FINANCIAL CHARGES			
	Bank charges		410,790	603,359
26	WORKERS' WELFARE FUND			
	Workers' welfare fund		4,081,800	6,025,000
27	OTHER INCOME	<i>Note</i>	2018	2017
			(Rupees)	
	Income from assets other than financial assets			
	(Loss) / gain on disposal of fixed assets - net		(68,524)	176,633
	Reversal of provision against selling and marketing	27.1	21,737,559	-
	Sale of software right to a related party		5,000,000	-
	Others	27.2	13,337,445	14,545,055
			40,006,480	14,721,688
27.1	This amount represents reversal of provision of selling and marketing expenses which were provided last year as payments were held by CDC due to an objection raised by them. During the year, CDC released the payment, as a result the amount provided is reversed.			
27.2	This includes reversal of liabilities of Rs. 11.8 million.			
28	TAXATION	<i>Note</i>	2018	2017
			(Rupees)	
	Current		65,586,803	77,096,551
	Prior		3,308,337	1,087,310
			68,895,140	78,183,861
	Deferred	17.1	3,485,530	5,580,591
		28.1	72,380,670	83,764,452

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

28.1 Relationship between income tax expense and accounting profit

The tax 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.

28.2 The income tax returns upto the tax year 2017 have been filed under the self assessment scheme and are deemed to be finalized under section 120 of the Income Tax Ordinance, 2001. Deemed assessment for certain tax years have been amended by the department on account of various issues as explained in note 19 to the financial statements.

28.3 The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 as amended through Finance Act 2018 and requires every public company other than a scheduled bank or a modaraba, that derives profit for a tax year but does not distribute at least 20 percent of its after tax profits within six months of the end of the tax year through cash.

The Board of Directors in their meeting held on September 14, 2018, have recommended sufficient cash dividend for the year ended 30 June 2018 for the consideration and approval of the shareholders of the Company in the forthcoming annual general meeting which complies with the above stated requirements. Accordingly, no provision for tax on undistributed profit has been recognised in these financial statements for the year ended 30 June 2018.

28.4 Sufficient provision for tax has been made in these financial statements taking into account the profit or loss for the year and various admissible and inadmissible allowances and deduction under the Income Tax Ordinance, 2001. Position of provision and assessment including returns filed and deemed assessed for last three years are as follows:

	2017	2016	2015
	-----	-----	-----
	(Rupees)		
Tax provision including effects of prior years	<u>80,404,888</u>	<u>112,597,711</u>	<u>110,029,592</u>
Tax assessed / return filed	<u>80,404,887</u>	<u>112,597,710</u>	<u>110,029,592</u>

29 EARNINGS PER SHARE

29.1 Basic

Earnings per share has been computed by dividing profit after taxation for the year by the weighted average number of ordinary shares outstanding during the year:

	2018	2017
	-----	-----
	(Rupees)	
Profit for the year after taxation	<u>124,192,903</u>	<u>202,194,317</u>
	(Number of shares)	
Weighted average number of ordinary shares outstanding during the year	<u>72,000,000</u>	<u>72,000,000</u>
	(Rupees)	
Basic earnings per share	<u>1.72</u>	<u>2.81</u>

29.2 Diluted

Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2018 and 2017 which would have any effect on the earnings per share if the option to convert is exercised.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

30 NET UNREALISED APPRECIATION/DIMINUTION ON RE-MEASUREMENT OF INVESTMENTS CLASSIFIED AS 'AVAILABLE-FOR-SALE'	Note	2018	2017
		(Rupees)	
Long-term Investments:			
Market value of investments		520,628,175	547,193,018
Less: Carrying value of investments	6.1	(210,900,280)	(210,900,280)
		309,727,895	336,292,738
Less: Net unrealized appreciation in fair value of investments at the beginning of the year		(336,292,738)	(245,122,471)
		(26,564,843)	91,170,267
Short-term Investments:			
Market value of investments		194,268,111	285,219,388
Less: Carrying value of investments	12.2	(222,097,077)	(303,928,693)
		(27,828,966)	(18,709,305)
Less: Net unrealized appreciation in fair value of investments at the beginning of the year		18,709,305	(14,152,136)
Add: Amount realized on redemption		(6,563,770)	11,118,149
		(15,683,431)	(21,743,292)
		(42,248,274)	69,426,975
31 CASH AND CASH EQUIVALENTS			
Cash and bank balances	14	19,491,053	18,692,497

