

Progression Towards **New Horizons**



annual report 2017

Progression Towards

# New Horizons



At Arif Habib Limited (AHL), we constantly strive to reach new heights in all that we associate ourselves in. Our **Progression Towards New Horizons** is testament to the corporate goals and objectives we set.

Our theme depicts the upward flight of a flock of birds, who are known to do so in a seamless and structured manner. This is very much in line with how we set our Company's progression in our day-to-day activities. The flock is shown to be soaring towards new horizons, an acknowledgment of where we as a Company see ourselves.

This Annual Report is available online and can be accessed by scanning this QR code with your smartphone. You may need to download a QR code reader application for your smartphone. This Annual Report can also be accessed from [www.arifhabibltd.com/annualreport2017](http://www.arifhabibltd.com/annualreport2017)



# Horizons

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# Corporate Information

## Board of Directors

Mr. Zafar Alam  
Chairman & Non-executive Director

Mr. Muhammad Shahid Ali Habib  
Chief Executive Officer & Executive Director

Mr. Ali Murtaza Kazmi  
Independent Director

Mr. Haroon Usman  
Non-executive Director

Ms. Sharmin Shahid  
Non-executive Director

Ms. Nida Ahsan  
Non-executive Director

Dr. Muhammad Sohail Salat  
Independent Director

## Audit Committee

Mr. Ali Murtaza Kazmi  
Chairman

Mr. Haroon Usman  
Member

Ms. Nida Ahsan  
Member

## Human Resource & Remuneration Committee

Mr. Haroon Usman  
Chairman

Mr. Muhammad Shahid Ali Habib  
Member

Ms. Nida Ahsan  
Member

## Company Secretary & CFO

Mr. Muhammad Taha Siddiqui

## Auditors

M/s. Rahman Sarfaraz Rahim Iqbal Rafiq  
Chartered Accountants

## Credit Rating

JCR-VIS Credit Rating Company Limited

## Legal Advisors

M/s. Bawaney & Partners



## Bankers

Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Bank Al Habib Limited  
Bank Islami Pakistan Limited  
Dubai Islamic Bank Pakistan Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
JS Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
NIB Bank Limited  
Sindh Bank Limited  
Soneri Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
Summit Bank Limited  
The Bank of Khyber  
The Bank of Punjab  
United Bank Limited

## Registrar & Share Transfer Office

Share Registrar Department  
Central Depository Company of Pakistan  
Limited  
CDC House, 99-B, Block-B  
S.M.C.H.S., Main Shakra-e-Faisal  
Karachi-74400  
Tel: Customer Support Services:  
0800-CDCPL (23275)  
Fax: (92-21) 34326053  
Email: [info@cdcpak.com](mailto:info@cdcpak.com)  
Website: [www.cdcpakistan.com](http://www.cdcpakistan.com)

## Registered Office

Arif Habib Centre  
23, M.T. Khan Road Karachi-74000  
UAN: (92-21) 111-245-111  
Fax No: (92-21) 32416072; 32429653  
E-mail: [info@arifhabibltd.com](mailto:info@arifhabibltd.com)  
Company website: [www.arifhabibltd.com](http://www.arifhabibltd.com)  
Online Trade: [www.ahletrade.com](http://www.ahletrade.com)  
Branch Reg. No: BOA-050/01



A magnifying glass is positioned on the right side of the page, focusing on a landscape of rolling hills under a sunset sky. The background of the entire page is a soft, hazy sunset. The bottom of the page features several overlapping, curved bands of color in shades of blue and purple.

# Our Vision

“Our vision is to be the most Preferred and Respected Financial Institution, renowned for our expertise in Securities Brokerage and Investment Banking services.”



## Our Mission

“Our mission is to create value for our stakeholders by providing outstanding securities brokerage services and investment banking solutions to our customers. We strive to build an environment that encourages teamwork at the workplace to deliver superior products and services and to serve the development of our capital market.”

# Code of Conduct

Arif Habib Limited strongly believes in running its business progressively without compromising on the best ethical standards as guided by the "Code of Ethics and Business Practices".

# Our Values

## **Integrity**

We conduct ourselves with uncompromising integrity and honesty as individuals, as teams, and as a Company.

## **Credibility**

We strive to earn enduring credibility which we believe is essential to long-term business relationships.

## **Efficiency**

We pride ourselves on our efficiency which plays a major part in identifying and capitalizing opportunities in all aspects of our businesses and operations.

## **Social Responsibility**

We hold sound governance values and a responsible approach to social and environmental risks which begins with our people and communities.

## Corporate Strategy

- Strive continuously to maximize value for our clients and stakeholders.
- Control credit, market and operational risks to mitigate overall risk.
- Provide proactive and effective services to our clients.
- Expand the range of our products and services.
- Continue exercising high level of ethical standards.









# Corporate Social Responsibility



Arif Habib Limited (AHL) is a firm believer in sustainable development. At AHL, we pride ourselves in contributing to the betterment of the lives of our communities and the people of Pakistan. Corporate philanthropy and development are a means to this, which allows us to give back to those around us. As a responsible member of the business society, we are actively working with local bodies and authorities to find ways in which we can help with various social programs and development projects.

# Social Development

AHL is in constant collaboration with various social welfare projects. This past year, our total contribution amounted to over PKR 50 million. These included:

- **Arif Habib Foundation**, which is governed by a board of trustees, began work with an aim to help make a difference to thousands of lives through a range of charitable work and by partnering with individuals and agencies that address key priority areas which are: Education, Health, Nutrition, and Social inclusion
- **“Rizq”** is a food recovery initiative started in Lahore in 2015. It is a registered NGO that aims to fight food wastage and feed the needy and hungry by collecting unconsumed food from restaurants and individuals. In the past 2 years, Rizq has served meals to over 100,000 families. This year Rizq carried out a series of Iftars for over 3000 people. This noble cause was sponsored by AHL.
- **Karwan-e-Hayat** is a non-profit welfare organization established in 1983. It is certified by the Pakistan Centre for Philanthropy. Karwan-e-Hayat has worked diligently ever since its inception in providing treatment and rehabilitation services to poor and underprivileged.
- **WWF-Pakistan** has deep roots embedded in the country and currently has over 30 active projects implemented throughout Pakistan to achieve nature conservation and sustainable development goals.



# Corporate Development:

AHL continues to organize and sponsor events related to the development of the services sector of Pakistan. This year, AHL's contribution held the key objective of promoting investment in Pakistan and abroad. These initiatives included:

- **Inter University Stock Trading Competition:** Organized by Securities & Exchange Commission of Pakistan (SECP), the main purpose of this competition is to raise awareness among the youth regarding capital market as an avenue of investment.
- **“Financing your Business Expansion through Capital Market”:** This event was held in Lahore and the objective was to gather a collection of like-minded entrepreneurs focused on business growth, personal development and community engagement.
- **South Asian Federation of Exchanges SAFE-PSX IPO Summit 2016:** Companies seeking long term growth capital and the investor community come together for a day of strategic deliberation, awareness generation and networking. The primary objective of the IPO Summit was to create awareness regarding benefits of listing on the stock exchange.
- **Colors of Indus Fair – Singapore:** An annual fair held in Singapore organized by Fuchsia Magazine to promote small home-based start-ups with an opportunity to showcase their products to an international audience. AHL was the title sponsor for the event.
- **13th Annual Excellence Awards Ceremony:** Organized by CFA Association of Pakistan, the event recognized the excellence achieved by financial institutions and professionals in different categories.
- **6th S&ME Senate and Business Development Conference:** The objective of the event was to integrate various local Small & Medium-sized Enterprises (S&MEs) towards regional and international levels with a focus of providing a networking opportunity and chance to learn from one another.

The Company has also contributed to the exchequer by paying an amount of PKR 163,935,985 in direct and indirect taxes during the year.



# Awards & Recognition



Mr. Shahid Ali Habib receiving the award for **Best Corporate Finance House of the Year** from Mr. Zafar ul Haq Hijazi, former Chairman SECP at the **13th Annual Excellence Awards** Ceremony organized by **CFA Society of Pakistan**



Mr. Syed Saquib Ali receiving the award for **Transaction of the Year** from Mr. Zafar ul Haq Hijazi, former Chairman SECP at the **13th Annual Excellence Awards** Ceremony organized by **CFA Society of Pakistan**



AHL was also credited with the prize of **Top IPO Financial Advisor** at the SAFE-PSX IPO Summit 2016 organized by the South Asian Federation of Exchanges.



AHL received the award for **Best Equity House** and **Best Equity Deal** at **The Asset Triple A Country Awards 2016**



AHL Research received the accolade of **Best Research** Coverage in the Categories of Small Caps and Industrials by **Asiamoney** during its annual Broker Polls 2016



AHL was voted **Best Domestic Equity House 2016** and also received the award for **Best Country Deal 2016** by **Asiamoney**



# Key Performance Indicators





Total Equity (PKR in million)

**3,201**<sup>2017</sup>  
**2,705**<sup>2016</sup>

Net Assets per Share (PKR in million)

**47.09**<sup>2017</sup>  
**33.95**<sup>2016</sup>

Return On Equity (%)

**30**<sup>2017</sup>  
**15**<sup>2016</sup>

Stock Price-year end (PKR)

**80.41**<sup>2017</sup>  
**45.12**<sup>2016</sup>

Number of Shareholders

**3,563**<sup>2017</sup>  
**3,205**<sup>2016</sup>

Market Capitalization (PKR in million)

**4,423**<sup>2017</sup>  
**2,482**<sup>2016</sup>

1,211,805

134,000

1,077,805

000  
48,263

# Directors' Profiles



## Zafar Alam

Chairman & Non-executive Director

**Mr. Zafar Alam is a Master's degree holder in Nuclear Physics and has over 32 years' experience in investment banking encompassing Origination, Trading, Sales and Asset Management in various financial centers around the globe. He has been a key member of the Top Executive Group-TEG at ABN AMRO Bank and RBS Bank. Zafar had several leadership responsibilities including leading teams of over 300 people and managing revenues of several hundred million dollars. Zafar has a diverse experience across geographies and various aspects of finance, having worked in London, Singapore, Hong Kong and Dubai in Equities, Fixed Income and Asset Management. The last initiative being in Dubai setting up a Shariah based fund in Mauritius.**

Zafar joined ABN AMRO as Investment Manager in Dubai. In 1988 he moved to Hong Kong as Head of ABN AMRO Securities & Finance Co. Focusing on fixed income trading and sales. In 1990 he started equities brokerage business and origination in Asian equities. In 1995 he moved to Singapore, as Head of Local Markets and Credit Trading, and started to build local markets business in the bank for the first time.

The bank was only active in FX sphere however his input give the direction to add Fixed Income and Derivatives as the market was set to take off in the aftermath of the Asian crisis. The activities included origination, trading and sales in thirteen Asian countries.

In 2002, he was appointed Managing Director and moved to London as Global Head of Emerging Markets responsible for origination, trading and sales in Emerging Markets, before taking on his current role in the Equities Directorate.

In 2010, he became Regional Head of Equities and Structured Retail Sales for Middle East and Africa, based in Dubai focused on building an Equities platform for the MENA region for RBS investor clients. He was also managing the Structured Equities Solution team which provided equity financing with an overlay of derivative solutions.

Prior to relocating to Dubai, Zafar was based in London as Global Head of Equity Derivatives Sales in the enlarged RBS Global Banking & Markets Group. In this role Zafar was responsible for combining the successful Private Investor Products (PIP) and Institutional/Corporate business of ABN AMRO with the growing RBS Structured Investor Products business. He was responsible for developing, manufacturing and distributing structured products consisting of multi-assets.

Prior to that in his role as Global Head of Private Investor Products, Zafar was responsible for distribution of innovative structured products to private and retail clients within RBS and ABN AMRO Bank. The team distributed structured products through all major international banks.



## Muhammad Shahid Ali Habib

Chief Executive Officer & Executive Director

**Mr. Shahid Ali Habib carries a proven track record of establishing successful business organizations and turning around ventures into vibrant units. He has over 20 years of experience in the fields of Securities Brokerage, Banking, Asset Management, Corporate Finance and Investment Banking. He has served in leading positions at top local and international institutions.**

Shahid has also served as Executive Director and Chairman of a few local equity brokerage and financial services institutions. He has also worked at leading banks in Saudi Arabia and Canada. Shahid also served the Karachi Stock Exchange as member of various committees including Development and Trading Affairs Committee, New Product Committee, Arbitration Committee and Companies Affairs and Corporate Governance Committee.

At AHL, Shahid oversees all operations of the firm, especially marketing and placement of all IPOs, and other issues brought by the firm. He has been involved in numerous transactions in Pakistan's equity markets over the years.

He holds an MBA (Finance) degree from the Institute of Business & Administration (IBA) and has a Certification in Finance from London School of Economics (LSE) as well as a Bachelor's degree in Computer Science from FAST ICS. He has completed the High Potentials Leadership Program at Harvard Business School (HBS) and has a Certification in Finance from London School of Economics (LSE). He has also attended various international professional development courses in the fields of finance, technology and energy.



**Ali Murtaza Kazmi**  
Independent Director

Mr. Ali Murtaza Kazmi is a law graduate from the University of Essex, England and has since then been practicing in Pakistan for over 11 years. Ali's areas of expertise range from corporate & commercial transactions which include providing legal counsel to public and private limited companies on various compliance and corporate secretarial matters as well as mergers and acquisitions.

Ali is also involved with his family business as Director Operations and is currently working on various projects to expand the business including a retail chain of bespoke tailoring.



**Muhammad Sohail Salat**  
Independent Director

**Dr. Muhammad Sohail Salat is a qualified and highly reputed**



**Haroon Usman**  
Non - executive Director

Mr. Haroon Usman is a Commerce Graduate and a Fellow Member of the Institute of Cost and Management Accountants of Pakistan. He has over 46 years experience in the fields of commerce, finance and industry. He has served a number of local and foreign organizations of repute in different executive positions related to accounts, finance, general management and consultancy, both in Pakistan and abroad.

Haroon serves as Chairman of the Human Resource & Remuneration Committee and as a member of the Audit Committee of the Company.

**pediatrician who has a Bachelor of Medicine and Bachelor of Surgery from Dow Medical College Karachi. He has a certification in General Pediatrics from United States of America, holding a Foreign Medical Graduate Examination in Medicine from the US and is licensed from Pakistan Medical and Dental College.**

Sohail completed his Residency in Pediatrics from Maimonides Medical Center and Interfaith Medical Center in New York as well as a Fellowship in Neonatal Prenatal Medicine from Westchester Medical Center,



**Sharmin Shahid**  
Non - executive Director

Ms. Sharmin Shahid has over 17 years of experience in the field of Securities Brokerage and Portfolio Management. She was awarded the top position in her Bachelor's Degree in Commerce and has also participated in the Directors' Training Program. She has been awarded the Top 25 Companies Award on behalf of AHL for several years.

Sharmin actively participates in welfare activities and remains one of the trustees of Memon Health and Education Foundation (MHEF). Under her patronage & direction AHL has continued to excel and become a leading name in the industry.

New York Medical College.

Sohail has been associated with The Aga Khan University Hospital (AKUH) Karachi since 2001 in the Department of Pediatrics and Child Health and currently working as an Associate Professor. He holds director posts in education, clinical areas and also chaired various administration committees in AKUH. He was previously associated with Ziauddin Medical University Karachi.

Sohail is regarded as an expert in the fields of Pediatrics, Child Health and Neonatal Perinatal Medicine and has had



**Nida Ahsan**  
Non - executive Director

Ms. Nida Ahsan is a Commerce Graduate. She represents the Arif Habib family who are the majority owners of the Arif Habib Group and have made significant contributions in the development of Securities Market in Pakistan.

She has over 13 years experience of investing in listed securities including a number of first and second tier stocks.

numerous publications on the subjects and presented at leading local and international conferences. He is actively involved in Pakistan Pediatric Association (PPA) a non political organization for the better care of Pediatric patients in Pakistan and had been Convener of Neonatology group of PPA as well as Treasurer of both Sindh chapter and Karachi chapter of PPA and currently member of Executive committee of PPA Sindh. He is also working as member of Hospital Management Board of Memon Medical Institute Karachi.

# Chairman's Review

## **Review Report by the Chairman on the overall performance of Board and effectiveness of the role played by the Board in achieving the Company's objectives:**

The Board of Directors ("the Board") of Arif Habib Limited ("AHL") has performed their duties diligently in upholding the best interest of shareholders of the Company and has managed the affairs of the Company in an effective and efficient manner. The Board has exercised its powers and has performed its duties as stated in the repealed Companies Act 2017 (previously Companies Ordinance 1984) and the Code of Corporate Governance ("the Code") contained in the Rule Book of the Pakistan Stock Exchange (the Rule Book) where the Company is listed.

The Board during the year ended 30 June 2017 played an effective role in managing the affairs of the Company and achieving its objectives in the following manner:

- The Board has ensured that there is adequate representation of non-executive and independent directors on the Board and its committees as required under the Code and that members of the Board and its respective committees has adequate skill experience and knowledge to manage the affairs of the Company;
- The Board has formed an Audit and Human Resource and Remuneration Committee and has approved their respective terms of references and has assigned adequate resources so that the committees perform their responsibilities diligently;
- The Board has developed and put in place the rigorous mechanism for an annual evaluation of its own performance and that of its committees and individual directors. The findings of the annual evaluation are assessed and re-evaluated by the Board periodically;
- The Board has ensured that the directors are provided with orientation courses to enable them to perform their duties in an effective manner and that the four directors on the Board have already taken certification under the Directors Training Program and the remaining directors meet the qualification and experience criteria of the Code;
- The Board has ensured that the meetings of the Board and that of its committee were held with the requisite quorum, all the decision making were taken through Board resolution and that the minutes of all the meetings (including committees) are appropriately recorded and maintained;
- The Board has developed a code of conduct setting forth the professional standards and corporate values adhered through the Company and has developed significant policies for smooth functioning;
- The Board has actively participated in strategic planning process enterprise risk management system, policy development, and financial structure, monitoring and approval;



- All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process and particularly all the related party transactions executed by the Company were approved by the Board on the recommendation of the Audit Committee;
- The Board has ensured that the adequate system of internal control is in place and its regular assessment through self-assessment mechanism and /or internal audit activities;
- The Board has prepared and approved the director's report and has ensured that the directors report is published with the quarterly and annual financial statement of the Company and the content of the directors report are in accordance with the requirement of applicable laws and regulation;
- The Board has ensured the hiring, evaluation and compensation of the Chief Executive and other key executives including Chief Financial Officer, Company Secretary, and Head of Internal Audit;
- The Board has ensured that adequate information is shared among its members in a timely manner and the Board members are kept abreast of developments between meetings; and
- The Board has exercised its powers in light of the power assigned to the Board in accordance with the relevant laws and regulation applicable on the Company and the Board has always prioritized the Compliance with all the applicable laws and regulation in terms of their conduct as directors and exercising their powers and decision making.

The evaluation of the Board's performance is assessed based on those key areas where the Board requires clarity in order to provide high level oversight, including the strategic process; key business drivers and performing milestones, the global economic environment and competitive context in which the Company operates; the risk faced by the Company's business; Board dynamics; capability and information flows. Based on the aforementioned, it can reasonably be stated that the Board of AHL has played a key role in ensuring that the Company objectives' are not only achieved, but exceeded expectations through a joint effort with the management team and guidance and oversight by the Board and its members.



**Zafar Alam**  
Chairman  
July 31, 2017

# Directors' Report

Dear Fellow shareholders of Arif Habib Limited,

On behalf of the Board of Directors of the Company, it gives me immense pleasure to present the Annual Report of the Company for the year ended June 30th, 2017 together with the audited financial statements for the year in accordance with the accounting, regulatory and legal standards and requirements.

## Economic and Business Environment

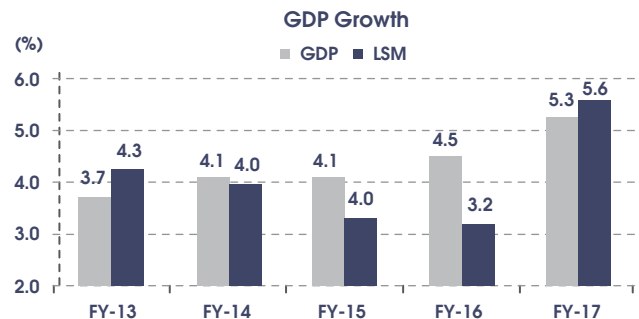
Pakistan continues on its economic growth trajectory, which accelerated during the year under review, while most macroeconomic indicators, other than the balance of payments, generally remained stable. Moderate inflation, rising per capita income, better energy availability and improved law and order situation supported the economic and business sentiment. The economy grew by 4.7%, while inflation has remained around 4.2%.

The Large-Scale Manufacturing (LSM) grew by 5.6%, which is a 4-year high. Notable sectors which exhibited strong output growth were Iron & Steel, which increased by 20%, electronics grew by 17%, Automobiles production enhanced by 11% and Food, beverages & tobacco advanced by 11%. Private sector credit grew by 17% to reach PKR 5.2 trillion.

The implementation of China-Pakistan Economic Corridor (CPEC) has increased development activities in the country with a consequent surge in the import of machinery, while the economic growth has resulted in an increased import of raw materials, as well as fossil fuels. On the other hand, there is a minor decline in exports, as well as in

remittances from Pakistanis living abroad. The combined effect of higher imports and lower foreign exchange earnings has caused the current account deficit to grow sharply to 4.0% of GDP.

For the coming year, GDP growth and inflation are expected to touch 5.5% and 5.0%, respectively. Foreign exchange reserves are expected to stay at a comfortable level owing to inflow of loans from multilateral institutions and from the international market, as well as increased FDI in the wake of CPEC, thus, supporting a stable foreign exchange regime.



## Stock Market

The Pakistan stock market remained one of the best performing markets in Asia during the financial year, whereby the benchmark KSE100 index delivered a strong return of 23.24% to close at 46,565 points, vis-à-vis a 9.84% return in the previous year. The highest yielding sectors during the year were i) Engineering (215%) ii) Auto Assemblers (126%), iii) Automobile parts and Accessories (119%), iv) Chemicals (90%) and v) Glass and Ceramics (79%).