32 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 is as follows:

Particulars	2018			2017		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
	(Rupees)					
Managerial remuneration	7,854,539	-	46,445,480	6,545,455	-	53,483,376
Bonus	-	-	31,300,000	4,320,000	-	22,224,404
Retirement benefits	662,086	-	3,204,300	546,792	-	4,612,969
Rent and house maintenance	3,534,539	-	18,605,859	2,945,455	-	19,329,824
Utilities	785,459	-	4,134,620	654,545	-	4,295,516
Medical	785,463	-	4,134,632	654,545	-	4,295,516
Meeting fee	-	4,700,000	-	-	3,500,000	-
Others	4,318,178	-	12,195,111	4,223,889	-	12,049,188
	17,940,264	4,700,000	120,020,002	19,890,681	3,500,000	120,290,793
Number of persons	1	7	18	1	7	40

Executive means an employee of a listed company other than the chief executive and directors whose basic salary exceeds Rs. 1.2 million in a financial year. The chief executive officer and executives are also provided with medical facilities in accordance with their entitlements. The company is also providing a personal secretary, servant, health insurance and company maintained car for personal use of Vice Chairman.

33 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 96% and 4% (2017: 94.16% and 5.84%) respectively of the total income earned during the year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

34 FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2018			
Loans and receivables	Available-for-sale	At fair value through profit or loss	Total
(Rupees)			
Assets			
Non-current assets			
Long-term investments	520,628,175	-	520,628,175
Long-term loans and receivables	-	-	5,328,732
Long-term deposits	-	-	3,089,228
8,417,960	520,628,175	-	529,046,135
Current assets			
Receivable from related parties	-	-	511,110,119
Loans and advances	-	-	1,449,092
Deposits, prepayments and other receivables	-	-	32,201,693
Accrued mark-up	-	-	200,207
Short-term investments	194,268,111	424,303,397	618,571,508
Cash and bank balances	-	-	19,491,053
564,452,164	194,268,111	424,303,397	1,183,023,672
572,870,124	714,896,286	424,303,397	1,712,069,807

As at June 30, 2018			
	At amortized cost	At fair value through profit or loss	Total
(Rupees)			
Liabilities			
Current liabilities			
Unclaimed dividend	4,203,632	-	4,203,632
Trade and other payables	622,150,949	-	622,150,949
	626,354,581		626,354,581

As at June 30, 2017			
Loans and receivables	Available-for-sale	At fair value through profit or loss	Total
(Rupees)			
Assets			
Non-current assets			
Long-term investments	547,193,018	-	547,193,018
Long-term loans and receivables	-	-	3,162,557
Long-term deposits	-	-	4,594,738
7,757,295	547,193,018	-	554,950,313
Current assets			
Receivable from related parties	-	-	484,368,200
Loans and advances	-	-	27,928,661
Deposits, prepayments and other receivables	-	-	34,950,796
Accrued mark-up	-	-	72,809
Short-term investments	285,219,388	384,081,782	669,301,170
Cash and bank balances	-	-	18,692,497
538,801,739	285,219,388	384,081,782	1,235,314,133
546,559,034	832,412,406	384,081,782	1,790,264,446

As at June 30, 2017			
	At amortized cost	At fair value through profit or loss	Total
(Rupees)			
Liabilities			
Current liabilities			
Unclaimed dividend	4,275,656	-	4,275,656
Trade and other payables	630,947,567	-	630,947,567
	635,223,223		635,223,223

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

35.1 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 minimize the effects of these risks by managing financial assets and liabilities to minimize the risk exposures. Compliance with policies and exposure limits are reviewed by the internal audit function on a continuous basis.

35.2 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 optimizing 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.

35.2.1 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.

35.2.2 Yield / interest rate risk

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

a) Sensitivity analysis for variable rate instruments

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

b) Sensitivity analysis of fixed rate instruments

Fixed rate instruments comprise balances with banks in savings accounts. The income from these financial assets are substantially independent of changes in market interest rates.

The composition of the Company's investment portfolio and KIBOR rates are expected to change over time. Therefore, the sensitivity analysis prepared as of June 30, 2018 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, 2018

[illegible]

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

As at June 30, 2017

Particulars	Effective rate of interest / mark-up	Interest / mark-up bearing					Non-interest / mark up bearing					Sub-total	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	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		
----- (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	
Long-term deposits	-	-	-	-	-	-	-	-	-	-	4,594,736	4,594,736	
Receivable from related parties	-	-	-	-	-	-	62,001,438	-	-	89,484,523	354,648,221	506,134,182	
Deposits and other receivables	-	-	-	-	-	-	-	-	-	34,646,098	-	34,646,098	
Accrued mark-up	-	-	-	-	-	-	72,809	-	-	-	72,809	72,809	
Cash and bank balances	3.16% - 5.50%	-	-	-	14,391,629	-	-	-	-	4,300,868	-	4,300,868	
		-	-	-	14,391,629	-	62,159,425	170,356	255,534	798,176,361	932,248,679	1,793,010,355	
Financial liabilities													
Unclaimed dividend	-	-	-	-	-	-	-	-	-	-	4,275,656	4,275,656	
Trade and other payables	-	-	-	-	-	-	-	-	-	193,812,465	437,135,102	630,947,567	
		-	-	-	-	-	-	-	-	193,812,465	441,410,758	635,223,223	
On-balance sheet gap (a) *													
	-	-	-	-	14,391,629	-	62,159,425	170,356	255,534	604,363,896	490,837,921	1,157,787,132	
Off-balance sheet gap (b)													
	-	-	-	-	-	-	-	-	-	-	-	-	
Total interest rate sensitivity gap (a+b)													
	-	-	-	-	14,391,629	-	62,159,425	170,356	255,534	604,363,896	490,837,921	1,172,178,761	
Cumulative interest rate sensitivity gap													
	-	-	-	-	14,391,629	-	62,159,425	170,356	255,534	604,363,896	490,837,921	1,172,178,761	

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

35.2.3 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. 3.840 million (2017: Rs. 3.888 million), other comprehensive income for the year would be higher / lower by Rs 7.148 million (2017: Rs 8.324 million) and total comprehensive income for the year would be higher / lower by Rs. 10.989 million (2017: Rs. 12.165 million).

35.3 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, 2018 is the carrying amount of the financial assets as set out below:

	2018	2017
	(Rupees)	
Financial assets		
Investments	1,139,199,683	1,012,220,865
Long term deposits	3,089,228	4,594,738
Long-term loans and advances	5,328,732	26,918,837
Receivable from related parties	511,110,119	484,368,200
Loans and advances	2,762,999	4,184,692
Other receivables	32,201,693	34,646,098
Accrued mark-up	200,207	72,809
Cash and bank balances	19,474,046	18,667,497
	1,713,366,708	1,585,673,736

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

Fund	As at June 30, 2018		As at June 30, 2017		Rating agency
	Long-term	Short-term	Long-term	Short-term	
	----- (Performance ranking) -----				
MCB Pakistan Asset Allocation Fund	3 - star	3 - star	4 - star	3 - star	PACRA
Alhamra Islamic Stock Fund	3 - star	4 - star	-	4 - star	PACRA
MCB Pakistan Stock Market Fund	4 - star	4 - star	4 - star	3 - star	PACRA
Pakistan Capital Market Fund	5 - star	4 - star	4 - star	4 - star	PACRA
MCB Pakistan Frequent Payout Fund	-	4 - star	-	2 - star	PACRA
Alhamra Islamic Asset Allocation Fund	4 - star	4 - star	4 - star	4 - star	PACRA

	As at June 30, 2018	As at June 30, 2017	Rating agency
	----- (Stability rating) -----		
MCB Cash Management Optimizer	AA+(f)	AA (f)	PACRA
MCB DCF Income Fund	A+(f)	A +	PACRA
Alhamra Islamic Income Fund	AA-(f)	AA - (f)	PACRA
MCB Pakistan Sovereign Fund	AA-(f)	AA - (f)	PACRA
Pakistan Cash Management Fund	AA+(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	N/A	CP2 +	PACRA

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

BANK	As at June 30, 2018		As at June 30, 2017		Rating agency
	Short-term	Long-term	Short-term	Long-term	
	----- (Rating) -----				
MCB Bank Limited	A1+	AAA	AAA	A1+	PACRA
Summit Bank Limited	A-1	A-	A-	A-1	JCR-VIS
Bank Al Habib Limited	A1+	AA+	AA+	A1+	PACRA
NIB Bank Limited	N/A	N/A	AA-	A1+	PACRA
Faysal Bank Limited	A1+	AA	AA	A1+	PACRA
MCB Islamic Bank Limited	A1	A	A	A1	PACRA
Bank Alfalah Limited	A1+	AA+	AA	A1+	PACRA

35.4 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, 2018, the Company's cash and bank balances amounted to Rs 19.491 million (2017: Rs 18.692 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 35.2.2.(b).