The performance of the index during the year can be attributed to i) a run up in anticipation of the reclassification into MSCI EM index, ii) Attractive valuations, iii) flush of liquidity available with the local investors, iii) continuing economic growth, iv) the political process moving towards maturity and v) progress in Chinese investment in Pakistan's energy and infrastructure (under CPEC). However, foreign selling in during the financial year was recorded at USD 631 million, as compared with net selling of USD 282 million last year Volumes traded during the year increased averaging at 350 million shares, as compared with 209 million shares last year, meanwhile, the value traded improved significantly by 76% to the equivalent of USD 186 million.

Towards the last quarter of the financial year, the market recorded a slight negative return of 3.3% for the quarter. The negative sentiment can be attributed to i) uncertainty over the Panama case issue, ii) less than expected emerging market inflows and iii) the Federal Budget being termed unfavorable for the equity market.

## Financial Performance

The Company's profit for the year clocked at PKR 881 million as compared with PKR 409 million in the previous year, a significant increase of 115%. This translates to an impressive earnings per share of PKR 16.01 as compared with PKR 7.45 last year. The equity of the Company has increased by 18.42% to PKR 3.19 billion from PKR 2.70 billion, working out to a book value per share of PKR 58.20, as compared with PKR 49.19 last year.

The Company's financial results reflect strong performance across all its businesses segments, i.e., Equity Brokerage, Investment Banking, Money Market & Forex, as well as Portfolio Investments.

Based on the performance during the year, the Board has recommended a cash dividend for the year ended June 30th, 2017 at PKR 10.00 per share i.e. 100%. This entitlement shall be available to those shareholders whose names appear on the shareholders' register at the close of business on September 15th, 2017.

## The Summary of Financial Results is as follows:-

	2017	2016
Profit after tax	880,535,448	409,496,751
Un – appropriated profit brought forward	1,755,091,803	1,730,595,052
Profit available for appropriation	2,635,627,251	2,140,091,803
Appropriations:		
*Final cash divided at PKR 10.00 per share i.e. 100% for the year ended June 30th, 2017 as recommended by the Board.		
(PKR 7.00 per share i.e. 70% for the year ended June 30th, 2016)	(550,000,000)	(385,000,000)
Unappropriated profit carried forward	2,085,627,251	1,755,091,803
Earnings per share – basic & diluted	<b>16.01</b>	<b>7.45</b>

\*subject to the approval by members in the AGM to be held on September 23rd, 2017.

### Brokerage Revenue Performance

We are delighted to have achieved with an extraordinary growth of 45% in our brokerage revenue of PKR 402 million for the year. This exceptional performance in equity brokerage has been achieved through significantly improved relationships nurtured with domestic, as well as, foreign financial institutions, corporates and high net worth individuals, as well as opening a large number of new accounts across the board. During the period under review, your Company has made further inroads in expanding towards international equity sales, taking advantage of its robust financial capacity to handle large value transactions and by building on its credible brand name along the way. The Management has given a key importance towards expanding the Company's retail online footprint as well, which has resulted in a phenomenal revenue growth of 206% in the online business. We are pleased to announce that we have further expanded operations in Lahore by setting up a larger sales team who will be responsible for further increasing and servicing our northern client base. We anticipate promising returns from this initiative in the medium term.

The Company continues to play its role in promoting Pakistan, and in this regard the Management, with the support of the Company's international partner, carried out a Pakistan Capital Market Roadshow across the US. The Chairman of PSX also attended the Roadshow. Meetings were held with the biggest passive as well as active funds, that invest in the Emerging Markets, who in turn, were supportive in recommending Pakistan for an upgrade by MSCI to its "Emerging Market Index" from its "Frontier Market Index".

In addition to this, we, and our international partner, arranged a 'Pakistan Companies Roadshow' in New York showcasing leading companies along with their senior management, amongst top-tier international funds. We also took part in projecting a contingent of leading blue-chip listed companies at a regional investor conference in Dubai. Such initiatives have further underscored our strong relations with leading Pakistani conglomerates.

### Investment Banking Revenue Performance

The Investment Banking (IB) division generated PKR 365 million, an increase of 45% when compared to the previous year. Your Company has once again remained the market leader in Pakistan's Initial Public Offering (IPO) market for the fourth consecutive year. This past year, the Company successfully carried out the IPOs of Roshan Packages Limited, Loads Limited, the listing of GSK Consumer Healthcare Pakistan Limited and the landmark Offer for Sale (OFS) of Pakistan Stock Exchange Limited. The Company was also at the helm of the IPO of Fatima Fertilizer Limited's listed Sukuk and the privately placed Term Finance Certificate (TFC) of Bank of Punjab. Our IB market share in listed equity placement is over 84% since 2014 amounting to over PKR 195 billion raised. A share of 96% has been achieved by the Company for all capital raised since 2016. These credentials have led to us once again receiving the award for 'Best Corporate Finance House of the Year' from the CFA Society of Pakistan last year.

The Company is engaged in a number of highly anticipated equity, as well as debt, capital market transactions for the coming year, which should continue to strengthen its earnings, as well as our outreach in the market.

## Awards and Recognition

Over the last year, the Company's outstanding efforts and its performance have earned it a number of awards. These include the 'Best Domestic Equity House' and 'Best Country Deal' (Asiamoney), 'Best Equity House' and 'Best Equity Deal' (The Asset), 'Best Corporate Finance House of the Year' as well as the 'Transaction of the Year' (by the CFA Society Pakistan). In addition, we have also received the award of 'Top IPO Financial Advisor' (South Asian Federation of Exchanges).

## Expenses Management Performance

During the past year, operating expenses increased by 44% due to the fact that the Company has continued to invest in its human resources and expanded its business and support teams, especially in the retail sector. Some of the compensation for the Management team is also linked to the revenues generated for the Company, this compensation has grown in view of the growth in revenues. Our financing costs have decreased by 17% due to reduction of funding rate and effective management of liquidity. These funds continue to be utilised towards the Company's business and investments, which continue to perform positively. Overall, we are glad to report that this has generated prosperous results for the Company and its shareholders.

## Credit Rating

The Company has been re-assigned entity ratings of 'AA-/A-1' (Double A Minus/A-One) by JCR-VIS Credit Rating Company Ltd. (JCR-VIS). The outlook on the assigned ratings is 'Stable'. This certification has further underscored the Management's vision for continuous growth and is expected to provide further confidence to the Company's clientele with regard to the credibility and stability of the brand "Arif Habib".

## Human Resource

The backbone of any organization is its people. AHL firmly believes in nurturing, investing in and promoting its employees with the ultimate objective of ensuring a very high level of employee satisfaction and efficiency, which in turn translates into high levels of customer satisfaction. The Management shall continue to work towards

understanding and integrating employee objectives with the corporate goals in a harmonious manner.

## Risk Management

Risks are innate in the financial services business and include elements such as liquidity, market, credit, operational, legal, regulatory and reputational risks. AHL's risk management governance starts at the Board, which plays an integral role in reviewing and approving risk management policies and practices.

The risk management framework and systems are longstanding, standardized and robust. The Board and the Management believe that effective risk management is of primary importance to the success of the Company. Accordingly, the Management, with the approval of the Board has initiated comprehensive risk management processes through which it monitors, evaluates and manages the risks that are assumed in conducting the activities. A rigorous framework of limits is applied to control risk across multiple transactions, products, businesses and markets in which the Company carries out transactions. This includes setting credit and market risk limits at a variety of levels and monitoring these limits on a regular basis

## Corporate Social Responsibility

Your Company continued its contribution to the society as a socially responsible organization through a number of philanthropic activities. AHL is committed towards ensuring its Corporate Social Responsibility and continues its involvement in projects focusing on healthcare, education, environment and community welfare. The Company's aim is to continue its involvement and contribution to such causes in the future as well. The details of the contribution made by the Company is presented at Page No. 09.

## Code of Corporate Governance

The Board and management of the Company are committed to ensure that requirements of the Code of Corporate Governance are fully met. The Company has adopted strong Corporate Governance practices with an aim to enhance the accuracy, comprehensiveness and transparency of financial and non-financial information.

The Directors are pleased to report that:

- a. The financial statements prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity;
- b. Proper books of account of the Company have been maintained;
- c. Appropriate accounting policies have been consistently applied in 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;
- e. The system of internal control is sound in design and has been effectively implemented and monitored;
- f. There are no significant doubts upon the Company's ability to continue as a going concern;
- g. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;

- h. The Company has on account of statutory payment of taxes, duties, levies and charges no outstanding liability as at the balance sheet date;
- i. The Company has paid amount of PKR 4,792,381 in the Provident Fund of the employees of the Company and the Company has no outstanding liability as at the year-end as the Provident Fund is managed by a separate trust.

### Changes in the Board

During the year under review, no changes was made in the Board of Directors

### Board and Audit Committee Meetings and Attendance

During the year under review, five meetings of the Board of Directors and four meetings of the Audit Committee were held from July 1st, 2016 to June 30th, 2017. The attendance of the Board and Audit Committee members were as follows:

Name of Director	Board Meeting	Audit Committee Meeting
Mr. Zafar Alam	4	N/A
Mr. Muhammad Shahid A. Habib	4	N/A
Mr. Ali Murtaza Kazmi	2	2
Mr. Haroon Usman	4	4
Ms. Sharmin Shahid	4	N/A
Ms. Nida Ahsan	3	3
Dr. Muhammad Sohail Salat	4	N/A

The leave of absence was granted to the members not attending the Board and Committee meetings.

### Trading in Shares of the Company by Directors and Executives

During the year no trades in the shares of the Company were carried out by the Directors, CEO, CFO, Company Secretary and their spouses and minor children.

### Future Prospects

The future prospects of your Company are very encouraging on account of the Management's efforts in increasing the Company's market share and through wider participation in all its business segments. The Company is striving to yield better volumes from its existing clientele as well as prospective foreign and domestic clients, by expanding and growing relationships with them through the Company's premium suite of services. This includes offering novel

products and services through augmenting the Company's high quality Research.

The Management also foresees increased activity on account of new equity and debt listings for which the Investment Banking Division is well poised

The Management is buoyant that the Company's investment portfolio will continue to demonstrate lucrative results, as the economy and the market continues to offer rewarding investment opportunities.

### Audit Committee

The Audit Committee of the Board continued to perform its duties and responsibilities in an effective manner as per its terms of reference duly approved by the Board. The committee composition has also been attached with this report.



## Corporate and Secretarial Compliance

The Company Secretary has furnished a Secretarial Compliance Certificate as part of the annual return filed with the registrar of Companies to certify that the secretarial and corporate requirements of the Companies Ordinance, 1984, Memorandum and Articles of Association of the Company and the listing regulations have been duly complied with.

## Ethics and Business Practices

As per the Corporate Governance guidelines, the Company has circulated a "Code of Ethics" for compliance. It has been signed by all directors and employees of the Company acknowledging of their understanding and acceptance of the Code.

## Pattern of Shareholding

The detailed pattern of the shareholding and categories of shareholders of the Company as at June 30th, 2017, as required under the listing regulations, have been appended to the Annual Report.

## Information to Stakeholders

Key operating and financial data of previous years has been summarized and presented at page No. 30.

## Post Balance Sheet Date Event / Dividend

The Board of Directors in its meeting held on July 31st, 2017 has proposed a final cash dividend @ PKR 10 per share i.e., 100% for the year ended June 30th, 2017 for approval of the members at the Annual General Meeting to be held on September 23rd, 2017. The financial statements do not reflect this proposed dividend.

## Related Party Transaction

In order to comply with the requirements of listing regulations, the Company has presented all Related Party Transactions before the Audit Committee and Board for their review and approval. These transactions have been approved by the Audit Committee and Board in their respective meetings. The details of all Related Party Transactions have been provided in note 32 & 33 of the annexed audited financial statements.

## Auditors

The retiring auditors M/s. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, have offered themselves for reappointment. The Board recommends their reappointment and a resolution proposing the appointment of M/s. Rehman Sarfaraz Rahim Iqbal Rafiq as auditors of the Company for the financial year 2017-18 will be submitted at the forthcoming Annual General Meeting for approval.

## Acknowledgement

We are grateful to the Company's shareholders for their continuing confidence and patronage. We record our sincere appreciation to all Stakeholders and to our Parent Company, the State Bank of Pakistan, the Securities & Exchange Commission of Pakistan and the Management of Pakistan Stock Exchange Limited for their unwavering support and guidance.

We acknowledge and appreciate the hard work put in by the employees of the Company during the period. We also acknowledge the valuable contribution and active role of the members of the Board Committees in supporting and guiding the management on matters of great importance.

## For and on behalf of the Board of Directors,



**Muhammad Shahid Ali Habib**

Chief Executive Officer and Executive Director

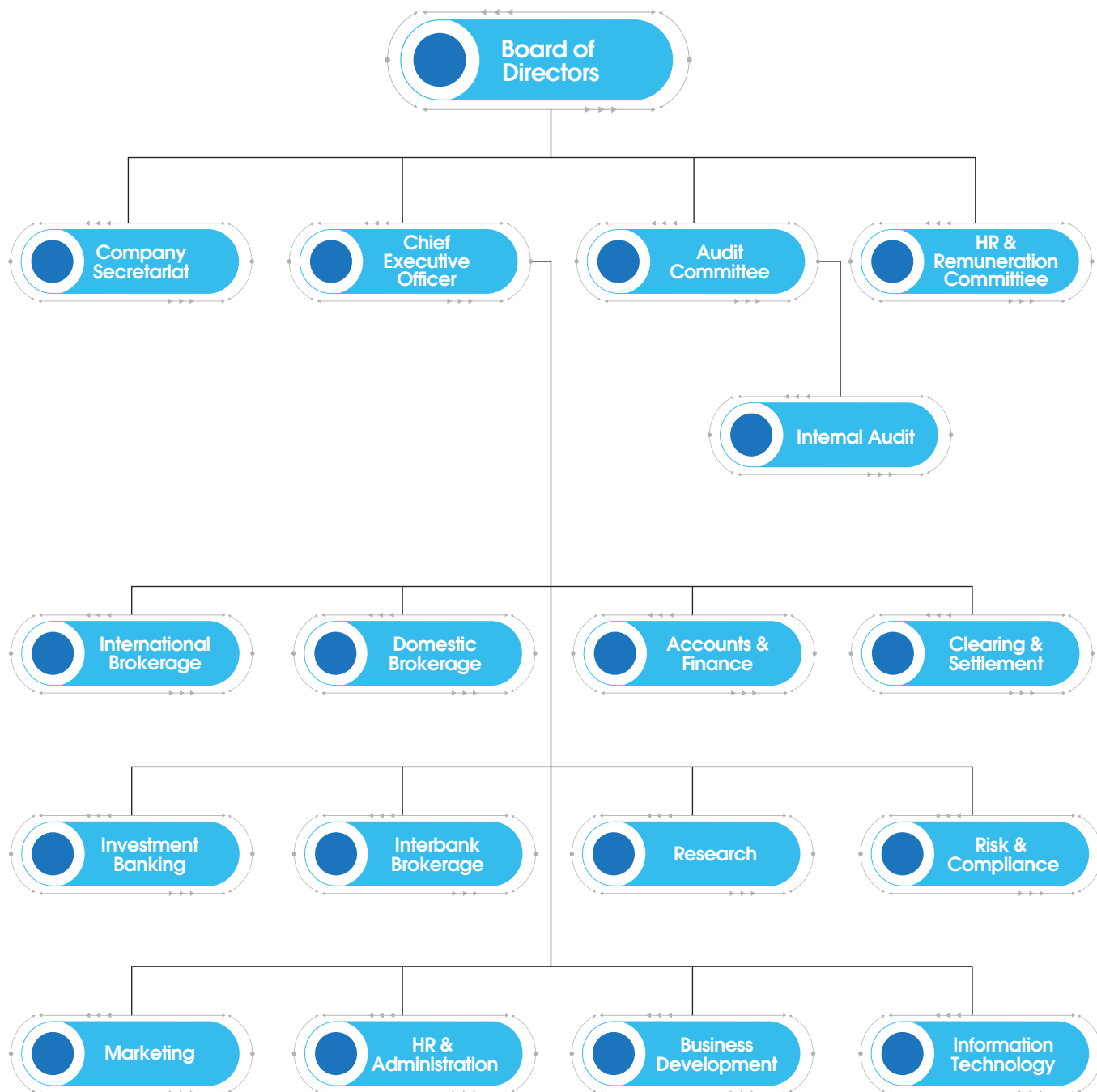
**Karachi.**

**Dated: July 31, 2017**





# Organizational Structure



# Management Team



**Muhammad Shahid Ali Habib**  
Chief Executive Officer



**Kashif Shah**  
Managing Director Investment Banking



**Muhammad Taha Siddiqui**  
Chief Financial Officer & Company Secretary



**Zilley Askari**  
Head of Interbank Brokerage



**Samiullah Tariq**  
Director Research & Business Development



**Azhar Javid**  
Head of International Sales



**Shahbaz Ashraf**  
Head of Research



**Ahmed Rajani**  
Vice President Investment Banking



**Syed Saqib Ali**  
Vice President Investment Banking



**Adeel Ahmed**  
Head of Online



**Faizan Hanif**  
Head of Risk & Compliance



**Emad Siddiqui**  
Head of Marketing



**Munazza Mazhar**  
Head of Customer Support



**Akber Suleman**  
Head of Settlement



**Muhammad Usman Akram**  
Head of Information Technology

# Financial & Business Highlights

For the Year Ended June 30, 2017

Rupees in million

	2017	2016	2015	2014	2013	2012
<b>Profit and Loss Account</b>						
Operating Revenue	858	590	648	415	172	174
Investment gains - net	520	162	909	825	322	516
Other	262	146	58	203	202	107
Total turnover	1,672	899	1,717	1,443	799	690
Operating & administrative expenses	(386)	(268)	(300)	(217)	(199)	(210)
Finance Cost	(138)	(166)	(234)	(358)	(180)	(186)
Profit before taxation	1,140	456	1,145	851	401	395
Profit after taxation	880	410	929	819	382	366
EBITDA	1,287	631	1,388	1,219	593	595
<b>Balance Sheet</b>						
Share Capital	550	550	550	550	500	450
Reserves	2,636	2,140	2,116	1,462	843	646
Share holders' equity	3,201	2,705	2,681	2,012	1,343	1,096
Long term investment	172	209	209	159	159	33
Investment property	369	531	512	328	315	53
Current assets	5,081	4,723	3,212	4,147	2,997	2,870
Current liabilities	2,491	2,856	1,351	2,757	1,973	1,897
Total assets	5,693	5,563	4,034	4,771	3,617	3,258
Total liabilities	2,492	2,856	1,353	2,759	2,273	2,162

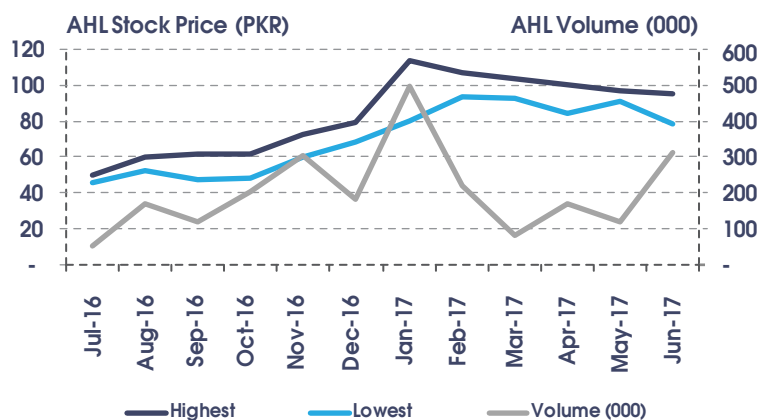
<b>RATIOS</b>	<b>2017</b>	2016	2015	2014	2013	2012
<b>Performance</b>						
Pre tax profit margin (%)	68	51	67	59	50	57
Expense / income (%)	23	30	17	15	25	30
Return on equity (%)	30	15	40	49	31	40
Return on capital employed (%)	31	11	34	24	13	15
<b>Leverage</b>						
Financial leverage ratio (x)	2.62	2.55	1.72	2.84	2.97	3.57
Debt to equity (%)	44	70	21	118	84	151
Interest cover ratio (x)	9.26	3.75	5.89	3.37	3.24	3.13
<b>Liquidity</b>						
Current ratio (x)	2.04	1.65	2.38	1.50	1.52	1.51
Quick / acid test (x)	1.67	1.48	1.87	1.02	1.46	1.22
<b>Valuation</b>						
EPS (PKR)	16.01	7.45	16.88	14.88	6.95	6.65
Price earning ratio (x)	5.02	6.06	4.12	3.93	4.28	3.26
Price to book ratio (x)	1.38	0.92	1.43	1.60	1.11	0.89
Dividend yield ratio (%)	12	16	10	9	10	14
Dividend payout ratio (%)	62	94	41	34	43	45
Cash dividend per share (PKR)	10.00	7.00	7.00	5.00	3.00	3.00
Stock price dividend per share (%)	-	-	-	-	10.00	11.11
Stock price Value at the end of each year (PKR)	80.41	45.12	69.61	58.54	29.78	21.70
High (during the year) (PKR)	113.51	79.61	69.76	59.71	31.38	27.80
Low (during the year) (PKR)	45.79	43.01	47.17	25.26	20.86	7.85