36 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.

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 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:

- Level 1
quoted prices (unadjusted) in active markets for identical assets or liabilities ;
- Level 2
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
- Level 3
inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

On-balance sheet financial instruments	As at June 30, 2018						
	Carrying amount				Fair value		
	Investments	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
Financial assets	(Rupees)						
measured at fair value							
Long-term investments	520,628,175	-	-	520,628,175	520,628,175	-	-
Short-term investments	618,571,508	-	-	618,571,508	618,571,508	-	-
	<u>1,139,199,683</u>	<u>-</u>	<u>-</u>	<u>1,139,199,683</u>			
Financial assets not measured at fair value							
Long-term loans and prepayments	-	5,328,732	-	5,328,732			
Long-term deposits	-	3,089,228	-	3,089,228			
Receivable from related parties	-	511,110,119	-	511,110,119			
Loans and advances	-	1,449,092	-	1,449,092			
Other receivables	-	32,201,693	-	32,201,693			
Accrued mark-up	-	200,207	-	200,207			
Cash and bank balances	-	19,491,053	-	19,491,053			
	<u>-</u>	<u>572,870,124</u>	<u>-</u>	<u>572,870,124</u>			
Financial liabilities not measured at fair value							
Unclaimed dividend	-	-	4,203,632	4,203,632			
Trade and other payables	-	-	622,150,949	622,150,949			
	<u>-</u>	<u>-</u>	<u>626,354,581</u>	<u>626,354,581</u>			
On-balance sheet financial instruments	As at June 30, 2017						
	Carrying amount				Fair value		
	Investments	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
Financial assets	(Rupees)						
measured at fair value							
Long-term investments	547,193,018	-	-	547,193,018	547,193,018	-	-
Short-term investments	669,301,170	-	-	669,301,170	669,301,170	-	-
	<u>1,216,494,188</u>	<u>-</u>	<u>-</u>	<u>1,216,494,188</u>			
Financial assets not measured at fair value							
Long-term loans and prepayments	-	3,162,557	-	3,162,557			
Long-term deposits	-	4,594,738	-	4,594,738			
Receivable from related parties	-	484,368,200	-	484,368,200			
Loans and advances	-	1,022,135	-	1,022,135			
Other receivables	-	34,646,098	-	34,646,098			
Accrued mark-up	-	72,809	-	72,809			
Cash and bank balances	-	18,692,497	-	18,692,497			
	<u>-</u>	<u>546,559,034</u>	<u>-</u>	<u>546,559,034</u>			
Financial liabilities not measured at fair value							
Unclaimed dividend	-	-	4,275,656	4,275,656			
Trade and other payables	-	-	630,947,567	630,947,567			
	<u>-</u>	<u>-</u>	<u>635,223,223</u>	<u>635,223,223</u>			

37 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, 2018.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

38 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:

38.1 Transactions with related parties during the year

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	2018 (Rupees)	2017
MCB BANK LIMITED	Parent company with 51.33% Holding	Commission and other expenses	53,066,755	69,249,917
		Profit on bank deposits	1,228,121	676,396
		Bank charges	410,790	590,916
		Reimbursement of expenses	12,966,250	15,000,000
		Branch sharing expenses	4,339,916	5,031,674
		Dividend paid	64,674,344	120,109,496
		Reversal of liability	5,693,750	-
MCB ISLAMIC BANK LIMITED	Subsidiary of Parent Company	Profit on bank deposits	27,916	113,311
		Bank charges	-	12,443
NISHAT REAL ESTATE DEVELOPMENT COMPANY (PVT) LIMITED	Group Company of Parent Company	Rent expense	3,398,747	2,614,420
		Rent deposit	-	784,326
NISHAT HOTELS AND PROPERTIES LIMITED	Group Company of Parent Company	Rent expense	2,480,000	800,000
ADAMJEE LIFE ASSURANCE COMPANY LIMITED	Group Company of Parent Company	Investment advisory fee	14,480,626	8,731,065
		Amount paid against life assurance	8,067,444	6,649,847
		Sale of software	5,000,000	-
ADAMJEE INSURANCE COMPANY LIMITED	Group Company of Parent Company	Amount paid against insurance	1,367,545	1,580,415
		Amount received against insurance claim	333,297	119,220
		Dividend paid	8,954,750	1,518,720
MCB FINANCIAL SERVICES LIMITED	Subsidiary of Parent Company	Reimbursement of expenses	-	8,720
		Trustee fee	-	2,340,000
ARIF HABIB CORPORATION LIMITED	Associate with 30.09% Holding Company	Dividend paid	37,912,292	70,408,543
ARIF HABIB LIMITED	Subsidiary of Associated Company	Sharing of expenses	712,541	441,856
MCB CASH MANAGEMENT OPTIMIZER	Funds under management	Management fee	81,564,741	44,433,344
		Reimbursement of expenses	12,767,852	7,049,087
		Investment in units	529,644,149	1,722,668,015
		Redemption of units	508,500,000	1,359,985,488
MCB DCF INCOME FUND	Funds under management	Management fee	82,277,923	97,179,205
		Share of sales load	171,876	117,248
		Back end load	23,620	-
		Reimbursement of expenses	5,485,195	6,841,653
		Investment in units	-	439,588,644
		Redemption of units	-	440,229,055
ALHAMRA ISLAMIC INCOME FUND	Funds under management	Management fee	17,444,246	6,521,520
		Share of sales load	639,078	100,268
		Reimbursement of expenses	2,774,206	1,039,573
		Sharia fee paid on behalf of the fund	900,000	900,000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	2018 (Rupees)	2017
MCB PAKISTAN ASSET ALLOCATION FUND	Funds under management	Management fee	64,524,895	48,076,021
		Share of sales load	192,503	250,953
		Reimbursement of expenses	3,226,245	2,403,358
		Selling and marketing	12,904,131	2,799,803
		Back-end load	9,122,365	6,939
		Redemption of units	-	85,500,324
MCB PAKISTAN FREQUENT PAYOUT FUND	Funds under management	Management fee	6,689,369	10,971,315
		Share of sales load	-	21,513
		Reimbursement of expenses	664,206	1,050,529
		Selling and marketing	1,053,116	1,045,581
ALHAMRA ISLAMIC STOCK FUND	Funds under management	Management fee	64,424,953	37,785,130
		Share of sales load	408,992	1,030,050
		Reimbursement of expenses	3,221,248	1,889,284
		Selling and marketing	12,884,773	2,961,255
		Sharia fee paid on behalf of the fund	900,000	900,000
MCB PAKISTAN SOVEREIGN FUND	Funds under management	Management fee	6,294,981	36,841,035
		Share of sales load	38,497	69,715
		Reimbursement of expenses	985,132	5,264,888
		Investments in units	-	124,986,422
		Redemption of units	-	440,638,231
MCB PAKISTAN STOCK MARKET FUND	Funds under management	Management fee	209,777,296	211,471,900
		Share of sales load	2,011,613	3,370,419
		Back-end load	20,699	-
		Reimbursement of expenses	10,488,865	10,573,595
		Selling and marketing	41,955,460	13,336,300
		Dividend income	-	25,574,849
		Investments in units	74,467,287	433,776,048
		Redemption of units	142,647,360	340,000,000
PAKISTAN CAPITAL MARKET FUND	Funds under management	Management fee	12,604,006	13,372,846
		Share of sales load	61,495	137,175
		Reimbursement of expenses	630,200	668,643
		Selling and marketing	138,284	-
PAKISTAN CASH MANAGEMENT FUND	Funds under management	Management fee	4,378,779	8,532,288
		Reimbursement of expenses	706,919	1,410,890
PAKISTAN INCOME ENHANCEMENT FUND	Funds under management	Management fee	18,853,973	33,688,003
		Share of sales load	175,370	72,410