# Share Price / Volume Analysis

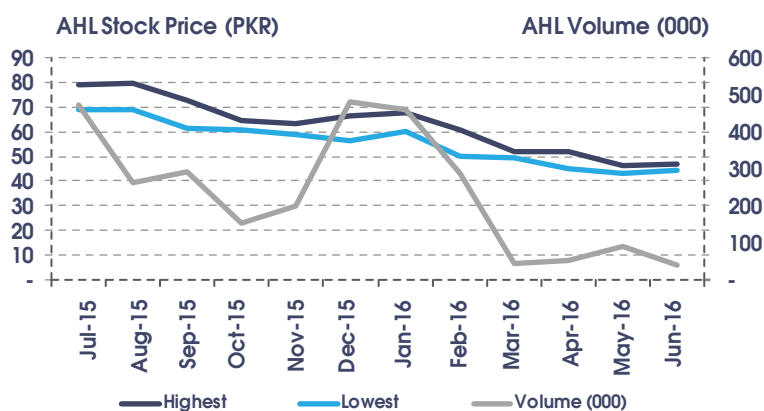
## FY 2017

Month	Highest	Lowest	Volume (000)
Jul-16	50.28	45.79	63.19
Aug-16	60.38	52.79	200.98
Sep-16	61.85	47.36	140.11
Oct-16	62.02	48.46	237.50
Nov-16	72.55	60.35	355.43
Dec-16	79.11	68.06	215.40
Jan-17	113.51	80.32	580.59
Feb-17	107.27	93.66	259.48
Mar-17	103.79	92.94	98.39
Apr-17	100.27	84.32	198.00
May-17	96.53	91.16	143.18
Jun-17	95.28	78.52	367.81



## FY 2016

Month	Highest	Lowest	Volume (000)
Jul-15	79.20	68.89	472.93
Aug-15	79.61	69.07	264.40
Sep-15	72.67	61.16	294.60
Oct-15	64.44	60.59	155.02
Nov-15	63.29	58.64	200.98
Dec-15	66.27	56.52	482.17
Jan-16	67.92	60.11	459.17
Feb-16	60.65	49.98	290.35
Mar-16	52.29	49.21	44.50
Apr-16	52.03	45.19	55.24
May-16	46.37	43.01	89.93
Jun-16	46.88	44.00	41.14

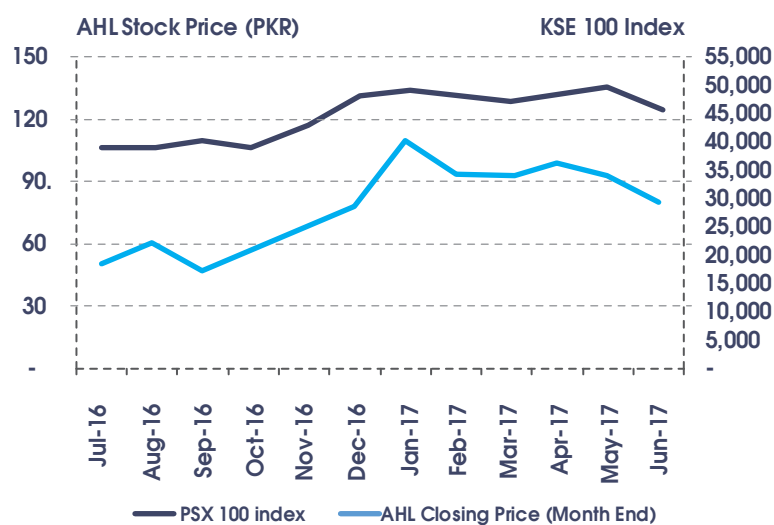


# Share Price / KSE-100 Index Analysis

**FY 2017**  
**Month**

**AHL**  
**Stock Price**    **KSE 100 index**  
**(Month End)**

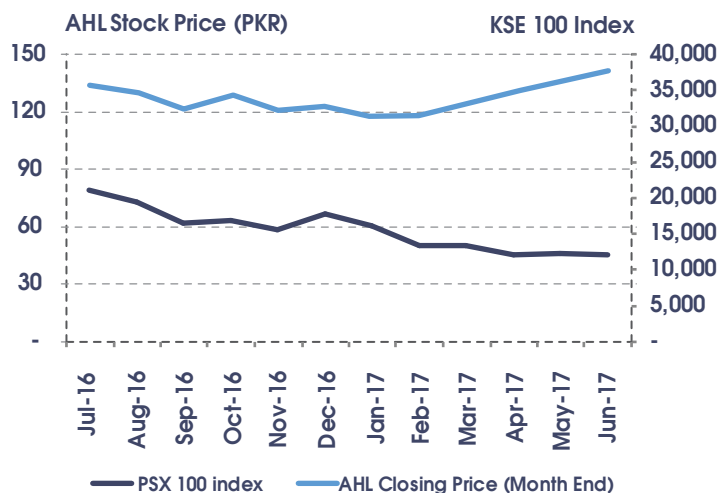
Month	AHL Stock Price	KSE 100 index (Month End)
Jul-16	50.28	39,528.82
Aug-16	60.38	39,809.58
Sep-16	47.36	40,541.81
Oct-16	57.71	39,893.84
Nov-16	68.81	42,622.37
Dec-16	78.48	47,806.97
Jan-17	107.84	48,757.67
Feb-17	93.66	48,534.23
Mar-17	93.91	48,155.93
Apr-17	99.02	49,300.90
May-17	92.95	50,591.57
Jun-17	80.41	46,565.29



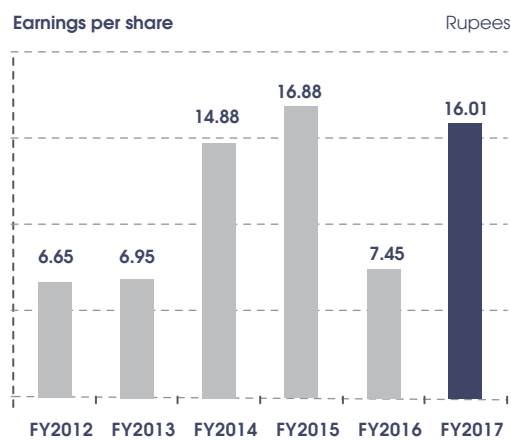
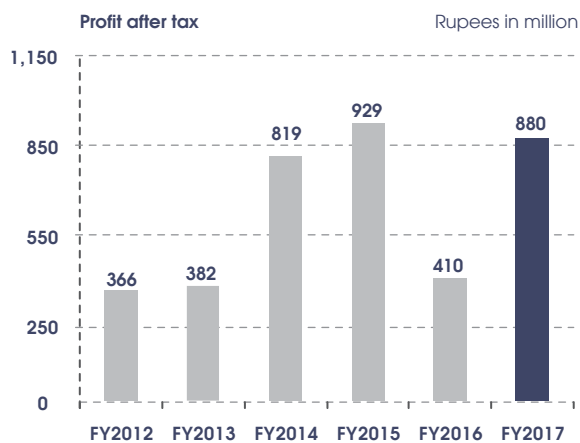
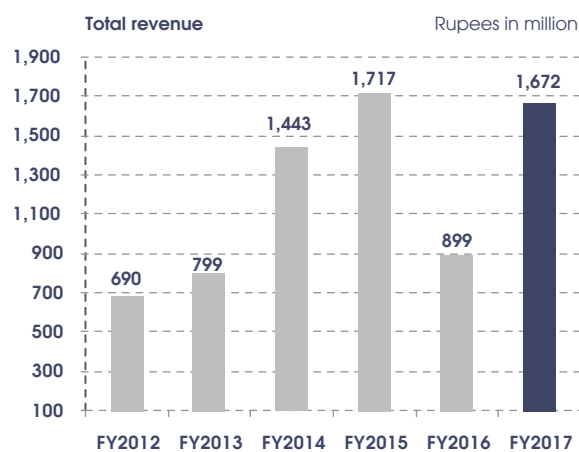
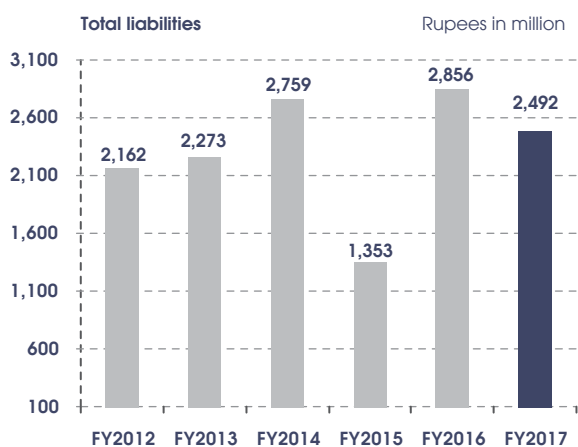
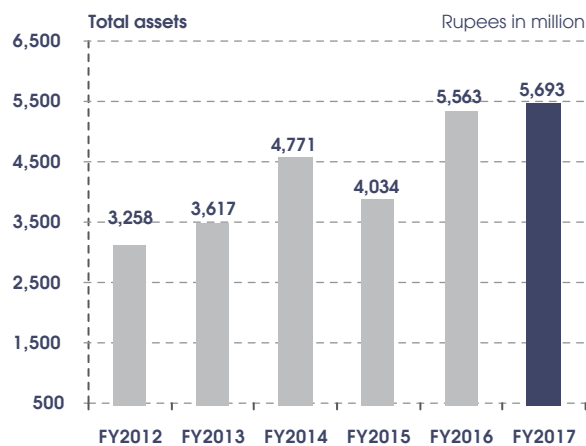
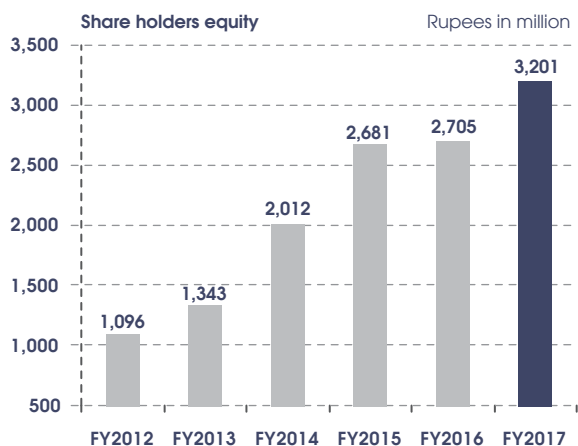
**FY 2016**  
**Month**

**AHL**  
**Stock Price**    **KSE 100 index**  
**(Month End)**

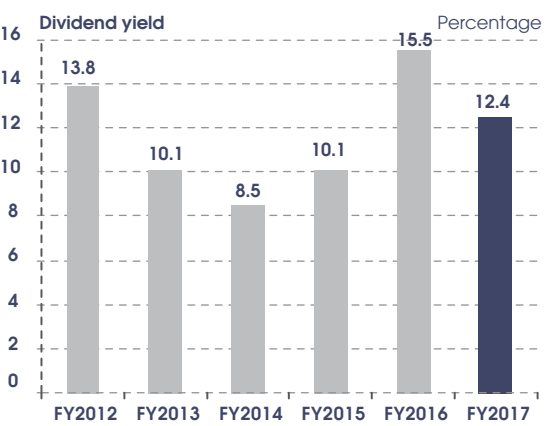
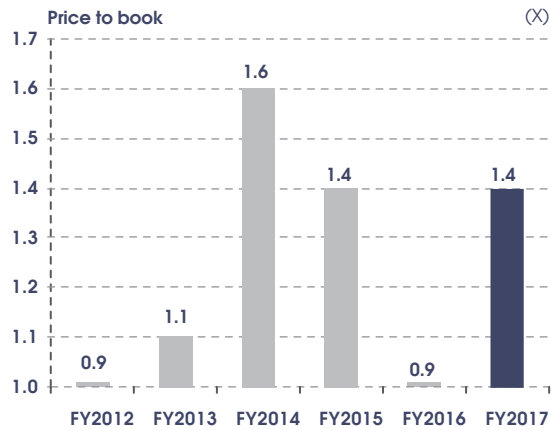
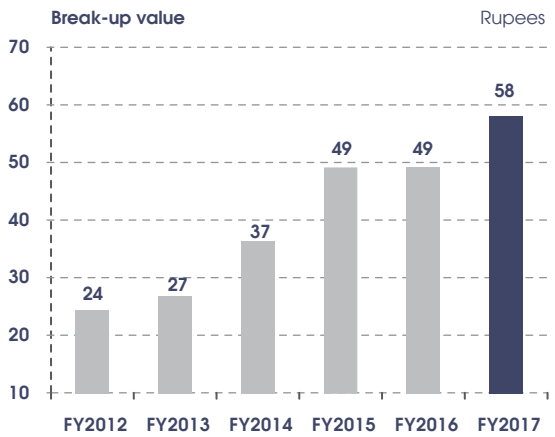
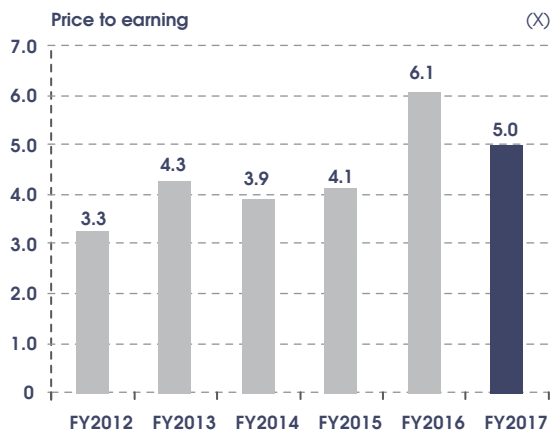
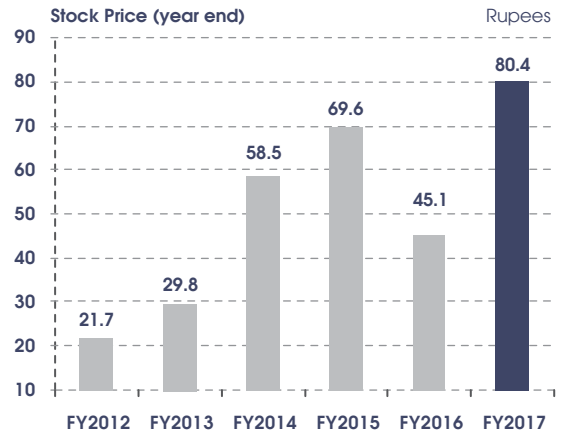
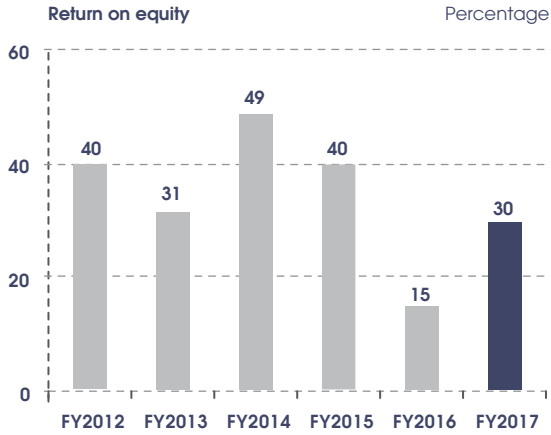
Month	AHL Stock Price	KSE 100 index (Month End)
Jul-15	79.20	35,741.52
Aug-15	72.54	34,726.51
Sep-15	62.05	32,287.41
Oct-15	63.18	34,261.60
Nov-15	58.64	32,255.20
Dec-15	66.27	32,816.31
Jan-16	60.11	31,298.60
Feb-16	50.07	31,369.51
Mar-16	50.03	33,139.00
Apr-16	45.19	34,719.29
May-16	46.00	36,061.56
Jun-16	45.12	37,783.54



# Graphical Representation







# Horizontal Analysis of Financial Statements

	2017		2016		2015	
	Rupees in million	%	Rupees in million	%	Rupees in million	%
<b>Balance Sheet</b>						
Total equity and minority interest	3,201	18	2,705	1	2,681	33
Total non-current liabilities	0	(74)	2	(10)	2	(26)
Total current liabilities	2,491	(13)	2,856	111	1,351	(51)
Total equity and liabilities	5,692	2	5,563	38	4,034	(15)
Total non-current assets	611	(27)	840	2	822	32
Total current assets	5,081	8	4,723	47	3,212	(23)
Total assets	5,692	2	5,563	38	4,034	(15)
<b>Profit and Loss Account</b>						
Net operating revenue	1,672	100	899	100	1,717	38
Operating and administrative expenses	(386)	(23)	(268)	(30)	(300)	38
Operating profit	1,286	77	631	70	1,417	39
Other income / (charges) - net	(8)	(0)	(9)	(1)	(38)	(120)
	1,278	76	622	69	1,379	14
Finance cost	(138)	(8)	(166)	(18)	(234)	(35)
Profit before tax	1,140	68	456	51	1,145	35
Taxation	(260)	(16)	(47)	(5)	(216)	577
Profit after tax	880	53	410	46	929	13

	2014		2013		2012	
	Rupees in million	%	Rupees in million	%	Rupees in million	%
<b>Balance Sheet</b>						
Total equity and minority interest	2,012	50	1,343	23	1,096	50
Total non-current liabilities	3	(99)	300	13	265	14
Total current liabilities	2,757	40	1,973	4	1,897	594
Total equity and liabilities	4,771	32	3,617	11	3,258	164
Total non-current assets	625	1	620	60	388	32
Total current assets	4,147	38	2,997	4	2,870	205
Total assets	4,771	32	3,617	11	3,258	164
<b>Profit and Loss Account</b>						
Net operating revenue	1,240	108	597	(13)	690	408
Operating and administrative expenses	(217)	9	(199)	(5)	(210)	(77)
Operating profit / (loss)	1,023	157	398	(17)	480	(160)
Other income / (charges) - net	186	2	183	81	101	(68)
Finance cost	(358)	99	(180)	(3)	(186)	172
Profit / (loss) before tax	851	112	401	2	395	(172)
Taxation	(32)	68	(19)	(36)	(29)	213
Profit / (loss) after tax	819	114	382	5	366	(165)

# Vertical Analysis of Financial Statements

	2017		2016		2015	
	Rupees in million	%	Rupees in million	%	Rupees in million	%
<b>Balance Sheet</b>						
Total equity and minority interest	3,201	56	2,705	49	2,681	66
Total non-current liabilities	0	0	2	0	2	0
Total current liabilities	2,491	44	2,856	51	1,351	33
Total equity and liabilities	5,692	100	5,563	100	4,034	100
Total non-current assets	611	11	840	15	822	20
Total current assets	5,081	89	4,723	85	3,212	80
Total assets	5,692	100	5,563	100	4,034	100
<b>Profit and Loss Account</b>						
Net operating revenue	1,672	100	899	100	1,717	100
Operating and administrative expenses	(386)	(23)	(268)	(30)	(300)	(17)
Operating profit	1,286	77	631	70	1,417	83
Other income / (charges) - net	(8)	(0)	(9)	(1)	(38)	(2)
	1,278	76	622	69	1,379	80
Finance cost	(138)	(8)	(166)	(18)	(234)	(14)
<b>Profit before tax</b>	1,140	68	456	51	1,145	67
Taxation	(260)	(16)	(47)	(5)	(216)	(13)
<b>Profit after tax</b>	880	53	410	46	929	54

	2014		2013		2012	
	Rupees in million	%	Rupees in million	%	Rupees in million	%
<b>Balance Sheet</b>						
Total equity and minority interest	2,012	42	1,343	37	1,096	34
Total non-current liabilities	3	0	300	8	265	8
Total current liabilities	2,757	58	1,973	55	1,897	58
Total equity and liabilities	4,771	100	3,617	100	3,258	100
Total non-current assets	625	13	620	17	388	12
Total current assets	4,147	87	2,997	83	2,870	88
Total assets	4,771	100	3,617	100	3,258	100
<b>Profit and Loss Account</b>						
Net operating revenue	1,240	100	597	100	690	100
Operating and administrative expenses	(217)	(18)	(199)	(33)	(210)	(30)
Operating profit	1,023	82	398	67	480	70
Other income / (charges) - net	186	15	183	31	101	15
	1,209	97	581	97	581	84
Finance cost	(358)	(29)	(180)	(30)	(186)	(27)
<b>Profit before tax</b>	851	69	401	67	395	57
Taxation	(32)	(3)	(19)	(3)	(29)	(4)
<b>Profit after tax</b>	819	66	382	64	366	53

# Statement of Compliance with the Code of Corporate Governance

**This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No 5.19.1. of listing regulations of Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.**

The Company has applied the principles contained in the CCG in the following manner:

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

Category	Names
Independent Directors:	Mr. Ali Murtaza Kazmi Dr. Muhammad Sohail Salat
Executive Director:	Mr. Muhammad Shahid Ali Habib
Non-Executive Directors:	Mr. Zafar Alam Ms. Sharmin Shahid Ms. Nida Ahsan Mr. Haroon Usman

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

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancies occurred during the year.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board/shareholders.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Company stands complied with the requirement of having at least half of the Board DTP certified at all times as prescribed under the clause 5.19.7. of the CCG as the total number of certified directors of the Company stands four out of total seven directors.



10. No new appointment of CFO/Company Secretary has been made during the year.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of three (3) members, of whom two (2) are non-executive directors and the Chairman of the committee is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three (3) members, of whom two (2) are non-executive directors and the Chairman of the committee is Non-Executive director.
18. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and the stock exchange
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by a designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

**On behalf of the Board of Directors**



**Muhammad Shahid Ali Habib**  
Chief Executive Officer & Director

July 31, 2017  
Karachi

# Review Report to the Members on Statement of Compliance With Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Arif Habib Limited ("the Company") for the year ended June 30, 2017 to comply with the Listing Regulations of the Pakistan Stock Exchange, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Karachi.  
Date: July 31, 2017

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2017.



Rahman Sarfaraz Rahim Iqbal Rafiq  
Chartered Accountants  
Muhammad Rafiq Dosani

# Auditors' Report to the Members

We have audited the annexed balance sheet of Arif Habib Limited ("the Company") as at June 30, 2017, and the related profit & loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

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

- (a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:

Karachi.  
Date: July 31, 2017

- (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion, and to the best of our information and according to the explanations given to us, the balance sheet, profit & loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2017, and of the profit, total comprehensive profit, changes in equity and its cash flows for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the central Zakat Fund established under section 7 of that ordinance.



Rahman Sarfaraz Rahim Iqbal Rafiq  
Chartered Accountants  
Engagement Partner: Muhammad Rafiq Dosani



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+ 3542.3  
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+ 854.94

7761.67



# Financial Statements





# Balance Sheet

As At June 30, 2017

		2017	2016
	Note	Rupees	
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property and equipment	4	40,928,161	43,709,729
Intangible assets	5	10,093,747	17,797,902
Long term investment	6	172,314,338	209,342,551
Investment property	7	369,211,719	531,966,414
Long term deposits	8	19,033,324	15,730,022
Deferred tax asset	9	-	21,476,825
		<b>611,581,289</b>	<b>840,023,443</b>
<b>CURRENT ASSETS</b>			
Short term investments	10	3,263,767,965	3,294,296,278
Trade debts	11	74,783,140	582,264,478
Receivable against margin financing	12	559,457,704	36,381,485
Short term loans - secured	13	4,034,172	945,649
Advances, deposits and prepayments	14	137,215,090	155,369,117
Other receivables	15	209,351,235	347,821,352
Cash and bank balances	16	832,793,413	306,240,100
		<b>5,081,402,719</b>	<b>4,723,318,459</b>
		<b>5,692,984,008</b>	<b>5,563,341,902</b>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorized Capital		<b>750,000,000</b>	<b>750,000,000</b>
75,000,000 (2016: 75,000,000) ordinary shares of PKR 10/- each			
Issued, subscribed & paid - up capital	17	550,000,000	550,000,000
Unappropriated profits		2,635,627,251	2,140,091,803
		<b>3,185,627,251</b>	<b>2,690,091,803</b>
Surplus on revaluation	18	15,432,500	15,432,500
<b>LIABILITIES</b>			
<b>NON - CURRENT LIABILITIES</b>			
Liabilities against assets subject to finance lease	19	470,480	1,878,241
<b>CURRENT LIABILITIES</b>			
Short term borrowings - secured	20	1,408,013,323	1,880,668,813
Current portion of liability subject to finance lease	19	1,345,933	687,187
Trade and other payables	21	869,995,587	406,969,260
Payable against purchase of securities - net		34,414,007	465,407,950
Markup accrued		9,640,501	41,758,563
Taxation - net		168,044,426	60,447,585
		<b>2,491,453,777</b>	<b>2,855,939,358</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	22		
		<b>5,692,984,008</b>	<b>5,563,341,902</b>
<b>TOTAL EQUITY AND LIABILITIES</b>			

The annexed notes from 1 to 40 form an integral part of these financial statements.

  
Chief Executive Officer

  
Director



# Profit and Loss Account

For The Year Ended June 30, 2017

		2017	2016
	Note	Rupees	
Operating revenue	23	858,463,896	590,033,652
Capital gain / (loss) on sale of investments - net		895,224,653	(484,317)
(Loss) / gain on re-measurement of investments carried at fair value through profit or loss - net		(375,367,091)	162,331,170
Unrealised gain on re-measurement of investment property	7	32,279,270	1,036,440
		<u>1,410,600,728</u>	<u>752,916,945</u>
Administrative and operating expenses	24	(386,334,866)	(267,868,170)
Finance cost	25	(138,484,513)	(165,947,720)
Other charges	26	(7,543,701)	(9,364,679)
Other income	27	262,654,579	146,309,223
Profit before taxation		<u>1,140,892,227</u>	<u>456,045,599</u>
Provision for taxation	28	(260,356,779)	(46,548,848)
<b>Profit after taxation</b>		<u>880,535,448</u>	<u>409,496,751</u>
<b>Earnings per share - basic and diluted</b>	29	<u>16.01</u>	<u>7.45</u>

The annexed notes from 1 to 40 form an integral part of these financial statements.

  
Chief Executive Officer

  
Director

# Statement of Comprehensive Income

For The Year Ended June 30, 2017

	2017	2016
	Rupees	
Profit after taxation	880,535,448	409,496,751
Other comprehensive income	-	-
Total comprehensive profit for the year transferred to equity	<u>880,535,448</u>	<u>409,496,751</u>

  
Chief Executive Officer

  
Director

# Statement of Changes In Equity

For The Year Ended June 30, 2017

	Issued, subscribed & paid up capital	Unappropriated profits	Total
		Rupees	
Balance as at July 1, 2015	550,000,000	2,115,595,052	2,665,595,052
Cash dividend paid @ 70% for the year ended June 30, 2015 (2014: 50%)	-	(385,000,000)	(385,000,000)
Comprehensive income for the year ended June 30, 2016	-	409,496,751	409,496,751
Balance as at June 30, 2016	550,000,000	2,140,091,803	2,690,091,803
<b>Balance as at July 1, 2016</b>	<b>550,000,000</b>	<b>2,140,091,803</b>	<b>2,690,091,803</b>
Cash dividend paid @ 70% for the year ended June 30, 2016 (2015: 70%)	-	(385,000,000)	(385,000,000)
Comprehensive income for the year ended June 30, 2016	-	880,535,448	880,535,448
<b>Balance as at June 30, 2017</b>	<b>550,000,000</b>	<b>2,635,627,251</b>	<b>3,185,627,251</b>

  
Chief Executive Officer

  
Director

# Cash Flow Statement

For The Year Ended June 30, 2017

	2017	2016
Note	Rupees	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,140,892,227	456,045,599
Adjustments for:		
Depreciation	7,826,670	8,534,630
Amortization of intangible asset	817,501	865,882
Impairment loss on intangible assets	7,500,000	-
Loss on disposal of property, plant and equipment	43,701	57,626
Loss / (Gain) on remeasurement of Investments carried at fair value through - held for trading	375,367,091	(162,331,170)
Gain on disposal of Investment property	(36,598,931)	-
Unrealized gain on re-measurement of investment property	(32,279,270)	(1,036,440)
Dividend income	(91,188,231)	(60,710,962)
Recovery of bad debts written off	(30,236,570)	(670,868)
Reversal of Provision for Worker Welfare Fund	(69,280,080)	-
Provision for Worker Welfare Fund	-	9,307,053
Finance costs	138,484,513	165,947,720
	<b>270,456,394</b>	<b>(40,036,529)</b>
<b>Cash generated from operating activities before working capital changes</b>	<b>1,411,348,621</b>	<b>416,009,070</b>
<b>Effect on cash flow due to working capital changes</b>		
<b>(Increase) / decrease in current assets</b>		
Short term investments	(344,838,778)	(1,631,054,505)
Trade debts	537,717,908	(8,747,539)
Receivable against sale of securities - net	-	-
Receivable against margin financing	(523,076,219)	(71,820,115)
Short term loans	(3,088,523)	2,786,490
Deposits and short term prepayments	18,154,027	251,682,049
Other receivables	137,311,355	(79,860,397)
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	522,031,359	(132,201,027)
Payable against sale of securities - net	(430,993,943)	420,849,555
	<b>(86,782,814)</b>	<b>(1,248,365,489)</b>
<b>Cash generated from / (used in) from operations</b>	<b>1,324,565,807</b>	<b>(832,356,419)</b>
Taxes paid	(131,283,113)	(151,854,783)
Finance costs paid	(170,602,575)	(167,942,870)
<b>Net cash generated from / (used in) operating activities</b>	<b>1,022,680,119</b>	<b>(1,152,154,072)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(5,151,764)	(4,580,245)
Proceeds from disposal of property, plant and equipment	62,961	724,989
Acquisition of Intangible asset	(613,346)	(802,606)
Investment in property	(12,945,000)	(19,290,000)
Proceeds from disposal of investment property	244,577,896	-
Disposal of long term investment	37,028,213	-
Dividends received	92,346,993	60,272,712
Long term deposits	(3,303,302)	(843,851)
<b>Net cash generated from investing activities</b>	<b>352,002,651</b>	<b>35,480,999</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Rental paid against finance lease liability	(749,015)	404,541
Dividend paid	(374,724,952)	(380,115,435)
<b>Net cash used in financing activities</b>	<b>(375,473,967)</b>	<b>(379,710,894)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>999,208,803</b>	<b>(1,496,383,967)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>(1,574,428,713)</b>	<b>(78,044,746)</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>(575,219,910)</b>	<b>(1,574,428,713)</b>

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The annexed notes from 1 to 40 form an integral part of these financial statements.

  
Chief Executive Officer

  
Director

# Notes to the Financial Statements

For The Year Ended June 30, 2017

## 1 STATUS AND NATURE OF BUSINESS

Arif Habib Limited (“the Company”) is a public listed company incorporated in Pakistan under the Companies Ordinance, 1984. The shares of the Company are quoted on Pakistan Stock Exchange Limited (“the Exchange”). The Company was initially incorporated as an unquoted public limited company wholly owned by Arif Habib Corporation Limited (“the Parent Company”). Subsequently, the Parent Company offered its 25% shareholding in the Company to general public and the Company obtained listing on the Exchange on January 31, 2007. Currently, the Parent Company holds 65.52% shares of the Company.

The Company is a holder of Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange Limited. The principal activities of the Company are brokerage of shares, equity and debt securities, forex and other financial instruments, corporate finance services and securities investments. The registered office of the Company is situated at Arif Habib Centre, 23 M.T. Khan Road, Karachi.

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as are notified by the Securities and Exchange Commission of Pakistan (SECP) under the provisions of the Ordinance as well as the provisions of and directives issued under the Ordinance. In case requirements differ, the provisions of or directives of the Ordinance shall prevail.

### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for investment property and investments classified as at fair value through profit or loss which are stated at fair value.

### 2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Company’s functional and presentation currency.

### 2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved financial reporting standards, as applicable in Pakistan, requires 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.

Information about judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates and assumptions with a significant risk of material adjustment in the future periods are included in following notes:

# Notes to the Financial Statements

For The Year Ended June 30, 2017

- Useful lives and residual values of property, plant and equipment (note 3.1)
- Useful lives and residual values of intangible assets (note 3.2)
- Investment property (note 3.3)
- Classification of investments (note 3.5 - 3.5.4)
- Fair value of investments (note 3.5 - 3.5.4)
- Provision for taxation (note 3.16)

## 2.5 Amendments / interpretation to existing standard and forthcoming requirements

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after the dates specified below:

- Amendments to IAS 12 'Income Taxes' (effective for annual periods beginning on or after 1 January 2017) - The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on Company's financial statements.
- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.
- Amendments to IFRS 2 'Share-based Payment' clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's financial statements.
- Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:
- Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'.
- 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.



# Notes to the Financial Statements

For The Year Ended June 30, 2017

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.

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

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Property, plant and equipment

#### Owned

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the asset including borrowing costs.

Where major components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the carrying amount 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. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the profit and loss account during the year in which they are incurred.

When the written down value of the item of property, plant and equipment falls below Rs.10,000 the same is charged directly to the profit and loss account.

Disposal of an item of property, plant and equipment is recognized when significant risks and rewards incidental to ownership have been transferred. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognized within 'Other operating expenses/income' in the profit and loss account.

Depreciation is charged to profit and loss account applying the reducing balance method at the rates specified in note 4 to the financial statements.

Depreciation is charged when asset is available for use until asset is disposed off.

#### Leased assets

Leases in terms of which the Company assumes, substantially all the risks and rewards of ownership, are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount lower of its fair value and present value of minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Outstanding obligations under the lease, less finance cost allocated to future periods are shown as a liability.

Finance cost under lease agreements are allocated to the periods during the lease term so as to produce a constant periodic rate of finance cost on the remaining balance of principal liability for each period.

# Notes to the Financial Statements

For The Year Ended June 30, 2017

Leased assets are depreciated over the period shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Depreciation is charged to profit and loss account using reducing balance method at the rates specified in note 4.

## 3.2 Intangible assets

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged using reducing balance method over assets estimated useful life at the rates stated in note 5, after taking into accounts residual value, if any. The residual values, useful life and amortization methods are reviewed and adjusted, if appropriate, at balance sheet date.

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

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

### 3.2.1 Membership cards and offices

This is stated at cost less impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

### 3.2.2 Computer software

Expenditure incurred to acquire identifiable computer software and having probable economic benefits exceeding the cost beyond one year, is recognized as an intangible asset. Such expenditure includes the purchase cost of software (license fee) and related overhead cost.

Costs associated with maintaining computer software programs are recognized as an expense when incurred.

Costs which enhance or extend the performance of computer software beyond its original specification and useful life is recognized as capital improvement and added to the original cost of the software.

Computer software and license costs are stated at cost less accumulated amortization and any identified impairment loss and amortized through reducing balance method using the rate specified in note 5.1 to the account.

Amortization is charged when asset is available for use until asset is disposed off.

## 3.3 Investment property

Property that is held for long-term rental yields or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the supply of services or for administrative purposes, is classified as investment property. Investment property is initially measured at its cost, including related transaction costs and borrowing costs, if any.

Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

For the purpose of subsequent measurement, the Company determines with sufficient regularity the fair value of the items of investment property based on available active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Valuations wherever needed are performed as of the reporting date by professional valuers who hold recognized and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements.

# Notes to the Financial Statements

For The Year Ended June 30, 2017

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Changes in fair values are recognized in the profit and loss account. An item of investment property is derecognized either when disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal.

## 3.4 Impairment

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

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

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

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

## 3.5 Financial assets

**3.5.1** The Company classifies its financial assets in the following categories: at cost, at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

### a) Long term investments

#### Investment in subsidiaries

- (i) Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

- (ii) Other long term investments

The Company has designated its other long term investments as at fair value through profit or loss.

The Company has established the fair value of such investments using a valuation technique which incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments.

# Notes to the Financial Statements

For The Year Ended June 30, 2017

## **b) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

## **c) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise trade debts, loans, advances, deposits, other receivable and cash and bank balances in the balance sheet.

## **d) Available-for-sale financial assets**

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date.

## **e) Held to maturity**

Financial assets with fixed or determinable payments and fixed maturity, where management has intention and ability to hold till maturity are classified as held to maturity. There were no financial assets held to maturity at the balance sheet date.

**3.5.2** All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of investments are recognized on trade date - the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs except for financial assets at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest rate method.

Changes in the fair value of securities classified as available-for-sale are recognized in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in other comprehensive income are included in the profit and loss account as a reclassification adjustment. Interest on available-for-sale securities calculated using the effective interest method is recognized in the profit and loss account. Dividends on available for-sale equity instruments are recognized in the profit and loss account when the Company's right to receive payments is established.

The fair values of quoted equity investments are based on current market prices. Subsequent to initial measurement equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are stated at cost less impairment in value, if any.

The fair value of quoted equity instruments are based on current market prices. Subsequent to initial measurement equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are stated at cost less impairment in value, if any.

**3.5.3** Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

# Notes to the Financial Statements

For The Year Ended June 30, 2017

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

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

**3.5.4** The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available for-sale financial assets, the cumulative loss that had been recognized in other comprehensive income shall be reclassified from equity to profit and loss account as a reclassification adjustment. Impairment losses recognized in the profit and loss account on equity instruments classified as available-for-sale are not reversed through the profit and loss account. Impairment testing of trade and other receivables is described in note 3.9.

## **3.6 Securities purchased / sold under resale / repurchase agreements**

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

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

## **3.7 Financial liabilities**

Financial liabilities are initially recognized at fair value plus directly attributable cost, if any, and subsequently carried at amortized cost using effective interest rate method.

## **3.8 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle either on a net basis, or realize the asset and settle the liability simultaneously.

## **3.9 Trade debts and other receivables**

Trade debts and other receivables are recognized at fair value and subsequently measured at amortized cost. A provision for impairment in trade debts and other receivables is made when there is objective evidence that the Company will not be able to collect all amounts due according to original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

# Notes to the Financial Statements

For The Year Ended June 30, 2017

## **3.10 Fiduciary assets**

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

## **3.11 Cash and cash equivalents**

Cash and cash equivalents in the statement of cash flows includes cash in hand, balance with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts / short term borrowings. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

## **3.12 Share capital**

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## **3.13 Borrowings**

Borrowings that are acquired for long term financing are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

## **3.14 Trade and other payables**

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost using the effective interest method.

These are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

## **3.15 Staff retirement benefits - Defined contribution plan**

The Company operates a defined contribution plan i.e. recognized provident fund ("the Fund") for all of its eligible employees in accordance with trust deed and rules made thereunder. Monthly contributions at the rate of 12.50% of basic salary are made to the Fund by the Company and the employees.

## **3.16 Taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognized in the profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

### **Current**

The current income tax charge is based on the taxable income for the year calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

# Notes to the Financial Statements

For The Year Ended June 30, 2017

## Deferred

Deferred tax is recognized using balance sheet liability method, providing for all temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

## 3.17 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

## 3.18 Foreign currency transactions and translation

Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are translated into functional currency using the rates of exchange prevailing at the dates of the 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.

## 3.19 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any direct expenses. Revenue is recognized on the following basis:

- Brokerage, consultancy and advisory fee, commission etc. are recognized as and when such services are provided.
- Profit on saving accounts, profit on exposure deposits and markup on marginal financing is recognized at effective yield on time proportion basis.
- Dividend income is recorded when the right to receive the dividend is established.
- Gains / (losses) arising on sale of investments are included in the profit and loss account in the period in which they arise.
- Unrealized capital gains / (losses) arising from mark to market of investments classified as at financial assets at fair value through profit or loss are included in profit and loss account for the period in which they arise.
- Rental income from investment properties is recognized on accrual basis.

## 3.20 Borrowing costs

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalised as part of the cost of that asset.



# Notes to the Financial Statements

For The Year Ended June 30, 2017

## 4 PROPERTY AND EQUIPMENT

	Leasehold office	Leasehold improvements	Owned Assets			Leased assets		Total
			Office equipments	Furniture & Fixture	Compter & Allied	Vehicles		
<b>As at June 30, 2015</b>								
Cost	-	102,485,179	843,448	253,782	14,575,493	4,590,500	122,748,402	
Accumulated depreciation	-	(62,285,897)	(562,330)	(133,547)	(9,461,736)	(1,858,163)	(74,301,673)	
Net book value	-	40,199,282	281,118	120,235	5,113,757	2,732,337	48,446,729	
<b>Year ended June 30, 2016</b>								
Opening net book value	-	40,199,282	281,118	120,235	5,113,757	2,732,337	48,446,729	
Additions during the year	-	-	305,343	-	3,235,902	1,039,000	4,580,245	
Disposals / transfers / writeoff	-	-	(180,516)	(15,800)	(217,800)	(1,749,000)	(2,163,116)	
Cost	-	-	(180,516)	(15,800)	(217,800)	(1,749,000)	(2,163,116)	
Accumulated depreciation	-	-	180,516	15,800	41,834	1,142,351	1,380,501	
Net book value (note 4.1)	-	-	-	-	(175,966)	(606,649)	(782,615)	
Depreciation for the year	-	(5,588,103)	(84,376)	(26,279)	(2,257,850)	(578,022)	(8,534,630)	
Closing net book value	-	34,611,179	502,085	93,956	5,915,843	2,586,666	43,709,729	
<b>As at June 30, 2016</b>								
Cost	-	102,485,179	968,275	237,982	17,593,595	3,880,500	125,165,531	
Accumulated depreciation	-	(67,874,000)	(466,190)	(144,026)	(11,677,752)	(1,293,834)	(81,455,802)	
Net book value	-	34,611,179	502,085	93,956	5,915,843	2,586,666	43,709,729	
<b>Year ended June 30, 2017</b>								
Opening net book value	-	34,611,179	502,085	93,956	5,915,843	2,586,666	43,709,729	
Additions during the year	-	-	-	151,054	5,000,710	-	5,151,764	
Disposals / transfers / writeoff	-	-	-	-	-	-	-	
Cost	-	-	-	(17,100)	(927,913)	-	(945,013)	
Accumulated depreciation	-	-	-	17,100	821,251	-	838,351	
Net book value (note 4.1)	-	-	-	-	(106,662)	-	(106,662)	
Depreciation for the year	-	(4,849,211)	(70,345)	(27,680)	(2,405,398)	(474,036)	(7,826,670)	
Closing net book value	-	29,761,968	431,740	217,330	8,404,493	2,112,630	40,928,161	
<b>As at June 30, 2017</b>								
Cost	-	102,485,179	968,275	371,936	21,666,392	3,880,500	129,372,282	
Accumulated depreciation	-	(72,723,211)	(536,535)	(154,606)	(13,261,899)	(1,767,870)	(88,444,121)	
Net book value	-	29,761,968	431,740	217,330	8,404,493	2,112,630	40,928,161	
<b>Annual rates of depreciation</b>								
	0%	15%	15%	15%	33%	20%		

### 4.1 Particulars of disposal of property and equipment are as follows:

Particulars	Cost	WDV at Disposal	Accumulated Depreciation	Sale Proceed	(Loss)	Mode of Disposal	Particulars of Buyer
Computer & Allied	927,913	106,662	821,251	62,961	(43,701)	Negotiation	Insurance claim
Furniture & Fixture	17,100	-	17,100	-	-	Written Off	-
	945,013	106,662	838,351	62,961	(43,701)		

	Note	2017	2016
		Rupees	
<b>5 INTANGIBLES ASSETS</b>			
Computer software	5.1	3,493,747	3,697,902
Trading right entitlement certificates and offices	5.2	6,600,000	14,100,000
		<u>10,093,747</u>	<u>17,797,902</u>

# Notes to the Financial Statements

For The Year Ended June 30, 2017

		2017	2016
	Note	Rupees	
<b>5.1 Computer software</b>			
<b>Net carrying amount</b>			
Opening net book value		3,697,902	3,761,178
Additions during the year		613,346	802,606
Amortization charge		(817,501)	(865,882)
Closing net book value		<u>3,493,747</u>	<u>3,697,902</u>
<b>Gross carrying amount</b>			
Cost		7,433,958	6,820,612
Accumulated amortization		(3,940,211)	(3,122,710)
Net book value		<u>3,493,747</u>	<u>3,697,902</u>
<b>Amortization rate</b>		<u>25%</u>	<u>25%</u>
<b>5.2 Trading Right Entitlement Certificates and Offices</b>			
<b>Trading Right Entitlement Certificates</b>			
Cost		26,000,000	26,000,000
Impairment		(21,500,000)	(14,000,000)
	5.2.1	<u>4,500,000</u>	<u>12,000,000</u>
<b>Offices-booths</b>			
Pakistan Stock Exchange Limited		2,100,000	2,100,000
		<u>6,600,000</u>	<u>14,100,000</u>

**5.2.1** Pursuant to Memorandum of Understanding signed between Karachi Stock Exchange Limited (KSE), Lahore Stock Exchange Limited (LSE) & Islamabad Stock Exchange Limited (ISE) for integration of all three stock exchanges in Pakistan as envisaged in the Stock Exchanges (Corporatization, Demutualization and Integration) Act 2012 (XV of 2012) [the Act], the Company has been issued three TREC's of Pakistan Stock Exchange Limited, in lieu of TREC of KSE, LSE & ISE previously issued. These have been carried at cost less impairment.