		Reimbursement of expenses	1,837,648	2,434,868
		Investments in units	-	132,192,627
		Redemption of units	-	132,773,938
PAKISTAN INCOME FUND	Funds under management	Management fee	20,722,340	16,166,972
		Share of sales load	173,212	55,217
		Reimbursement of expenses	1,498,424	1,225,052
ALHAMRA ISLAMIC ASSET ALLOCATION FUND	Funds under management	Management fee	49,880,453	23,192,098
		Share of sales load	1,259,721	780,295
		Back end load	6,493,005	64,589
		Reimbursement of expenses	2,494,023	1,181,217
		Selling and marketing	9,976,091	1,592,601
		Shariah fee paid on behalf of the fund	900,000	900,000
PAKISTAN SARMAHA MAHFOOZ FUND (Matured)	Funds under management	Management fee	-	3,125,771
		Reimbursement of expenses	-	312,577
ALHAMRA ISLAMIC PENSION FUND	Funds under management	Management fee	10,767,398	9,420,285
		Share of sales load	253,059	474,819
		Contribution to fund on behalf of the employees	11,846,477	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	2018 (Rupees)	2017
PAKISTAN PENSION FUND	Funds under management	Management fee	21,811,979	19,853,333
		Share of sales load	245,659	250,585
		Contribution to fund on behalf of the employees	4,554,273	
AL-HAMRA ISLAMIC ACTIVE ASSET ALLOCATION FUND PLAN-I	Funds under management	Management fee	830,620	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	1,457,948	760,467
AL-HAMRA ISLAMIC ACTIVE ASSET ALLOCATION FUND PLAN-II	Funds under management	Management fee	422,844	29,678
		Payment made on behalf of fund - account opening	-	30,000
		Sales load	180,916	-
		Reimbursement of expenses	727,009	3,379
ALHAMRA DAILY DIVIDEND FUND	Funds under management	Management fee	334,171	-
		Dividend income	869,942	-
		Investments in units	106,996,789	-
		Redemption of units	106,996,789	-
38.2 Amount outstanding at year end				
Name of the related party	Relationship and percentage of shareholding	Nature of transaction	2018 (Rupees)	2017
MCB BANK LIMITED	Parent company with 51.33% Holding	Bank balance	14,713,692	11,206,085
		Other payable	14,379,790	22,627,175
		Commission payable	3,331,143	48,574,718
		Mark-up receivable	166,561	34,212
MCB ISLAMIC BANK LIMITED	Subsidiary of Parent Company	Bank balance	1,056,985	2,745,552
		Mark-up receivable	1,041	24,198
ADAMJEE LIFE ASSURANCE COMPANY LIMITED	Group Company of Parent Company	Advisory fee receivable	9,023,008	8,731,065
		Receivable against sale of intangible	2,500,000	-
NISHAT REAL ESTATE DEVELOPMENT COMPANY (PVT.) LTD.	Group Company of Parent Company	Rent Deposit	784,326	784,326
MCB FINANCIAL SERVICES LIMITED	Subsidiary of Parent Company	Payable against trustee fee	-	226,000
ARIF HABIB LIMITED	Subsidiary of Associated Company	Sharing of expenses	506,193	441,856
MCB DCF INCOME FUND	Funds under management	Remuneration receivable	105,431,420	106,720,514
		Sales load receivable	28,324,680	28,018,233
		Receivable against reimbursement of expenses	375,822	524,823
MCB PAKISTAN ASSET ALLOCATION FUND	Funds under management	Remuneration receivable	24,871,165	24,836,759
		Sales load receivable	16,757,790	16,230,551
		Back-end load	1,293,734	6,939
		Receivable against reimbursement of expenses	258,560	257,038
		Receivable against selling & marketing expenses	3,184,835	2,799,803
MCB CASH MANAGEMENT OPTIMIZER	Funds under management	Remuneration receivable	63,337,767	59,215,590
		Closing balance of investment in units	424,303,397	384,081,729
		Receivable against reimbursement of expenses	1,182,824	664,025
ALHAMRA ISLAMIC INCOME FUND	Funds under management	Remuneration receivable	10,659,129	9,525,302
		Sales load receivable	3,114,407	3,053,115
		Receivable against reimbursement of expenses	464,421	111,885
		Receivable against shariah fee	75,000	75,000
MCB PAKISTAN STOCK MARKET FUND	Funds under management	Remuneration receivable	74,514,641	76,724,748
		Sales load receivable	4,489,367	5,572,296
		Other receivable	5,026	6,052
		Closing balance of investment in units	194,268,111	285,219,441
		Receivable against reimbursement of expenses	873,464	971,257
		Receivable against selling & marketing expenses	10,946,767	13,336,300
PAKISTAN INCOME FUND	Funds under management	Remuneration receivable	10,298,358	11,542,973
		Sales load receivable	445,802	245,297
		Receivable against reimbursement of expenses	122,321	134,570

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	2018 (Rupees)	2017
MCB PAKISTAN SOVEREIGN FUND	Funds under management	Remuneration receivable	29,452,072	30,248,261
		Sales load receivable	4,169,841	4,169,840
		Receivable against reimbursement of expenses	52,952	173,767
PAKISTAN CAPITAL MARKET FUND	Funds under management	Remuneration receivable	7,050,273	7,149,396
		Sales load receivable	396,220	608,197
		Receivable against reimbursement of expenses	52,147	56,505
		Receivable against selling & marketing expenses	138,284	-
ALHAMRA ISLAMIC STOCK FUND	Funds under management	Remuneration receivable	12,221,892	10,763,732
		Sales load receivable	143,179	439,701
		Receivable against reimbursement of expenses	289,060	224,540
		Receivable against selling & marketing expenses	3,620,042	2,961,255
		Receivable against Shariah Fee	75,000	75,000
PAKISTAN PENSION FUND	Funds under management	Remuneration receivable	8,140,003	7,991,039
		Sales load receivable	841,023	940,963
		Closing balance of investment in units	255,569,563	263,737,823
ALHAMRA ISLAMIC ASSET ALLOCATION FUND	Funds under management	Remuneration receivable	12,443,393	8,710,001
		Sales load receivable	4,163,891	1,986,320
		Back end load receivable	744,899	7,231
		Receivable against reimbursement of expenses	289,026	123,832
		Receivable against selling & marketing expenses	3,395,929	1,592,601
		Receivable against shariah fee	75,000	75,000
ALHAMRA ISLAMIC PENSION FUND	Funds under management	Remuneration receivable	4,099,420	4,048,307
		Sales load receivable	358,280	619,674
		Closing balance of investment in units	265,058,612	283,455,195
PAKISTAN SARMAHA MAHFOOZ FUND (Matured)	Funds under management	Remuneration receivable	1,960,082	2,335,803
		Sales load receivable	2,307,278	2,307,278
		Receivable against reimbursement of expenses	-	34,320
PAKISTAN CASH MANAGEMENT FUND	Funds under management	Remuneration receivable	12,174,814	12,748,418
		Receivable against reimbursement of expenses	68,521	121,768
		Other receivable	-	222,399
		Other payable	-	181,000
PAKISTAN INCOME ENHANCEMENT FUND	Funds under management	Remuneration receivable	17,911,242	18,453,728
		Sales load receivable	4,748,432	4,757,245
		Other receivable	3,529	7,660
		Receivable against reimbursement of expenses	115,348	162,167
MCB PAKISTAN FREQUENT PAYOUT FUND	Funds under management	Remuneration receivable	1,393,526	1,671,792
		Sales load receivable	3,624,619	3,624,619
		Receivable against reimbursement of expenses	39,913	74,789
		Receivable against selling & marketing expenses	-	1,045,581
AL-HAMRA ISLAMIC ACTIVE ASSET ALLOCATION FUND PLAN-I	Funds under management	Remuneration receivable	74,282	591,876
		Formation Cost	-	5,000,000
		Other receivable	-	30,000
		Receivable against reimbursement of expenses	116,499	133,648
AL-HAMRA ISLAMIC ACTIVE ASSET ALLOCATION FUND PLAN-II	Funds under management	Remuneration receivable	38,774	33,536
		Sales load receivable	-	6,886
		Other receivable	-	30,000
		Receivable against reimbursement of expenses	67,036	3,379
ALHAMRA DAILY DIVIDEND FUND	Funds under management	Remuneration receivable	157,897	-
		Payable against bank charges	19,212	-
		Other receivable	40,000	-