		2017	2016
	Note	Rupees	
<b>6 LONG TERM INVESTMENTS</b>			
<b>Investments in subsidiaries - at cost</b>			
- Arif Habib Commodities (Private) Limited	6.1	38,000,000	38,000,000
- Arif Habib 1857 (Private) Limited	6.2	50,000,000	50,000,000
		<u>88,000,000</u>	<u>88,000,000</u>
<b>At fair value through profit or loss designated on initial recognition</b>			
- Pakistan Stock Exchange Limited	6.4	25,727,405	62,755,618
- ISE Towers REIT Management Company Limited	6.5	47,097,039	33,380,639
- LSE Financial Services Limited	6.5	11,489,894	25,206,294
		<u>84,314,338</u>	<u>121,342,551</u>
		<u>172,314,338</u>	<u>209,342,551</u>

# Notes to the Financial Statements

For The Year Ended June 30, 2017

- 6.1** This represents paid up share capital comprising of 100% ownership in Arif Habib Commodities (Private) Limited (AHCPL) which was incorporated on April 02, 2012 as a wholly owned subsidiary for the purpose of expanding non-core revenue stream of the commodity brokerage. The total amount of investment approved by the shareholders of the Company in the extra-ordinary general meeting held on June 16, 2012 is PKR 100 million. As of the reporting date, the Company had invested a total sum of PKR 38 million.
- 6.2** This represents paid up share capital comprising of 100% ownership in Arif Habib 1857 (Private) Limited which was incorporated on July 07, 2014 as a wholly owned subsidiary for the purpose of share brokerage. The total amount of investment approved by the shareholders of the Company in the extra-ordinary general meeting held on September 27, 2014 is PKR. 60 million. As of the reporting date, the Company had invested a total sum of PKR 50 million.
- 6.3** The Securities and Exchange Commission of Pakistan vide its letter No. EMD/233/683/2007-288 dated September 16, 2016 and EMD/233/683/2007-351 dated October 06, 2016 has granted exemption to the Company from preparation of the consolidated financial statements for its subsidiaries namely M/s. Arif Habib Commodities (Private) Limited and M/s. Arif Habib 1857 (Private) Limited respectively. The financial statements of the said subsidiaries are consolidated by the ultimate holding company of the Company i.e. M/s. Arif Habib Corporation Limited. The financial statements of the subsidiary companies are available for inspection at the Company's registered office and available to the members upon request. The extracts of the un-audited balance sheet as at June 30, 2017 and un-audited profit and loss account for the year ended June 30, 2017 of the subsidiary companies are as follows:

	2017	2016
	Audited	Audited
	Rupees	
<b>6.3.1</b> Arif Habib Commodities (Private) Limited		
<b>BALANCE SHEET</b>		
<b>Assets</b>		
<b>Non - current assets</b>		
Property and equipment	820,457	688,328
Intangible assets	1,000,000	1,000,000
Long term deposits	11,507,205	9,007,205
	<b>13,327,662</b>	<b>10,695,533</b>
<b>Current assets</b>		
Deposits and prepayments	22,592,366	4,086,869
Short term investments	3,878,945	5,353,230
Advances and other receivable	4,226,090	4,982,773
Taxation - net	3,256	158,426
Cash and bank balances	3,724,433	33,412
	<b>34,425,090</b>	<b>14,614,710</b>
<b>Total assets</b>	<b>47,752,752</b>	<b>25,310,243</b>
<b>EQUITY AND LIABILITIES</b>		
Capital and reserves		
Authorized capital		
10,000,000 (2016: 10,000,000) ordinary shares	<b>100,000,000</b>	<b>100,000,000</b>
Issued, subscribed and paid-up capital	<b>38,000,000</b>	<b>38,000,000</b>
Accumulated loss	<b>(8,163,765)</b>	<b>(13,502,837)</b>
	<b>31,836,235</b>	<b>24,497,163</b>
Advance against issue of shares	<b>2,000,000</b>	<b>-</b>
<b>Current liabilities</b>		
Trade and other payables	<b>15,916,517</b>	<b>813,080</b>
<b>Total equity and liabilities</b>	<b>47,752,752</b>	<b>25,310,243</b>

# Notes to the Financial Statements

For The Year Ended June 30, 2017

	2017	2016
	Rupees	
	Audited	Audited
<b>PROFIT &amp; LOSS ACCOUNT</b>		
Operating revenue	20,070,331	15,084,326
Administrative and operating expenses	(18,547,185)	(18,822,030)
Finance cost	(46,337)	(62,819)
Other income	4,062,966	783,779
Profit / (loss) before taxation	5,539,775	(3,016,744)
Provision for taxation	(200,703)	(170,237)
<b>Profit / (loss) after taxation</b>	<b>5,339,072</b>	<b>(3,186,981)</b>
<b>Loss per share - basic and diluted</b>	<b>0.14</b>	<b>(0.080)</b>
<b>6.3.2 Arif Habib 1857 (Private) Limited</b>		
<b>BALANCE SHEET</b>		
	Un-audited	Audited
<b>Assets</b>		
<b>Non - current assets</b>		
Intangible assets	9,500,000	9,500,000
Long term deposits	16,507,500	16,507,500
	<b>26,007,500</b>	<b>26,007,500</b>
<b>Current assets</b>		
Advance tax	2,871	2,871
Receivable	7,865,750	7,865,750
Cash & bank balances	15,037,040	15,343,387
<b>Total assets</b>	<b>48,913,161</b>	<b>49,219,508</b>
<b>EQUITY AND LIABILITIES</b>		
Capital and reserves		
Authorized capital		
10,000,000 (2016: 10,000,000) ordinary shares	100,000,000	100,000,000
Issued, subscribed and paid-up capital:	50,000,000	50,000,000
Accumulated loss	(1,206,839)	(875,556)
	<b>48,793,161</b>	<b>49,124,444</b>
<b>Current liabilities</b>		
Trade and other payables	120,000	95,064
<b>Total equity and liabilities</b>	<b>48,913,161</b>	<b>49,219,508</b>
<b>PROFIT &amp; LOSS ACCOUNT</b>		
Operating revenue	2,605	5,383
Operating expenses	(333,578)	(169,822)
Loss before taxation	(330,973)	(164,439)
Provision for taxation	(310)	(2,517)
<b>Loss after taxation</b>	<b>(331,283)</b>	<b>(166,956)</b>
<b>Loss per share - basic and diluted</b>	<b>(0.007)</b>	<b>(0.003)</b>
<b>6.4 Investment in quoted ordinary shares of Pakistan Stock Exchange Limited</b>		
Fair value	25,727,405	62,755,618
Carrying value	15,688,908	62,755,618
	<b>10,038,497</b>	<b>-</b>

# Notes to the Financial Statements

For The Year Ended June 30, 2017

**6.4.1** This represents the investment in ordinary shares of Pakistan Stock Exchange Limited (PSX) received by the Company in pursuance of the promulgation of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012. The total number of shares received by the Company were 4,007,383 out of which 60% shares were held in a separate blocked account in the Central Depository Company of Pakistan Limited (CDC) to restrict the sale of such shares by the members of PSX.

During the current year, PSX sold 40% shares of its shares held by the Company (previously held in a separate blocked account in CDC) at an offer price of PKR 28 per ordinary share. Further, as per Section 5(2) of Public Offering Regulations, 2017, the Company is required to retain not less than 25% of the total paid up capital for a period of not less than three financial years from the last date for the public subscription.

Given the above, the investment to the extent of 25% of ordinary shares of PSX has been classified as long term investment while the remaining investment in such shares has been classified as short term investment.

**6.5** This represents the investment in 843,975 unquoted ordinary shares of M/s. LSE Financial Services Limited and 3,034,604 unquoted ordinary shares of M/s. ISE Towers REIT Management Company Limited.

The Company, as per its policy, carried out the valuation of the aforementioned investments. In this connection, the valuation technique used by the Company was Discounted Free Cash Flow to Equity model for business valuation. Assumptions and inputs used in the valuation technique mainly include risk-free rate, equity risk premium, long term growth rate and projected rates of increase in revenues, other income and expenses. Principal assumptions used in the valuation of above unquoted investments are as under:

<b>2017</b>					
<b>Principal Valuation Assumptions</b>					
<b>Name of investee company</b>	<b>Long term growth rate</b>	<b>Cost of equity</b>	<b>Projection period</b>	<b>Value per share (PKR)</b>	<b>Valuation technique used</b>
LSE Financial services Limited	7%	12.91%	5	13.62	Discounted Free Cash Flow to Equity
ISE Towers REIT Management Company Limited	7%	11.20%	5	15.52	Discounted Free Cash Flow to Equity

<b>2016</b>					
<b>Principal Valuation Assumptions</b>					
<b>Name of investee company</b>	<b>Long term growth rate</b>	<b>Cost of equity</b>	<b>Projection period</b>	<b>Value per share (PKR)</b>	<b>Valuation technique used</b>
Pakistan Stock Exchange Limited	10%	12.70%	5	15.66	Discounted Free Cash Flow to Equity
LSE Financial services Limited	10%	12.70%	5	29.88	Discounted Free Cash Flow to Equity
ISE Towers REIT Management Company Limited	10%	12.70%	5	11.01	Discounted Free Cash Flow to Equity

**2017**                      **2016**

Rupees

## 7 INVESTMENT PROPERTY

Opening carrying amount	531,966,414	511,639,974
Sale during the year	(207,978,965)	-
Acquisition during the year	12,945,000	19,290,000
Increase in fair value during the year	336,932,449	530,929,974
Closing carrying amount	369,211,719	1,036,440
	<b>369,211,719</b>	<b>531,966,414</b>

# Notes to the Financial Statements

For The Year Ended June 30, 2017

- 7.1** This represents the investment in plots of land and residential bungalows situated at Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi as well as the investment in offices located in the building complex of Pakistan Stock Exchange Limited, ISE Towers REIT Management Company Limited and LSE Financial Services Limited. As of the reporting date, the fair value of such investment properties was determined by an independent external property valuer having appropriate recognised qualification and relevant experience according to which there was an increase of PKR 32.28 million in fair value of the properties.

	2017	2016
--	------	------

Rupees

## 8 LONG TERM DEPOSITS

### Trading deposits placed with

- Pakistan Stock Exchange Limited
- National Clearing Company of Pakistan Limited
- LSE Financial Services Limited
- ISE Towers REIT Management Company Limited

700,461	541,985
4,045,826	901,000
12,761,941	12,761,941
150,000	150,000

### Other security deposits

- Against leased assets
- Others

1,164,150	1,164,150
210,946	210,946
<b>19,033,324</b>	<b>15,730,022</b>

## 9 DEFERRED TAX - net

### Deferred tax liabilities - Taxable temporary differences

- Accelerated depreciation
- Investments
- Investment property

6,091,827	5,362,619
15,068,038	67,410,949
60,935,289	77,393,547
<b>82,095,154</b>	<b>150,167,115</b>

### Deferred tax assets - Deductible temporary differences

- Impairment of intangible assets
- Provision for doubtful debts and other receivables
- Provision for Workers' Welfare Fund
- Liabilities against assets subject to finance lease

(6,288,704)	(4,340,000)
(263,234,765)	(272,009,257)
-	(21,476,825)
(544,924)	(795,283)

<b>(270,068,393)</b>	<b>(298,621,365)</b>
<b>(187,973,239)</b>	<b>(148,454,250)</b>

### Deferred tax asset - net

- 9.1** The Company, based on the future projections, has recognized deferred tax assets only to the extent of deferred tax liabilities amounting, in aggregate, to PKR 82.095 million. (2016: PKR 150.167 million).

	2017	2016
--	------	------

Rupees

## 10 SHORT TERM INVESTMENTS - at fair value through profit or loss 'Held for trading'

Investment in quoted equity securities:

- Related parties
- Other listed companies

-	1,093,026,818
3,062,286,213	2,200,885,643
<b>3,062,286,213</b>	<b>3,293,912,461</b>
201,481,752	383,817
<b>3,263,767,965</b>	<b>3,294,296,278</b>

Investment in Term Finance Certificates (TFCs)

# Notes to the Financial Statements

For The Year Ended June 30, 2017

		2017	2016
		Rupees	
<b>10.1</b>	<b>Unrealized gain on remeasurement of short term investments as of the reporting date</b>		
	Market value of the investments	3,263,767,965	3,294,296,278
	Cost of the investments	3,188,904,213	2,834,026,938
		<u>74,863,752</u>	<u>460,269,340</u>
<b>10.2</b>	<b>Movement in unrealized gain on remeasurement of short term investments</b>		
	At the beginning of the year	460,269,340	297,938,170
	Net unrealized (loss) / gain in the value of investments for the year	<u>(385,405,588)</u>	<u>162,331,170</u>
	At the end of the year	<u>74,863,752</u>	<u>460,269,340</u>
<b>10.3</b>	Fair value of shares pledged with banking companies against various short term running finance facilities and bank guarantees as at June 30, 2017 amounted to PKR 4,803.40 million (2016: PKR 929.85 million). Total value of pledged securities with financial institutions indicating separately securities belonging to customers as at June 30, 2017 is as under:		
		<b>Number of securities</b>	<b>Amount (Rupees)</b>
	Clients	126,100,000	4,280,985,000
	Brokerage House	27,668,000	791,933,923
	<b>Total</b>	<u>153,768,000</u>	<u>5,072,918,923</u>

		2017	2016
		Rupees	
<b>11</b>	<b>TRADE DEBTS</b>		
	Considered good	74,783,140	582,264,478
	Considered doubtful	874,618,000	874,618,000
		<u>949,401,140</u>	<u>1,456,882,478</u>
	Less: provision for doubtful debts	<u>(874,618,000)</u>	<u>(874,618,000)</u>
		<u>74,783,140</u>	<u>582,264,478</u>
<b>11.1</b>	This includes PKR 0.5 million (2016: PKR 8.14 million) due from related parties. The Company holds capital securities having fair value of PKR 33,780 million (2016: PKR 49,903 million) owned by its clients, as collaterals against trade debts.		
<b>12</b>	<b>RECEIVABLE AGAINST MARGIN FINANCING</b>		
	This represents receivable against Margin financing amounting to PKR 559.45 million (2016: PKR 30.65 million). The same is provided to clients on markup basis ranging from 10% to 13% (2016: 12% to 14%) per annum.		



# Notes to the Financial Statements

For The Year Ended June 30, 2017

		2017	2016
		Rupees	
		Note	
<b>13</b>	<b>SHORT TERM LOANS - secured</b>		
	Executives		476,384
	Staff		469,265
		13.1	<u>945,649</u>
			<u>4,034,172</u>

- 13.1** Loans to executives and staff are interest free. These loans have been provided for the purchase of vehicles and for other purposes in accordance with the terms of employment. The loans are repayable over a year and are to be recovered through deduction from monthly payroll. The loans are secured against staff provident fund balance.

		2017	2016
		Rupees	
		Note	
<b>14</b>	<b>ADVANCES, DEPOSITS AND PREPAYMENTS</b>		
	<b>Advances</b>		
	Advance against purchase of investment property	14.1	-
	Advance to subsidiary	14.2	-
	<b>Trade deposits</b>		
	Exposure deposit with Pakistan Stock Exchange Limited	14.3	27,734,579
	Exposure deposit with National Clearing Company of Pakistan Limited	14.4	126,126,460
	<b>Prepayments</b>		
	Rent		110,000
	Related Party		120,360
	Others		1,277,718
			<u>155,369,117</u>
			<u>137,215,090</u>

- 14.1** This represents advance given to M/s. Javedan Corporation for the purchase of certain plots of land located at Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi.
- 14.2** This represents advance given against future issue of ordinary shares and to meet working capital needs of M/s Arif Habib Commodities (Private) Limited.
- 14.3** This represents deposits held at the year end against exposure arising out of the trading in securities in accordance with the regulations of Pakistan Stock Exchange Limited.
- 14.4** This represents deposits held at year end against exposure arising out of the trading in securities in accordance with the regulations of National Clearing Company Pakistan Limited.

# Notes to the Financial Statements

For The Year Ended June 30, 2017

		2017	2016
		Rupees	
	Note		
<b>15</b>	<b>OTHER RECEIVABLES</b>		
	Reverse repo transactions	26,007,569	186,459,040
	Dividend receivable	7,670,237	8,828,999
	Related parties	-	25,109,833
	Other receivable	178,504,645	130,254,696
		<u>212,182,451</u>	<u>350,652,568</u>
	Less: provision for doubtful debts	(2,831,216)	(2,831,216)
		<u>209,351,235</u>	<u>347,821,352</u>
<b>16</b>	<b>CASH AND BANK BALANCES</b>		
	Cash in hand	1,399,005	23,585
	Cash at bank		
	- current accounts	114,406,304	23,205,158
	- savings accounts	716,988,104	283,011,357
		<u>831,394,408</u>	<u>306,216,515</u>
		<u>832,793,413</u>	<u>306,240,100</u>

**16.1** The return on these balances is 4% to 5% (2016: 4% to 5%) per annum on daily product basis.

**16.2** Bank balances include customers' bank balances held in designated bank accounts amounting to PKR 789.431 million (2016: PKR 260.925 million).

## 17 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2017	2016		2017	2016
(Number of shares)			Rupees	
12,000,000	12,000,000	Ordinary shares of PKR 10/- each fully paid in cash	120,000,000	120,000,000
43,000,000	43,000,000	Ordinary shares of PKR 10/- each issued as fully paid bonus shares	430,000,000	430,000,000
<u>55,000,000</u>	<u>550,000,000</u>		<u>550,000,000</u>	<u>550,000,000</u>

## 18 SURPLUS ON REVALUATION

In the year 2015, the Company reclassified Leasehold Land and Offices to Investment Property. Immediately before transfer, the Company remeasured the said assets on respective fair values and recognised surplus in revaluation reserve.

		2017	2016
		Rupees	
<b>19</b>	<b>LIABILITIES AGAINST ASSET SUBJECT TO FINANCE LEASE</b>		
	Present value of minimum lease payments	1,816,413	2,565,428
	Less : Current portion shown under current liabilities	(1,345,933)	(687,187)
		<u>470,480</u>	<u>1,878,241</u>

The above represents finance leases entered into with a financial institution for vehicles having a term of 4 years. Monthly payments of leases bearing pre-determined mark-up rates include finance charge ranging from 8% to 9% per annum (2016: 8% to 9%) which are used as discounting factor.

# Notes to the Financial Statements

For The Year Ended June 30, 2017

Taxes, repairs and insurance costs are to be borne by the Company. In case of early termination of lease, the lessee shall pay entire amount of rentals for unexpired period of lease agreement.

The amount of future payments of the lease and the period in which these payments will become due are as follows:

	Minimum lease Payments	Future finance cost	Present Value of lease liability	
			2017	2016
			Rupees	
Not later than one year	1,372,057	26,124	1,345,933	687,187
Later than one year and not later than five years	525,936	55,456	470,480	1,878,241
	<u>1,897,993</u>	<u>81,580</u>	<u>1,816,413</u>	<u>2,565,428</u>

## 20 SHORT TERM BORROWINGS - secured

Short term running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to PKR 4,490 million (2016: PKR 3,550 million). These facilities have various maturity dates up to May 2018. These arrangements are secured against pledge of marketable securities. These running finance facilities carry mark-up ranging from 1 month KIBOR + 0.5%, 3 month KIBOR +1.0% to 2% and 6 month KIBOR + 1.25% (2016: 1 month KIBOR + 0.5%, 3 month KIBOR +1.5% to 2% and 6 month KIBOR + 1.25%) calculated on a daily product basis that is payable quarterly.

	Note	2017	2016
		Rupees	
<b>21 TRADE AND OTHER PAYABLES</b>			
Creditors	21.1	768,665,579	260,628,858
Commission payable	21.2	61,716,433	38,303,233
Accrued expenses		6,600,768	7,225,316
Dividend payable		19,897,136	9,622,088
Provision for Workers' Welfare Fund	21.3	-	69,280,080
Sindh Sales Tax payable		12,020,077	20,755,496
Other liabilities		1,095,594	1,154,189
		<u>869,995,587</u>	<u>406,969,260</u>

**21.1** This includes PKR Nil (2016: PKR 3.38 million) payable to related parties of the Company.

**21.2** This includes PKR 53.2 million (2016: PKR 32.3 million) payable to related parties of the Company on account of commission.

**21.3** During the year ended June 30, 2011, the Honorable High Court of Lahore vide their order in respect of writ petition No.8763/2011, declared amendments introduced in Workers' Welfare Ordinance, 1971 through Finance Act, 2006 and Finance Act, 2008 as unconstitutional. Further, the Company also filed a writ petition in the Honorable High Court of Sindh at Karachi to impugn the amendments made to the Workers' Welfare Ordinance, 1971 vide Finance Act, 2008. During the year ended June 30, 2017, the Honorable Supreme Court of Pakistan vide its order dated September 27, 2016 revoked the amendments made in the Finance Act, 2006 and Finance Act, 2008 that broadened the scope of the obligation on industrial establishments to contribute towards Workers' Welfare Fund. The Honorable Supreme Court of Pakistan revoked the amendments pronouncing that contribution towards Workers' Welfare Fund constitutes a fee and not a tax; hence, the said amendments cannot be made through money bills (i.e. finance acts). Based on the order of the Honorable Supreme Court of Pakistan, the Company has reversed the provision for Workers' Welfare Fund recognized in prior years.

# Notes to the Financial Statements

For The Year Ended June 30, 2017

## 22 CONTINGENCIES AND COMMITMENTS

### 22.1 Contingency

The Company has been contesting a demand of PKR 45.42 million raised against its non-taxable services vide order issued on September 12, 2014 by the Assistant Commissioner, Sindh Revenue Board. The Company filed an appeal against the impugned order in the appropriate forums and, accordingly, a stay was granted to the Company against the impugned order. During the previous year, the Appellate Tribunal Sindh Revenue Board remanded the case to the learned Commissioner (Appeals) for decision denovo on merits in terms of note / opinion recorded by the Member Technical. The Company's legal counsel is of the view that the Company has a favorable case based on merit. Accordingly, the Company has not made any provision of the said amount in these financial statements.