Key management personnel of the Company comprises of the Directors, Chief Executive Officer and Executives. Their remuneration are disclosed in note 32 to the financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

39 NUMBER OF EMPLOYEES	2018	2017
	(Number)	
Number of employees at June 30		
- Permanent	269	201
- Contractual	115	108
Average number of employees during the year		
- Permanent	235	170
- Contractual	112	103

40 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

The Board of Directors in its meeting held on September 14, 2018 has declared final cash dividend of Rs. 1.75 per share (2017: Rs. 1.75 per share declared on August 04, 2017). 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, 2019.

41 CORRESPONDING FIGURES

The fourth schedule to the Companies Act, 2017 has introduced certain presentation and classification requirements for the elements of financial statements. Accordingly, the corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of Companies Act, 2017. Following major reclassifications have been made during the year other than disclosed elsewhere in these financial statements.

Description	Reclassified from	Reclassified to	2017 (Rupees)
Unclaimed dividend	Trade and other payables	Unclaimed dividend (presented on face of statement of financial position)	4,275,656

42 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on September 14, 2018 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










**Be aware, Be alert,
Be safe**

**Learn about investing at
www.jamapunji.pk**

Key features:

-  Licensed Entities Verification
-  Scam meter*
-  Jamapunji games*
-  Tax credit calculator*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered

-  Stock trading simulator
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event
notifications, corporate and
regulatory actions)
-  Jamapunji application for
mobile device
-  Online Quizzes



Jama Punji is an Investor
Education Initiative of
Securities and Exchange
Commission of Pakistan

 jamapunji.pk

 @jamapunji_pk

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

FORM OF PROXY
18th ANNUAL GENERAL MEETING
On October 26, 2018.

The Company Secretary
MCB-Arif Habib Savings and Investments Limited
24th Floor, Centrepont, 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 18th Annual General Meeting of the Company to be held on Friday, October 26, 2018
and at any adjournment thereof.

Signed this _____ day of _____ 2018.

Signature on five Rupees
Revenue Stamp

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

1. WITNESS:

Signature: _____

Name: _____

Address: _____

CNIC/ Passport No. _____

2. WITNESS:

Signature: _____

Name: _____

Address: _____

CNIC/ Passport No. _____

Shareholder Folio No.

CDC Participant ID No & Sub Account No.

Note:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company at 24th Floor, Centrepont, 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.

Fold Here



AFFIX
CORRECT
POSTAGE

MCB ARIF HABIB SAVINGS & INVESTMENTS LIMITED

24th Floor, Centrepont, Off Shaheed-e-Millat
Expressway Near K.P.T Interchange, Karachi
Postel Code: 74900

Fold Here



Fold Here



پراکسی فارم
اٹھارواں سالانہ اجلاس عام
مؤرخہ 26 اکتوبر، 2018

کمپنی سیکریٹری
ایم سی بی عارف حبیب سیونگزا اینڈ انویسٹمنٹس لمیٹڈ
24 ویں منزل، سینٹر پوائنٹ، آف شہید ملت ایکسپریس وے،
کے پی ٹی انٹرچینج،
کراچی۔ 74900

میں/ہم _____ کے/کا _____ کے ضلع میں ایم سی بی عارف حبیب سیونگزا اینڈ انویسٹمنٹس لمیٹڈ کے
ایک ممبر ہونے کی حیثیت سے _____ کے _____ کو مؤرخہ 26 اکتوبر، 2018 بروز جمعہ منعقد ہونے والے اٹھارواں سالانہ اجلاس عام کے لیے اور کسی
بھی التوا کی صورت میں میرے/ہمارے لیے اور میری/ہماری طرف سے ووٹ کرنے کے لیے بطور پراکسی مقرر کرتا ہوں/کرتے ہیں۔
بروز _____ مؤرخہ _____ 2018 کو دستخط ہوئے۔

پانچ روپے کے ریونیو اسٹیپ 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: _____

شیئر ہولڈر فولیو 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 انٹرچینج، 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 شیئر 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 ایٹارنی بمعہ نامزد کے دستخط کے نمونے کمپنی میں جمع کروانا ہونگے (اگر پہلے فراہم نہ کیے گئے ہوں)۔

Fold Here



AFFIX
CORRECT
POSTAGE

MCB ARIF HABIB SAVINGS & INVESTMENTS LIMITED

24th Floor, Centrepont, Off Shaheed-e-Millat
Expressway Near K.P.T Interchange, Karachi
Postel Code: 74900

Fold Here



Fold Here



MCB-Arif Habib Savings and Investments Limited

Head Office: 24th Floor, Centrepoint, 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, Email: info@mcbah.com