		2017	2016
	Note	Rupees	
<b>22.2 Commitments</b>			
Following commitments are outstanding as at the reporting date:			
- Outstanding settlements against marginal trading contracts		282,746,717	1,806,919,064
- Outstanding settlements against sale / purchase of securities in regular market.		381,424,500	471,058,025
- Financial guarantees given by commercial banks on behalf of the Company		250,000,000	100,000,000
<b>23 OPERATING REVENUE</b>			
Brokerage and operating revenue		402,154,294	277,218,965
Advisory and consultancy fee		365,121,371	252,103,725
Dividend income		91,188,231	60,710,962
		<u>858,463,896</u>	<u>590,033,652</u>
<b>24 ADMINISTRATIVE AND OPERATING EXPENSES</b>			
Salaries and other benefits	24.1 & 33	207,214,988	158,708,389
CDC and clearing house charges		22,623,403	14,739,237
Fees and subscriptions		4,542,084	3,820,715
Legal and professional charges		3,866,580	7,387,703
Communication		9,667,799	6,156,443
Rent, rates and taxes		21,095,210	21,193,687
Depreciation and amortization	4 & 5.1	8,644,171	9,400,512
Building maintenance		12,788,724	10,932,205
Repairs and maintenance		2,893,236	3,866,529
Insurance		3,431,243	2,684,320
Advertisement and business promotion		3,373,792	4,205,795
Business representation		7,961,174	2,706,604
Motor vehicle and travelling expense		14,091,587	10,440,208
Printing and stationery		5,057,214	4,460,776
Meeting expenses		1,106,691	815,522
Auditors' remuneration	24.2	1,650,000	1,650,000
Donation	24.3	50,450,000	-
Others		5,876,970	4,699,525
		<u>386,334,866</u>	<u>267,868,170</u>

# Notes to the Financial Statements

For The Year Ended June 30, 2017

		2017	2016
		Rupees	
	Note		
<b>24.1</b>	Salaries and other benefits	93,523,179	74,960,461
	Commission	113,691,809	83,747,928
		<u>207,214,988</u>	<u>158,708,389</u>

**24.1.1** Salaries and benefits include PKR 4.79 million (2016: PKR 3.79 million) in respect of provident fund contribution.

		2017	2016
		Rupees	
<b>24.2</b>	Auditors' remuneration		
	Annual audit fee	1,000,000	1,000,000
	Half yearly review	310,000	310,000
	Certification on compliance with Code of Corporate Governance	200,000	200,000
	Other certifications	140,000	140,000
		<u>1,650,000</u>	<u>1,650,000</u>

**24.3** None of the directors of the Company or their spouses had any interest in the donee organizations.

		2017	2016
		Rupees	
	Note		
<b>25</b>	<b>FINANCE COSTS</b>		
	Markup on loan from associate	-	42,384,385
	Finance cost on finance leases	114,787	136,179
	Markup on short term borrowings from banking companies	115,942,803	109,817,096
	Markup on MTS securities	13,869,710	10,669,691
	Bank charges and others	8,557,213	2,940,369
		<u>138,484,513</u>	<u>165,947,720</u>
<b>26</b>	<b>OTHER CHARGES</b>		
	Provision for Workers' Welfare Fund	-	9,307,053
	Impairment loss on Trading Right Entitlement Certificate (TREC)	7,500,000	-
	Loss on disposal of property and equipment	43,701	57,626
		<u>7,543,701</u>	<u>9,364,679</u>

# Notes to the Financial Statements

For The Year Ended June 30, 2017

		2017	2016
	Note	Rupees	
<b>27</b>	<b>OTHER INCOME</b>		
On financial assets			
Markup on reverse repo		60,155,705	94,127,051
Markup on margin financing		29,139,818	10,914,929
Profit on savings accounts		18,915,427	16,762,645
Profit on exposure deposit		8,941,731	8,342,347
Markup on loans to group companies		-	811,999
Reversal of provision for doubtful trade debts		-	670,868
Written off trade debts recovered		30,236,570	-
Others		8,392,486	11,490,564
On non-financial assets			
Reversal of provision for Workers' Welfare Fund	21.3	69,280,080	-
Rental income from investment property		993,831	3,188,820
Gain on disposal of Investment property		36,598,931	-
		<u>262,654,579</u>	<u>146,309,223</u>
<b>28</b>	<b>TAXATION</b>		
Current tax - for the year		247,847,016	67,055,393
- for prior years		(8,967,062)	(19,288,151)
		<u>238,879,954</u>	<u>47,767,242</u>
Deferred	9.1	21,476,825	(1,218,394)
		<u>260,356,779</u>	<u>46,548,848</u>
<b>28.1</b>	<b>Relationship between tax expense and accounting profit</b>		
Profit before taxation		1,140,892,227	456,045,599
Tax at the applicable rate of 31% (2016: 32%)		353,676,590	145,934,592
Tax effect of income under Presumptive Tax Regime		(40,620,995)	(18,143,787)
Tax effect of income taxed at lower rate		(192,249,708)	(11,756,304)
Tax effect of prior year tax charge		(8,967,062)	(19,288,151)
Tax effect of non-deductible expenses		11,013,487	534,948
Tax effect of exempt income / permanent differences		95,011,556	(52,277,635)
Tax effect / adjustment of change in tax rate		-	1,759,863
Others		42,492,911	(214,678)
		<u>260,356,779</u>	<u>46,548,848</u>

**28.2** Income tax assessments up to tax year 2016 are deemed to be finalized u/s 120 of the Income tax Ordinance, 2001.

**28.3** The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or modaraba, that derives profits for tax year and does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40% of its after tax profits or 50% of its paid up capital, whichever is less, within six months of the end of the tax year.

The Board of Directors in their meeting held on July 31, 2017 has distributed sufficient cash dividend for the year ended 30 June 2017 which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognized in these financial statements for the year ended 30 June 2017.

# Notes to the Financial Statements

For The Year Ended June 30, 2017

**28.4** The Company has been contesting Civil Suit No. 284/2016 against levy of “Super Tax” u/s 4B of the Income Tax Ordinance, 2001 through Finance Act, 2015 in the High Court of Sindh and has not paid the Super Tax accordingly. The Company is of the view that the same is imposed against the merit of law and the Company’s legal council is of the view that the Company has a favorable case on merit. However, on prudent basis, a provision was made in the financial statements in respect of super tax charge for the tax years 2015.

	2017	2016
	Rupees	

## 29 EARNINGS PER SHARE - BASIC AND DILUTED

### 29.1 Basic earnings per share

Profit after taxation	880,535,448	409,496,751
	———— Number of shares ————	
Weighted average number of ordinary shares outstanding	55,000,000	55,000,000
	———— Rupees ————	
Earnings per share	16.01	7.45

### 29.2 Diluted earnings per share

There is no dilutive effect on the basic earnings per share of the Company, since there are no convertible instruments in issue as at June 30, 2017 and June 30, 2016 which would have any effect on the earnings per share.

## 30 CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the reporting year as shown in the cash flow statement are reconciled to the related items in the balance sheet as follows:

	2017	2016
	Rupees	

Cash and bank balances	832,793,413	306,240,100
Short term borrowings	(1,408,013,323)	(1,880,668,813)
	(575,219,910)	(1,574,428,713)

## 31 STAFF RETIREMENT BENEFITS

Defined contribution plan - staff provident fund	(Un-Audited)	(Un-Audited)
Size of the fund	16,182,524	11,201,687
Cost of investments made	15,572,660	11,070,547
Percentage of investments made	96%	99%
Fair value of investments	16,124,750	11,173,674



# Notes to the Financial Statements

For The Year Ended June 30, 2017

Breakup of the investments of the Fund is as follows:

	2017		2016	
	Rupees	%	Rupees	%
Open end mutual fund	3,527,928	22	3,021,191	27
Balance with bank in savings account	12,596,822	78	8,152,483	73
	16,124,750	100	11,173,674	100

The contributions were made by the Company to the Trust in accordance with the requirement of Section 227 of the Companies Ordinance, 1984. The audit of the provident fund for the years ended June 30, 2016 and 2017 is, currently, in progress. The investments out of the fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for the purpose.

## 32 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of group companies (the parent company, fellow subsidiaries and the subsidiaries), key management personnel of the Company and directors and their close family members, major shareholders of the Company and staff provident fund. Transaction with related parties are on arm's length. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment while contribution to the provident fund is in accordance with staff service rules. Remuneration of the chief executive, directors and executives is disclosed in note 33 to the financial statements. Transactions with related parties during the year other than those disclosed elsewhere in the financial statements are as follows:

Name of the related party and relationship with Company	Nature of Transaction	30 June	30 June
		2017	2016
		Rupees	
<b>Parent Company</b>	Brokerage commission earned during the year on sale and purchase of securities	3,396,864	7,083,514
<b>Subsidiaries</b>	Other receivables	117,418	120,360
<b>Key Management Personnel</b>	Brokerage Commission earned during the year on sale and purchase of securities	6,277,786	841,916
	Balance receivable at year end	206,022	61,685
	Commission payable at year end	-	-
	Balance payable at year end	21,654,699	2,217,301
<b>Group Companies</b>	Brokerage commission earned during the year on sale and purchase of securities	11,599,887	3,589,164
	Capital gain earned	-	6,823,760
<b>Other Related Parties</b>	Brokerage commission earned during the year on sale and purchase of securities	10,938,798	5,440,368
	Loan repayment	-	1,500,000,000
	Purchase of investment property	12,945,000	12,800,000
	Balance receivable		
	Balance Payable		
<b>AHL Provident Fund</b>	Contribution paid during the year	4,792,381	3,794,367

## 33 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for remuneration, including certain benefits to Directors, Chief Executive and Executives of the Company, are as follows:

# Notes to the Financial Statements

For The Year Ended June 30, 2017

	Chief Executive		Directors		Other Executives	
	2017	2016	2017	2016	2017	2016
				Rupees		
Managerial remuneration	5,437,781	4,704,037	-	4,150,202	55,877,378	39,413,410
Contribution to provident fund	394,892	330,453	-	223,960	2,781,860	1,901,367
Medical allowance	315,913	264,362	-	209,029	2,225,488	1,740,727
Commission	31,816,175	22,565,094	550,000	2,714,424	1,956,497	2,620,017
	<u>37,964,761</u>	<u>27,863,946</u>	<u>550,000</u>	<u>7,297,615</u>	<u>62,841,223</u>	<u>45,675,521</u>
Number of persons	<u>1</u>	<u>1</u>	<u>7</u>	<u>7</u>	<u>24</u>	<u>20</u>

**33.1** The Company has also provided its Chief Executive, Directors and certain executives with Company maintained car.

## **34 FINANCIAL RISK MANAGEMENT**

### **34.1 Financial risk factors**

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest/mark-up rate risk and price risk). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous periods in the manner described in notes below.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

#### **a) Market risk**

Market risk means that the future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, equity prices and interest rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company's market risk comprises of three types of risks: foreign currency risk, price risk and interest rate risk. The market risks associated with the Company's business activities are discussed as under:

##### **i) Foreign currency risk**

Foreign currency risk arises mainly where receivables and payables exist due to transaction in foreign currency. Currently, the Company is not exposed to currency risk since there are no foreign currency transactions and balances at the reporting date.

##### **ii) Price risk**

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/ mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Presently, daily stock market fluctuation is controlled by government authorities with cap and floor of 5%. The restriction of floor prices reduces the volatility of prices of equity securities and the chances of market crash at any moment. The Company manages price risk by monitoring the exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies, which includes disposing of its own equity investment and collateral held before it led the Company to incur significant mark to market and credit losses. The Company is exposed to equity price risk since it has investments in quoted equity securities amounting to PKR 3,088 million (2016: PKR 2,896 million) and also the Company holds collaterals in the form of equity securities against their debtor balances at the reporting date.

The carrying value of investments subject to equity price risk is based on quoted market prices as of the reporting date. Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

# Notes to the Financial Statements

For The Year Ended June 30, 2017

The Company's portfolio of short term investments is broadly diversified so as to mitigate the significant risk of decline in prices of securities in particular sector of the market.

Details of the industrial sector analysis of the short term investments are as follows:

	30 June 2017		30 June 2016	
	(Rupees)	%	(Rupees)	%
Engineering	-	-	736,000	0.02
Chemical	884,850,226	27.11	1,072,295,232	32.55
Household goods	178,985,000	5.48	33,243,600	1.01
Oil & Gas	107,408,080	3.29	-	-
Sugar & Allied Industries	20,636,000	0.63	-	-
Transport & technology	19,509,000	0.60	89,971,332	2.73
Commercial Bank	650,701,339	19.94	870,443,422	26.42
Equity Investment Instruments	201,481,752	6.17	383,800	0.01
Construction & Material ( Cement )	814,671,996	24.96	1,211,847,068	36.79
Financial Services	385,524,572	11.81	15,375,824	0.47
	<b>3,263,767,965</b>	<b>100</b>	<b>3,294,296,278</b>	<b>100</b>

For the purpose of price risk sensitivity analysis it is observed that the benchmark KSE 100 Index has increased by 23% (2016: 10%) during the financial year.

The table below summarizes Company's equity price risk as of 30 June 2017 and 2016 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end reporting dates. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in Company's equity investment portfolio.

		Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase (decrease) in shareholders' equity	Hypothetical increase (decrease) in profit / (loss) after tax
June 30, 2017	Rupees	3,263,767,965	10% increase	3,590,144,762	326,376,797	326,376,797
			10% decrease	2,937,391,169	(326,376,797)	(326,376,797)
June 30, 2016	Rupees	3,294,296,278	10% increase	3,623,725,906	329,429,628	329,429,628
			10% decrease	2,964,866,650	(329,429,628)	(329,429,628)

### iii) Interest rate risk

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing arrangements has variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) as indicated in respective notes.

Financial assets and liabilities include balances of PKR 716.99 million (2016: PKR 293.31 million) and PKR 1,408.01 million (2016: PKR 1,880.67 million) respectively, which are subject to interest / markup rate risk. Applicable interest / mark-up rates for financial assets and liabilities have been indicated in respective notes.

At the reporting date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

# Notes to the Financial Statements

For The Year Ended June 30, 2017

	2017	2016	2017	2016
	Effective interest rate (%)		Carrying amounts (PKR)	
Financial assets				
Bank deposits - pls account	4 to 5	4 to 5	716,988,104	283,011,357
Receivable against Reverse Repo	12 to 14	12 to 14	26,007,569	186,459,040
Receivable against margin financing	12 to 14	12 to 14	559,457,704	36,381,485
Financial liabilities				
Finance Lease liability	8 to 9	8 to 9	1,816,413	2,565,428
Short term borrowings	6.77 to 8.12	7.60 to 12.18	1,408,013,323	1,880,668,813

## Sensitivity analysis

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not affect fair value of any financial instrument. For cash flow sensitivity analysis of variable rate instruments it is observed that interest / mark-up rate in terms of KIBOR has increased by 09 bps during the year.

The following information summarizes the estimated effects of hypothetical increases and decreases in interest rates on cash flows from financial assets and financial liabilities that are subject to interest rate risk. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. The hypothetical changes in market rates do not reflect what could be deemed best or worst case scenarios. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	Profit and loss 100 bps	
	Increase	Decrease
	Rupees	
<b>As at June 30, 2017</b>		
Cash flow sensitivity-Variable rate financial liabilities	9,715,292	(9,715,292)
<b>As at June 30, 2016</b>		
Cash flow sensitivity-Variable rate financial liabilities	12,788,548	(12,788,548)

## b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

### Exposure to credit risk

Credit risk of the Company arises from deposits with banks and financial institutions, trade debts, short term loans, deposits, receivable / payable against sale of securities and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their net worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The Company's management, as part of risk management policies and guidelines, reviews clients' financial position, considers past experience, obtain authorized approvals and arrange for necessary collaterals in the form of equity securities to reduce credit risks and other factors. These collaterals are subject to market risk as disclosed in note 34.1 which ultimately affects the recoverability of trade debts. Moreover, any trade debts exceeding credit days followed by late payment surcharge to ensure early recovery of such debts. Further, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

# Notes to the Financial Statements

For The Year Ended June 30, 2017

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies, investment and operational guidelines approved by the Board of Directors.

The carrying amount of financial assets represent the maximum credit exposure at the reporting date, which are detailed as follows:

	Note	Carrying amount	
		2017	2016
Rupees			
Long-term deposits		19,033,324	15,730,022
Trade debts	34.1.1	74,783,140	582,264,478
Receivable against margin financing		559,457,704	36,381,485
Short term loans - secured	34.1.2	4,034,172	945,649
Advances, deposits and prepayments		133,564,417	153,861,039
Other receivables		209,351,235	347,821,352
Bank balances		831,394,408	306,216,515
		<b>1,831,618,400</b>	<b>1,443,220,540</b>

**34.1.1** The maximum exposure to credit risk for trade debts is due from local clients.

**34.1.2** Loan to executive and employees are secured against provident fund balance of these executives and employees.

**34.1.3** The Company holds equity securities having fair value of PKR 34,339 million (2016: PKR 49,933 million) owned by its clients, as collaterals against trade debts and margin finance receivables. The aging analysis of the total receivable from clients (i.e. inclusive of trade debts and receivable against margin financing) as at the reporting date is as follows:

	2017		2016	
	Gross	Impairment	Gross	Impairment
Rupees				
Not past due	559,457,704	-	549,819,729	-
Past due 1 day - 30 days	75,206,461	-	16,248,472	-
Past due 31 days - 180 days	9,118,206	-	26,775,913	-
Past due 181 days - 1 year	889,799	-	475,614	-
More than one year	864,186,674	874,618,000	899,944,235	874,618,000
Rupees	<b>1,508,858,844</b>	<b>874,618,000</b>	<b>1,493,263,963</b>	<b>874,618,000</b>

No impairment has been recognized except as disclosed in respect of these debts as the security against the same is adequate or counter parties have sound financial standing.

The credit quality of Company's liquid funds can be assessed with reference to external credit ratings as follows:

Short term rating	2017	2016
	Rupees	
A-1+	78,859,924	34,224,394
A1+	45,551,926	-
A-1	706,982,558	271,942,182
	<b>831,394,408</b>	<b>306,166,576</b>

# Notes to the Financial Statements

For The Year Ended June 30, 2017

Due to the Company's long standing business relationships with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the company. Accordingly, the credit risk is minimal.

## Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate exposure is significant in relation to the Company's total exposure. The Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

## c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

On the reporting date, the Company has cash and bank balance PKR 832.79 million (2016: PKR 306.24 million) unutilized credit lines PKR 3,082 million (2016: PKR 1,670 million) and liquid assets in the form of short term securities PKR 3,263 million (2016: PKR 3,294 million).

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying amount	2017		
		Contractual cash flows	Up to one year	More than one year
<b>Rupees</b>				
Financial liabilities				
Liabilities against assets subject to finance lease	1,816,413	1,897,993	1,345,933	470,480
Trade and other payables	857,975,510	857,975,510	857,975,510	-
Short term borrowings	1,408,013,323	1,408,013,323	1,408,013,323	-
Accrued markup on short term borrowings	9,640,501	9,640,501	9,640,501	-
	<b>2,277,445,747</b>	<b>2,277,527,327</b>	<b>2,276,975,267</b>	<b>470,480</b>
<b>2016</b>				
	Carrying amount	Contractual cash flows	Up to one year	More than one year
<b>Rupees</b>				
Financial liabilities				
Liabilities against assets subject to finance lease	2,565,428	2,752,842	687,187	1,878,241
Trade and other payables	316,933,684	316,933,684	316,933,684	-
Short term borrowings	1,880,668,813	1,880,668,813	1,880,668,813	-
Accrued markup on short term borrowings	41,758,563	41,758,563	41,758,563	-
	<b>2,241,926,488</b>	<b>2,242,113,902</b>	<b>2,240,048,247</b>	<b>1,878,241</b>

Contractual cash flows include interest related cash flows up to the year end. The future interest related cash flows depends on the extent of utilization of short term borrowings facilities and the interest rates applicable at that time.



# Notes to the Financial Statements

For The Year Ended June 30, 2017

## 34.2 Fair value estimate

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

Level 1 : Quoted market price (unadjusted) in an active market.

Level 2 : Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

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

Valuation techniques used by the Company include discounted cash flow model. Assumptions and inputs used in the valuation technique mainly include risk-free rate, equity risk premium, long term growth rate and projected rates of increase in revenues, other income and expenses. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the balance sheet date that would have been determined by market participants acting at arm's length.

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

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

<b>June 30, 2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	Rupees			
Financial assets	<b>3,088,013,618</b>	<b>201,481,752</b>	<b>58,586,933</b>	<b>3,348,082,303</b>
June 30, 2016	Level 1	Level 2	Level 3	Total
	Rupees			
Financial assets	3,293,912,461	383,817	121,342,551	3,415,638,829

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

	<b>2017</b>	2016
	Rupees	
Balance as at July 01	121,342,551	121,342,551
Total gain / (loss) recognised in profit and loss account on remeasurement of investment	-	-
Shares transfer to Level-1 after listing	<b>(62,755,618)</b>	-
Balance as at June 30	<b>58,586,933</b>	121,342,551

# Notes to the Financial Statements

For The Year Ended June 30, 2017

During the year ended 30 June 2017, the Company did not acquire any new shares of investee companies classified in level 3. However, shares of PSX were transferred from level 3 to level 1 after listing of PSX.

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

	<b>Effect on profit and loss account</b>	
	<b>Favourable</b>	<b>(Unfavourable)</b>
	Rupees	
June 30, 2017		
Equity securities	<u>585,869</u>	<u>(585,869)</u>
June 30, 2016		
Equity securities	<u>1,213,426</u>	<u>1,213,426</u>

## 34.3 Financial instruments by categories

	2017				
	Asset at cost	Asset at fair value through profit and loss	Loans and receivables	Other financial Asset	Total
	Rupees				
<b>As at June 30, 2017</b>					
<b>Financial assets as per balance sheet</b>					
Long Term Investment	88,000,000	84,314,338	-	-	172,314,338
Long term deposits	-	-	19,033,324	-	19,033,324
Short term investments	-	3,263,767,965	-	-	3,263,767,965
Trade debts	-	-	74,783,140	-	74,783,140
Receivable against margin financing	-	-	559,457,704	-	559,457,704
Short term loans	-	-	4,034,172	-	4,034,172
Advances, deposits and prepayments	-	-	137,215,090	-	137,215,090
Other receivables	-	-	209,351,235	-	209,351,235
Cash and bank balances	-	-	-	832,793,413	832,793,413
	<u>88,000,000</u>	<u>3,348,082,303</u>	<u>1,003,874,665</u>	<u>832,793,413</u>	<u>4,713,292,677</u>

	Financial liabilities at amortized cost
	Rupees
<b>As at June 30, 2017</b>	
<b>Financial liabilities as per balance sheet</b>	
Liabilities against assets subject to finance lease	1,816,413
Short term borrowings	1,408,013,323
Trade and other payables	857,975,510
Payable against purchase of securities - net	34,414,007
Accrued markup	9,640,501
	<u>2,311,859,754</u>

# Notes to the Financial Statements

For The Year Ended June 30, 2017

	2016				Total
	Asset at cost	Asset at fair value through profit and loss	Loans and receivables	Other financial Asset	
	Rupees				
Long term investment	88,000,000	121,342,551	-	-	209,342,551
Long term deposits	-	-	15,730,022	-	15,730,022
Short term investments	-	3,294,296,278	-	-	3,294,296,278
Trade debts	-	-	582,264,478	-	618,645,963
Receivable against margin financing	-	-	36,381,485	-	
Short term loans	-	-	945,649	-	945,649
Advances, deposits and prepayments	-	-	155,369,117	-	155,369,117
Other receivables	-	-	347,821,352	-	347,821,352
Cash and bank balances	-	-	-	306,240,100	306,240,100
	88,000,000	3,415,638,829	1,138,512,103	306,240,100	4,948,391,032

	Financial liabilities at amortized cost
	Rupees
As at June 30, 2016	
Financial liabilities as per balance sheet	
Liabilities against assets subject to finance lease	1,878,241
Short term borrowings	1,880,668,813
Current portion of lease liabilities	687,187
Trade and other payables	316,933,684
Payable against purchase of securities - net	465,407,950
Accrued markup	41,758,563
	<u>2,705,456,197</u>

## 34.4 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholders. Debt is calculated as total borrowings ('lease liability' and 'short term borrowings' as shown in the balance sheet). Total capital comprises shareholders' equity:

	2017	2016
	Rupees	
Total borrowings	1,409,829,736	1,883,234,241
Total equity	3,185,627,251	2,690,091,803
Total capital	<u>4,595,456,987</u>	<u>4,573,326,044</u>
Gearing ratio	<u>30.68%</u>	<u>41.18%</u>

## 35 INVESTMENT TURNOVER

Turnover during the period comprises of the following:

During the year ended June 30, 2017

Institution  
Retail  
Proprietary  
**Total**

Turnover in Value
169,256,685,474
84,139,125,849
<u>40,719,043,164</u>
<u>294,114,854,487</u>

# Notes to the Financial Statements

For The Year Ended June 30, 2017

## 36 OPERATING SEGMENT

These financial statements have been prepared on the basis of a single reportable segment as the Company's asset allocation decisions are based on a single and integrated business strategy.

All non current assets of the Company as at 30 June 2017 are located in Pakistan.

## 37 EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors has purposed a final cash dividend of PKR 10/- (2016: PKR 7/-) per share amounting to PKR 550 million (2016: PKR 385 million) at its meeting held on July 31, 2017 for the approval of the members at the annual general meeting to be held on September 23, 2017. The financial statements do not reflect this appropriation in the current financial statements.

## 38 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors in meeting held on 31 July, 2017.

## 39 CORRESPONDING FIGURES

The figures of the corresponding period have been reclassified wherever necessary to achieve better presentation. Major reclassification made in the corresponding figures are as under

Reclassification from components	Reclassification from components	Amount (Rupees)
Trade debts	Receivable against margin financing	36,381,485
Cash and bank balances - Saving accounts	Cash and bank balances - Current accounts	10,289,011
Other income - Others	Other income - Markup on margin financing	10,914,929

## 40 GENERAL

40.1 Figures have been rounded off to the nearest rupee.

40.2 Number of persons employed by the Company as on the year end are 100 (2016: 78) and average number of employees during the year are 90 (2016: 76).

  
Chief Executive Officer

  
Director

# Notice of Thirteenth Annual General Meeting

Notice is hereby given that the Thirteenth Annual General Meeting of Arif Habib Limited will be held on September 23, 2017 at 10:30 A.M. at Beach Luxury Hotel, M.T. Khan Road, Karachi to transact the following business:

## Ordinary Business

- 1) To confirm minutes of the Annual General Meeting held on September 24, 2016.
- 2) To review, consider and adopt audited accounts of the Company together with the auditors' and directors' report thereon including approval of the annexures there to, for the year ended June 30, 2017.
- 3) To elect directors of the Company in accordance to the provision of the section 159 of the Companies Act, 2017. The number of directors to be elected has been fixed at seven by the Board of Directors. Name of directors retiring and eligible to file nominations are as under:  
Mr. Zafar Alam, Mr. Muhammad Shahid Ali Habib, Mr. Ali Murtaza Kazmi, Mr. Haroon Usman, Ms. Sharmin Shahid, Ms. Nida Ahsan, Dr. Muhammad Sohail Salat.
- 4) To consider and approve final cash dividend for the year ended June 30, 2017 at PKR 10 per share i.e. 100% as recommended by the Board of Directors.
- 5) To appoint auditors of the Company and fix their remuneration for the financial year 2017-18.

## Special Business

- 6) To consider and if deemed fit, pass the following Special Resolutions with or without modification(s):  
Investment in Associated Companies & Associated Undertakings:

"RESOLVED THAT the consent and approval be and is hereby accorded under Section 199 of the Companies Act, 2017 for renewal of the following equity investments limit up to unutilized portion for which approval had been sought in previous general meeting(s), in associated companies and associated undertakings as mentioned in the annexed statement under Section 134(3)."

"FURTHER RESOLVED THAT the consent and approval be and is hereby accorded under Section 199 of the Companies Act, 2017 for renewal of following sanctioned limits of loans and advances for which approval has been sought in previous general meetings, in associated companies and associated undertakings as mentioned in the annexed statement under Section 134(3) whereas the renewal of limits will be in the nature of running finance for a period of one year and shall be renewable in next general meeting(s) for further period(s) of one year."

	Name of Companies & Undertakings	Rupees in Million	
		Proposed Amount of Equity	Proposed Amount of Loan / Advance
1	Safemix Concrete Products Limited	158	250

FURTHER RESOLVED THAT the Chief Executive and/or the Company Secretary be and are hereby authorized to take and do and/or cause to be taken or done any/all necessary actions, deeds and things which are or may be necessary for giving effect to the aforesaid resolutions and to do all acts, matters, deeds, and things which are necessary, incidental and/or consequential to the investment of the Company's funds as above as and when required at the time of investment."

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

A Statement under Section 134(3) of the Companies Act, 2017 pertaining to the special business is given on page No. 87 as ANNEXURE-A.

Karachi  
August 31, 2017



By order of the Board  
**Muhammad Taha Siddiqui**  
Company Secretary



# Notes

1. Share transfer books of the Company will remain closed from September 16, 2017 to September 23, 2017 (both days inclusive). Transfers received in order at the office of our registrar: M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi, by the close of business on Friday, September 15, 2017 will be treated in time for the determination of entitlement of shareholders to cash dividend and to attend and vote at the meeting.
2. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.
3. Procedure including the guidelines as laid down in Circular No. I- Reference No. 3(5-A) Misc/ARO/LES/96 dated 26th January 2000 issued by Securities & Exchange Commission of Pakistan:
  - a. Members, proxies or nominees shall authenticate their identity by showing their original national identity card or original passport and bring their folio numbers at the time of attending the meeting.
  - b. In the case of corporate entity, Board of Directors' resolution/power of attorney and attested copy of the CNIC or passport of the nominee shall also be produced (unless provided earlier) at the time of meeting.
  - c. In order to be effective, the proxy forms must be received at the office of our registrar no later than 48 hours before the meeting, duly signed and stamped and witnessed by two persons with their names, address, CNIC numbers and signatures.
  - d. In the case of individuals, attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
  - e. In the case of proxy by a corporate entity, Board of Directors resolution/power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted along with proxy form.
4. Members are requested to submit copies of their CNICs and promptly notify any change in address by writing to the office of the registrar.

## E-Voting

1. Member entitled to attend and vote at the meeting may opt to e-vote either by self or e-vote through intermediary or by way of instructions to appoint proxy/execution officer e-voting through intermediary.
2. A member entitled to attend and vote at the meeting may appoint another member and non-members as his / her proxy.
3. In order to be effective, the instructions/proxy forms must be received at the Company's registered office at Arif Habib Centre, 23, M.T. Khan Road, Karachi, no later than 10 days before the meeting (i.e. by the close of business on September 13, 2017), duly signed and stamped and witnessed by two persons with their names, address, CNIC numbers and signatures. Further the same instructions/proxy scanned copy may also be sent to our official email id [evoting@arifhabibltd.com](mailto:evoting@arifhabibltd.com)
4. In the case of individuals, attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
5. In the case of proxy by a corporate entity, Board of Directors resolution/power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted along with proxy Form.

## Availability of audited financial statements

The audited financial statements of the Company for the year ended June 30, 2017 have been made available on the Company's website (<http://www.arifhabibltd.com>) in addition to annual and quarterly financial statements for the prior years.

Important: Please note that pursuant to the provisions of Finance Act 2016 effective from July 1, 2016, new criteria for withholding of tax on dividend income has been introduced by Federal Board of Revenue (FBR). As per this criteria, 'Filer' and 'Non-Filer' shareholders will pay tax @ 12.5% and 20% respectively. The 'Filer' shareholders will be determined by matching their CNIC/Passport number available in the Active Tax Payers list (ATL) at the FBR website (<http://www.fbr.gov.pk>) from the CNIC/Passport number maintained by their respective Participant/CDC Investor Account Services or by the Company's Share Registrar (in case of physical shareholding). In the same manner, the 'Filer' status of Non-Individual shareholders will be determined by matching their National Tax Numbers (NTN). Shareholders are therefore advised to ensure that they have provided their CNIC/Passport/NTN to their respective Participant/CDC Investor Account Services/Company's Share Registrar and their names are appearing in the ATL available at the FBR website.

# Statement under Section 134(3) of the Companies Act, 2017

This statement sets out the material facts concerning the Special Business given in Agenda items No. 6 of the Notice and comprise of Annexure - A, to be transacted at the Annual General Meeting of the Company.

## ANNEXURE-A

Statement under Section 134(3) of the Companies Act, 2017, for decision to make investment under the authority of a resolution passed pursuant to provisions of section 199 of the Act is not implemented either fully or partially:

1. Name of associated company / undertaking : Javedan Corporation Limited

S. No.	Description	Investment in Securities		Loans and Advances	
a)	Total investment approved;	2,000,000,000		500,000,000	
b)	Amount of investment made to date;	800,741,145		-	
c)	"reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and"	Waiting for an appropriate time in the interest of the shareholders for complete utilisation		"Facility is in the nature of running finance and availed as and when needed in the interest of the shareholders"	
d)	"material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :"	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
i	Earnings per share	5.50	7.10	5.50	7.10
ii	Net Profit	695,616,000	800,521,000	695,616,000	800,521,000
iii	Shareholders Equity	8,936,538,000	8,745,100,000	8,936,538,000	8,745,100,000
iv	Total Assets	13,060,519,000	14,124,202,000	13,060,519,000	14,124,202,000
v	Break-up value	76.85	38.24	76.85	38.24
	<b>RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.:</b>	<b>Unutilised</b>	<b>Lapsed</b>	<b>Sanctioned</b>	<b>Lapsed</b>

2. Name of associated company / undertaking : MCB - Arif Habib Savings and Investments Limited

S. No.	Description	Investment in Securities		Loans and Advances	
a)	Total investment approved;	500,000,000		-	
b)	Amount of investment made to date;	-		-	
c)	"reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and"	"Waiting for an appropriate time in the interest of the shareholders"		N/A	
d)	"material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :"	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
i	Earnings per share	3.32	3.87	3.32	3.87
ii	Net Profit	239,108,886	278,836,350	239,108,886.00	278,836,350
iii	Shareholders Equity	1,549,228,787	1,505,038,859	1,549,228,787.00	1,505,038,859
iv	Total Assets	2,173,870,897	2,019,331,578	2,173,870,897.00	2,019,331,578
v	Break-up value	38.87	20.90	38.87	20.90
	<b>RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.:</b>	<b>Unutilised</b>	<b>Lapsed</b>	<b>Sanctioned</b>	<b>Lapsed</b>

3. Name of associated company / undertaking : Safe Mix Concrete Products Limited

S. No.	Description	Investment in Securities		Loans and Advances	
		2016	2015	2016	2015
a)	Total investment approved;	250,000,000		250,000,000	
b)	Amount of investment made to date;	92,284,126		-	
c)	"reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and"	Waiting for an appropriate time in the interest of the shareholders for complete utilisation		"Facility is in the nature of running finance and availed as and when needed in the interest of the shareholders"	
d)	"material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company :"				
i	Earnings / (Loss) per share	(1.49)	1.01	(1.49)	1.01
ii	Net Profit / (Loss)	(37,250,757)	21,648,586	(37,250,757)	21,648,586
iii	Shareholders Equity	256,441,019	294,807,813	256,441,019	294,807,813
iv	Total Assets	453,987,266	460,092,312	453,987,266	460,092,312
v	Break-up value	18.62	8.42	18.62	8.42
	<b>RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.:</b>	<b>Unutilised</b>	<b>157,715,874</b>	<b>Sanctioned</b>	<b>250,000,000</b>

# Categories of Shareholders

As at June 30, 2017

Categories of Shareholders	Shareholders	Shares Held	Percentage (%)
Directors and their spouse(s) and minor children	7	5,362	0.01
Associated Companies, undertakings and related parties	2	36,038,237	65.52
Executives	-	-	-
Public Sector Companies and Corporations	1	46,184	0.08
Banks, Development Finance Institutions, Non - Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds	9	1,013,445	1.84
Mutual Funds	10	2,806,300	5.10
General Public - Local	3,443	12,071,541	21.95
General Public - Foreign	1	10,000	0.02
Foreign Companies	3	691,500	1.26
Others	87	2,317,431	4.21
<b>Total</b>	<b>3,563</b>	<b>55,000,000</b>	<b>100.</b>

# Categories of Shareholders

As at June 30, 2017

Categories of Shareholders	Shareholders	Shares Held	Percentage (%)
Directors and their spouse(s) and minor children			
ZAFAR ALAM	1	500	0.00
MUHAMMAD SHAHID ALI HABIB	1	732	0.00
ALI MURTAZA KAZMI	1	500	0.00
HAROON USMAN	1	1,298	0.00
SHARMIN SHAHID	1	916	0.00
NIDA AHSAN	1	916	0.00
MUHAMMAD SOHAIL SALAT	1	500	0.00
Associated Companies, undertakings and related parties			
ARIF HABIB CORPORATION LIMITED	2	36,038,237	65.52
Executives	-	-	-
Public Sector Companies and Corporations	1	46,184	0.08
Banks, Development Finance Institutions, Non - Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds	9	1,013,445	1.84
Mutual Funds			
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	535,000	0.97
CDC - TRUSTEE ALFALAH GHP VALUE FUND	1	220,500	0.40
CDC - TRUSTEE APF-EQUITY SUB FUND	1	64,000	0.12
CDC - TRUSTEE ALFALAH GHP STOCK FUND	1	261,500	0.48
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	1	158,800	0.29
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	1	246,500	0.45
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	1	372,000	0.68
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	662,000	1.20
CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	1	56,000	0.10
CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	1	230,000	0.42
General Public			
a. Local	3443	12,071,541	21.95
b. Foreign	1	10,000	0.02
Foreign Companies	3	691,500	1.26
Others	87	2,317,431	4.21
<b>Total</b>	<b>3,563</b>	<b>55,000,000</b>	<b>100.</b>
Share holders holding 5% or more		Shares Held	Percentage
ARIF HABIB CORPORATION LIMITED		36,038,237	65.52

# Categories of Shareholders

As at June 30, 2017

# Of Shareholders	Shareholdings' Slab			Total Shares Held
798	1	to	100	16,185
724	101	to	500	242,108
423	501	to	1000	370,216
1,126	1001	to	5000	2,540,840
192	5001	to	10000	1,463,973
96	10001	to	15000	1,245,168
37	15001	to	20000	665,539
32	20001	to	25000	752,688
22	25001	to	30000	625,367
21	30001	to	35000	698,766
14	35001	to	40000	530,643
7	40001	to	45000	305,300
12	45001	to	50000	589,184
2	50001	to	55000	101,261
7	55001	to	60000	407,405
5	60001	to	65000	314,500
4	65001	to	70000	268,698
4	70001	to	75000	298,000
1	80001	to	85000	82,000
2	85001	to	90000	176,500
1	90001	to	95000	92,000
8	95001	to	100000	792,024
1	100001	to	105000	105,000
1	105001	to	110000	105,500
1	120001	to	125000	124,000
1	130001	to	135000	135,000
3	145001	to	150000	450,000
1	155001	to	160000	158,800
1	185001	to	190000	185,678
1	195001	to	200000	200,000
2	220001	to	225000	444,500
1	225001	to	230000	230,000
1	245001	to	250000	246,500
1	260001	to	265000	261,500
1	265001	to	270000	268,000
1	345001	to	350000	346,420
1	370001	to	375000	372,000
1	375001	to	380000	379,000
1	490001	to	495000	495,000
1	530001	to	535000	535,000
1	660001	to	665000	662,000
1	675001	to	680000	679,500
1	8535001	to	8540000	8,538,237
1	27495001	to	275000000	27,500,000
<b>3,563</b>				<b>55,000,000</b>



# Form of Proxy

13<sup>th</sup> Annual General Meeting

## The Company Secretary

Arif Habib Limited  
Arif Habib Centre  
23-M.T. Khan Road  
Karachi.

I/we \_\_\_\_\_ of \_\_\_\_\_ being a member(s) of Arif Habib Limited holding \_\_\_\_\_ ordinary shares as per \_\_\_\_\_ CDC \_\_\_\_\_ A/c. \_\_\_\_\_ No. \_\_\_\_\_ hereby appoint \_\_\_\_\_ Mr./Mrs./Miss \_\_\_\_\_ of \_\_\_\_\_ (full address) \_\_\_\_\_ or failing him/her Mr./Mrs./Miss \_\_\_\_\_ of \_\_\_\_\_ (full address)

(being member of the Company) as my/our Proxy to attend, act and vote for me/us and on my/our behalf at the Thirteenth Annual General Meeting of the Company to be held on September 23, 2017 and /or any adjournment thereof.

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

### Witnesses:

1. Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
NIC No. : \_\_\_\_\_  
Signature : \_\_\_\_\_

2. Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
NIC No. : \_\_\_\_\_  
Signature : \_\_\_\_\_

Signature on  
Rs. 5/-  
Revenue Stamp

### **NOTICE:**

1. A member entitled to attend and vote at the meeting may appoint another member as his / her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.
2. Proxy shall authenticate his/her identity by showing his/her CNIC or original passport and bring folio number at the time of attending the meeting.
3. In order to be effective, the proxy forms must be received at the office of our Registrar M/s. Central Depository Company of Pakistan Limited, Share Registrar Department, CDC House, 99-B, Block-B, S,M.C.H.S, Shahrah-e-Faisal, Karachi, not later than 48 hours before the meeting duly signed and stamped and witnessed by two persons with their signature, name, address and CNIC number given on the form.
4. In the case of individuals attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
5. In the case of proxy by a corporate entity, Board of Directors resolution/power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted along with proxy Form.



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**ARIF HABIB LIMITED**

**Registrar:**

Central Depository Company of Pakistan,  
Share Registrar Department, CDC  
House, 99-B, Block-B, S.M.C.H.S, Main  
Shahra-e-Faisal, Karachi.

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# Form of Proxy for E-Voting

13<sup>th</sup> Annual General Meeting

## The Company Secretary

Arif Habib Limited  
Arif Habib Centre  
23-M.T. Khan Road  
Karachi.

I/we, \_\_\_\_\_ of \_\_\_\_\_, holder of \_\_\_\_\_ Share(s) as per Registered Folio No./CDC A/c. No. \_\_\_\_\_ hereby opt for e-voting through Intermediary and hereby consent to the appointment of \_\_\_\_\_ as proxy and will exercise e-voting as per the Companies (E-Voting) Regulations, 2016 and hereby demand for poll for resolutions.

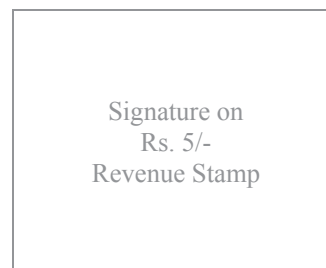
My secured email address is \_\_\_\_\_, please send login details, password and electronic signature through email.

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

## Witnesses:

1. Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
NIC No. : \_\_\_\_\_  
Signature : \_\_\_\_\_

2. Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
NIC No. : \_\_\_\_\_  
Signature : \_\_\_\_\_



## **NOTICE:**

1. A member entitled to attend and vote at the meeting may appoint another member and non-members as his / her proxy.
2. In order to be effective, the instructions/proxy forms must be received at the Company's registered office address at Arif Habib Centre, 23, M.T. Khan Road, Karachi, no later than 10 days before the meeting (i.e. by the close of business on September 13, 2017), duly signed and stamped and witnessed by two persons with their names, address, CNIC numbers and signatures. Further the same instructions/proxy scanned copy may also be sent to our official email id [evoting@arifhabibltd.com](mailto:evoting@arifhabibltd.com).
3. In the case of individuals attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
4. In the case of proxy by a corporate entity, Board of Directors resolution/power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted along with proxy Form.



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Shahra-e-Faisal, Karachi.

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Shahra-e-Faisal, Karachi.

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# الیکٹرانک ووٹنگ کیلئے پراکسی فارم

13 واں سالانہ اجلاس عام

کمپنی سیکریٹری

عارف حبیب لمیٹڈ

عارف حبیب سینٹر

23، ایم ٹی خان روڈ،

کراچی

میں / ہم، \_\_\_\_\_ کا تعلق

\_\_\_\_\_ سے اور ہمارے پاس رجسٹرڈ فولیو نمبر اسی ڈی سی اکاؤنٹ نمبر۔ \_\_\_\_\_ کے تحت \_\_\_\_\_ شیئرز کے مالک ہیں، اور ہم ثالث کے ذریعے الیکٹرانک ووٹنگ کا انتخاب کرتے ہیں اور جناب / محترمہ \_\_\_\_\_ کو بطور ایگزیکوشن افسر برائے پراکسی مقرر کیے جانے کے حوالے سے اپنی رضامندی کا اظہار کرتے ہیں جو کمپنیز (الیکٹرانک ووٹنگ) ریگولیشنز 2016 کے تحت الیکٹرانک ووٹنگ پر عمل کریں گے اور قرارداد کیلئے پونگ کا مطالبہ کرتے ہیں۔  
میرا ای میل ایڈریس \_\_\_\_\_ ہے، براہ کرم لاگ ان کی تفصیلات، پاس ورڈ اور الیکٹرانک دستخط اسی ایڈریس پر بھیجیں۔

دستخط

مورخہ \_\_\_\_\_

گواہان:

گواہان:

۲۔ نام \_\_\_\_\_

پتہ \_\_\_\_\_

شناختی کارڈ نمبر \_\_\_\_\_

دستخط

۱۔ نام \_\_\_\_\_

پتہ \_\_\_\_\_

شناختی کارڈ نمبر \_\_\_\_\_

دستخط

پانچ روپے کے اسٹامپ ٹکٹ پر دستخط

نوٹس:

۱۔ ووٹنگ کی تقریب میں شرکت اور ووٹ ڈالنے کا اہل ممبر کسی ایک اور رکن یا غیر رکن کو اپنا پراکسی مقرر کر سکتا ہے۔

۲۔ موثر انداز سے عمل کیلئے ضروری ہے کہ ہدایت نامہ / پراکسی فارم کمپنی کے رجسٹرڈ دفتر، عارف حبیب سینٹر، 23، ایم ٹی خان روڈ، کراچی، پراجلاس سے 10 روز قبل پہنچ جانا چاہئے (یعنی 13 ستمبر 2017 کو کاروباری سرگرمیوں کے اختتام تک)، جس پر دو گواہان کے نام، پتہ، شناختی کارڈ اور دستخط ہونا چاہئیں۔ مزید برآں، ہدایت نامہ / پراکسی کی اسکیمن کی ہوئی کاپی ہمارے ای میل ایڈریس [evoting@arifhabibltd.com](mailto:evoting@arifhabibltd.com) پر بھی ارسال کریں۔

۳۔ افراد کی صورت میں بینیفیشل اونرز کے تھری شہدہ کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ کی کاپی پراکسی فارم کے ساتھ جمع کرائی جائے۔

۴۔ کارپوریٹ ادارے کے پراکسی کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی اور کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ کی مصدقہ کاپی پراکسی فارم کے ساتھ جمع کرائیں۔



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**ARIF HABIB LIMITED**

**Registrar:**

Central Depository Company of Pakistan,  
Share Registrar Department, CDC  
House, 99-B, Block-B, S.M.C.H.S, Main  
Shahra-e-Faisal, Karachi.

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# پراسی فارم

13واں سالانہ جنرل اجلاس

کمپنی سیکریٹری

عارف حبیب لمیٹڈ

عارف حبیب سینٹر

23، ایم ٹی خان روڈ

کراچی۔

میں/ہم ----- بحیثیت عارف حبیب لمیٹڈ ہولڈنگ کے رکن (اراکین) ----- آرڈینری شیئر بمطابق سی ڈی سی اکاؤنٹ نمبر -----  
اپنی جانب سے مسٹر/مسز/مس ----- کو تقرر/برخواست کرتا ہوں۔ ان کا مکمل پتہ ----- یا ناکامی  
مسٹر/مسز/مس ----- کو تقرر/برخواست کرتا ہوں۔ ان کا مکمل پتہ -----  
بحیثیت رکن کمپنی میری/ہماری، کمپنی کے گیارہویں سالانہ اجلاس میں شرکت اور ووٹ دینے کے لئے، میرے/ہمارے لئے یا ہماری جانب سے  
جو کہ 23 ستمبر 2017 کو منعقد ہوا اور یا التوا کا شکار ہوا۔

دستخط: ----- بروز/بتاریخ ----- 2017

گواہان:

1	نام: -----
2	نام: -----
	پتہ: -----
	شناختی کارڈ نمبر: -----
	دستخط: -----

فارم برائے نمائندہ تیرہواں سالانہ اجلاس عام 23 ستمبر 2017ء

اطلاع:

- 1) ایک رکن جو اجلاس میں حاضر ہونے اور ووٹ ڈالنے کا اہل ہے اپنی جگہ کسی اور رکن کو اپنے نمائندے کے طور پر مقرر کر سکتا ہے جو ایسے حقوق جیسے حاضر ہونے، بات کرنے اور اجلاس میں ووٹ ڈالنے کیلئے اہل ہو جائے گا/گی جیسے حقوق ایک رکن کو دستیاب ہیں۔
- 2) نمائندہ اجلاس میں حاضری کے وقت اپنی شناخت کا ثبوت اپنا کمپیوٹرائزڈ قومی شناختی کارڈ دکھا کر یا اصل پاسپورٹ دکھا کر ظاہر کرے گا/گی اور فوٹو نمبر بھی ہمراہ لائے گا/گی۔
- 3) نمائندہ خازن (پراسی فارمز) مؤثر ہونے کی غرض سے ہمارے رجسٹرڈ ایڈریسز پر قومی شناختی کارڈ دکھا کر یا اصل پاسپورٹ دکھا کر ظاہر کرے گا/گی۔ 99-بی، ایس ایم سی ایچ ایس، شارع فیصل، کراچی پراویج دفتر پراچی طرح دستخط اور مرد و اشخاص کی گواہی مع انکے دستخط، نام پتہ اور شناختی کارڈ نمبر جو فارم پر دیا گیا ہے اجلاس کے انعقاد سے زیادہ سے زیادہ 48 گھنٹوں قبل موصول ہونا لازمی ہیں۔
- 4) مستفید ہونے والے مالکان اور نمائندے کے تصدیق شدہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول نمائندہ فارم (پراسی فارم) کے ہمراہ ظاہر کرنے ہوئے اگر معاملہ افراد کی صورت میں ہے۔
- 5) اگر معاملہ ایک کاروباری ادارے کی جانب سے نمائندہ (پراسی) کا ہے تو بورڈ آف ڈائریکٹرز قرارداد/مختار نامہ (وکالت نامہ) اور نمائندہ کے کمپیوٹرائزڈ قومی شناختی کارڈ کی تصدیق شدہ نقول یا پاسپورٹ نمائندہ فارم (پراسی فارم) کے ہمراہ لازمی طور پر جمع کرانا ہوگا۔

بورڈ کی کارکردگی کی تخمین ان کلیدی میدانوں پر جہاں بورڈ کو وضاحت درکار ہوتی ہے پر تشخیص کی جاتی ہے تاکہ اعلیٰ سطحی نگرانی فراہم ہو بشمول منظم عمل، کار بار کے کلیدی محرکات اور کارکردگی والے سنگ ہائے میل، عالمی اقتصادی ماحول اور مسابقتی سیاق و سباق جس میں کمپنی کام کرتی ہے، کمپنی کے کاروبار کی جانب سے درپیش خطرات، بورڈ حرکیات، صلاحیت اور معلومات کا بہاؤ، درج بالا پڑنی، یہ بات معقول طور پر بیان کی جاسکتی ہے کہ اے ایچ ایل کے بورڈ نے یہ یقین دہانی کرانی میں بنیادی کردار ادا کیا ہے کہ کمپنی کے اغراض و مقاصد نہ صرف حاصل کئے جائیں گے بلکہ انتظامیہ کی مشترکہ کاوشوں کے ذریعے توقعات سے بھی آگے بڑھ جائیں گی جس میں بورڈ اور اس کے ممبران کی طرف سے رہنمائی اور نگرانی بھی شامل ہے۔



ظفر عالم

چیئرمین

مؤرخہ 31 جولائی 2017ء

## چیئرمین کا جائزہ

بورڈ کی مجموعی کارکردگی اور کمپنی کے اغراض و مقاصد کے حصول میں بورڈ کی طرف سے اسکی موثریت کے لئے ادا کئے گئے کردار پر چیئرمین کی جانب سے جائزہ رپورٹ:

عارف حبیب لمیٹڈ (AHL) کے بورڈ آف ڈائریکٹرز (Board) نے کمپنی کے شیئر ہولڈرز کے بہترین مفاد کو محفوظ بنانے میں اپنی ذمہ داریوں کو پوری مستعدی سے ادا کیا ہے اور کمپنی کے امور کو موثر اور مستعد طریقے سے منظم کیا ہے۔

بورڈ نے اپنے اختیارات کا استعمال کیا ہے اور اپنی تمام تر ذمہ داریاں اور فرائض منسوخ کمپنیز ایکٹ 2017 (سابقہ کمپنیز آرڈیننس 1984) اور پاکستان اسٹاک ایکسچینج (دی رول بک، کتاب قانون) کی رول بک میں شامل کوڈ آف کارپوریٹ گورننس (Code) میں بیان کردہ کے مطابق ادا کئے ہیں جہاں کمپنی لسٹڈ یعنی مندرج ہے۔

30 جون 2017 کو اختتام پذیر ہونے والے سال کے دوران بورڈ نے کمپنی کے امور کی نظم کاری میں موثر کردار ادا کیا ہے اور اپنے مقاصد کے حصول میں مندرجہ ذیل طریقہ کار اختیار کیا ہے:

(☆) بورڈ نے یقین دہانی کرائی ہے کہ بورڈ پر نان-ایگزیکٹو (غیر فعال) اور خود مختار ڈائریکٹران اور اس کی کمیٹیوں کی کوڈ کے تحت درکار کے مطابق مناسب نمائندگی ہوگی اور یہ کہ بورڈ ممبران اور اسکی متعلقہ کمیٹیوں کے پاس کمپنی کے امور کی نظم کاری کے لئے مناسب ماہرانہ تجربہ اور علم ہوگا:

(☆) بورڈ نے ایک آڈٹ اور ہیومن ریسورس اینڈ ریمونیشن کمیٹی قائم کر دی ہے اور اسکے متعلقہ آڈٹ اور زر یعنی حوالہ جات کی شرائط کی منظوری دی ہے اور مناسب وسائل کی نامزدگی بھی کر دی ہے تاکہ کمیٹیاں اسکی ذمہ داریاں مستعدی سے انجام دیں:

(☆) بورڈ اپنے ہی بورڈ کی کارکردگی کی سالانہ تخمین کے لئے ایک سخت طرز کار کی تشکیل اور تنقید کر دی ہے اور جو کہ اسکی کمیٹیوں اور انفرادی طور پر ڈائریکٹران کی بھی جانچ پڑتال کرے گا۔ سالانہ تخمین کی تخمین و تفتیش کو بورڈ وقفہ وقفے سے تشخیص اور از سر نو تخمین کرے گا۔

(☆) بورڈ نے یقین دہانی کرائی ہے کہ ڈائریکٹران کو اور ٹینٹیشن کورسز یعنی تو جیبی کورسز فراہم کئے جائینگے تاکہ وہ ان کی ذمہ داریوں کو موثر طریقے سے ادا کرنے کے قابل ہو جائیں اور یہ کہ بورڈ پر موجود چار ڈائریکٹران پہلے ہی ڈائریکٹرز بینگ پروگرام کے تحت اسناد حاصل کر چکے ہیں اور باقی ڈائریکٹران کو ڈیجیٹل ضابطے کی اہلیت اور تجربے کی کسوٹی پر پورے اترتے ہیں۔

(☆) بورڈ نے یقین دہانی کرائی ہے کہ بورڈ کے اجلاس اور اس کمیٹی کے اجلاس درکار قورم یعنی حد نصاب کے ساتھ منعقد ہوئے، تمام فیصلے قرارداد بورڈ کے ذریعے لئے گئے اور یہ کہ تمام اجلاس (بشمول کمیٹیوں کے) کی منٹس یعنی دقائق مناسب طور پر درج کئے گئے اور برقرار رکھے گئے ہیں۔

(☆) بورڈ نے پیشہ وارانہ معیارات اور ادارہ جاتی اقدار کو پیش نظر رکھتے ہوئے ایک ضابطہ اخلاق کی تشکیل دے کر کمپنی کے ذریعے اس سے جڑے رہے اور روانی سے کام کرتے رہنے کیلئے اہم و معنی اجیز پالیسی ترتیب دی ہیں۔

(☆) بورڈ نے منظم عمل منصوبہ بندی (Strategic Planning Process) اور نظام نظم کاری خطرہ برائے ادارہ (Enterprise Risk Management System) تشکیل پالیسی اور مالیاتی ڈھانچے، نگرانی اور منظوری میں پوری سرگرمی سے شرکت کی۔

(☆) پورے سال کے تمام اہم مسائل بورڈ کے سامنے پیش کئے گئے یا انکی کمیٹیوں کے سامنے رکھے گئے تاکہ ادارہ جاتی فیصلہ سازی کے عمل کو تقویت دی جائے اور اسکو منظم بنایا جائے اور خاص طور پر تمام متعلقہ فریق کے لین دین جو کمپنی کی جانب سے عمل میں لائے گئے آڈٹ کمیٹی کی سفارشات پر بورڈ کی طرف سے منظور کر لئے گئے۔

(☆) بورڈ نے یقین دہانی کرائی ہے کہ انٹرنل کنٹرول کا مناسب نظام نافذ ہے خود تشخیص طریقہ کار اور یا انٹرنل آڈٹ سرگرمیوں کے ذریعے اس کی باقاعدگی سے تشخیص کی جاتی ہے۔

(☆) بورڈ نے ڈائریکٹرز رپورٹ تیار اور منظور کیا ہے اور یقین دہانی کرائی ہے کہ ڈائریکٹرز رپورٹ کمپنی کی سماجی اور سالانہ مالیاتی گوشواروں کے ساتھ شائع کی جائے گی اور ڈائریکٹرز رپورٹ کے مشکلات لاگو قوانین اور قواعد کی شرائط کے عین مطابق ہوں گے۔

(☆) بورڈ نے منظم عملی (CEO) اور دیگر کلیدی افسران (بشمول چیف فنانشل آفیسر، کمپنی سکرٹری اور ہیڈ آف انٹرنل آڈٹ) کی تقرری، تخمین اور مشاہیروں کی یقین دہانی کرائی ہے۔

(☆) بورڈ نے یقین دہانی کرائی ہے کہ بورڈ ممبران کے درمیان مناسب معلومات کا تبادلہ بروقت کیا جائے گا اور بورڈ ممبران کو پیش رفت اور اجلاس کے درمیان ان سے باخبر رکھا جائے گا۔ اور

(☆) بورڈ نے اپنے اختیارات کمپنی پر لاگو متعلقہ قوانین و قواعد کے مطابق عمل میں بورڈ کو تفتیش کئے گئے اختیار کی روشنی میں استعمال کئے ہیں اور بورڈ نے ہمیشہ تمام لاگو قوانین و قواعد کے ساتھ پاسداری کو بطور ڈائریکٹرز کے لحاظ سے ترجیح دی ہے اور انکے اختیارات اور فیصلہ سازی پر عمل کیا ہے۔

## اخلاقیات اور کاروباری اقدامات

کارپوریٹ گورننس کے رہنما اصولوں کے مطابق، کمپنی نے عملدرآمد کیلئے ایک ’ضابطہء اخلاق‘ جاری کیا ہے۔ اس پر تمام ڈائریکٹرز اور کمپنی کے ملازمین کے دستخط ہیں جس میں اس بات کا اعتراف کیا گیا ہے کہ وہ اس ضابطے کو سمجھتے ہیں اور اسے قبول کرتے ہیں۔

## شیئر ہولڈنگ کا طرز انمولہ

لسٹنگ ریگولیشنز کے مطابق، 30 جون 2017ء تک کمپنی کے شیئر ہولڈنگ کا تفصیلی نمونہ اور شیئر ہولڈنگ کی کیٹیگریز کو سالانہ رپورٹ میں شامل کر دیا گیا ہے۔

## اسٹیک ہولڈرز کیلئے معلومات

گزشتہ برسوں کی تمام آپریٹنگ اور فنانشل معلومات و اعداد و شمار کا اختصار تیار کر کے انہیں صفحہ نمبر 30 پر پیش کیا گیا ہے۔

## پوسٹ بیلنس شیٹ ڈیٹ ایونٹ / منافع (ڈیویڈنڈ)

31 جولائی 2017ء کو ہونے والے بورڈ آف ڈائریکٹرز کے اجلاس میں 10 روپے فی شیئر یعنی 30 جون 2017ء کو ختم ہونے والے سال کیلئے 100 فیصد اضافے کی تجویز پیش کی ہے جس کی منظوری سالانہ عام اجلاس میں ممبران دیں گے، یہ اجلاس 23 ستمبر 2017ء کو منعقد ہوگا۔ مالی گوشواروں میں مجوزہ منافع کی عکاسی نہیں کی گئی۔

## متعلقہ پارٹی ٹرانزیکشن

لسٹنگ ریگولیشنز (ضابطوں) کی شرائط پر عملدرآمد کیلئے، کمپنی نے جائزے اور منظوری کیلئے آڈٹ کمیٹی اور بورڈ کے روبرو تمام متعلقہ پارٹی ٹرانزیکشنز پیش کیں۔ ان ٹرانزیکشنز کو آڈٹ کمیٹی اور بورڈ نے اپنی متعلقہ میٹنگز میں منظور کیا۔ تمام متعلقہ پارٹی ٹرانزیکشنز کی تفصیلات آڈٹ شدہ مالی گوشواروں میں نوٹ 32 اور 33 کے نمبرز کے ساتھ پیش کیا گیا ہے۔

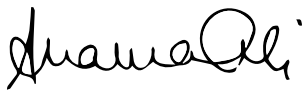
## آڈیٹرز

سکدوش ہونے والے آڈیٹرز میسرز رحمان سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹس، نے دوبارہ تقرر کیلئے اپنی خدمات پیش کی ہیں۔ بورڈ نے ان کے دوبارہ تقرر کی سفارش کی ہے اور ایک قرارداد لانے کی تجویز دی ہے جس کے ذریعے مالی سال 2017-18 کیلئے میسرز رحمان سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹس کا دوبارہ تقرر کیا جائے۔ یہ قرارداد آئندہ عام اجلاس میں منظوری کیلئے پیش کی جائے گی۔

## اعتراف

مسلسل اعتماد کے اظہار اور سرپرستی کیلئے ہم کمپنی کے شیئر ہولڈرز کے مشکور ہیں۔ مسلسل رہنمائی اور حمایت کرنے پر ہم اپنے تمام اسٹیک ہولڈرز اور اپنی بنیادی کمپنی، اسٹیٹ بینک آف پاکستان، دی سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان اسٹاک ایکسچینج کی انتظامیہ کے ساتھ اپنے خلوص اور نیک تمناؤں کا اظہار کرتے ہیں۔ ہم اس بات کی تعریف اور اعتراف کرتے ہیں کہ کمپنی کے ملازمین نے اس عرصہ کے دوران زبردست محنت سے کام کیا۔ ہم اس بات کا بھی اعتراف کرتے ہیں کہ بورڈ کے ارکان اور کمیٹیوں نے اہمیت کے حامل امور کے حوالے سے انتظامیہ کی رہنمائی اور حمایت میں قابل قدر اور فعال کردار ادا کیا۔

منجانب بورڈ آف ڈائریکٹرز



محمد شاہد علی حبیب

چیف ایگزیکٹو افسر اور ایگزیکٹو ڈائریکٹر

کراچی

مورخہ 31 جولائی 2017ء

ڈاٹ کمیٹی میٹنگ	بورڈ میٹنگ	ڈائریکٹر کا نام
ناقابل اطلاق	4	جناب ظفر عالم صاحب
ناقابل اطلاق	4	جناب محمد شاہد اے حبیب صاحب
2	2	جناب علی مرتضیٰ کاظمی صاحب
4	4	جناب ہارون عثمان صاحب
ناقابل اطلاق	4	محترمہ شرمین شاہد صاحبہ
3	3	محترمہ ندا احسان صاحبہ
ناقابل اطلاق	4	ڈاکٹر محمد سہیل سلات صاحب

بورڈ اور کمیٹی اجلاس میں شرکت نہ کرنے والے ارکان کو غیر حاضری کی رخصت کی اجازت دی گئی۔

### ڈائریکٹرز اور ایگزیکٹو کی جانب سے کمپنی کے شیئرز میں کاروبار

سال کے دوران کمپنی کے ڈائریکٹرز، چیف ایگزیکٹو افسر، چیف فنانس افسر، کمپنی سیکریٹری اور ان کے شریک حیات یا زیر کفالت بچوں نے کمپنی کے شیئرز میں کوئی کاروبار نہیں کیا۔

### مستقبل کے امکانات

انتظامیہ کی جانب سے کمپنی کے مارکیٹ شیئر اور تمام کاروباری شعبوں میں وسیع شرکت کو دیکھتے ہوئے کہا جا سکتا ہے کہ کمپنی کے مستقبل کے امکانات بہت روشن اور حوصلہ افزا ہیں۔ اپنے موجودہ صارفین اور ساتھ ہی غیر ملکی و ملکی کلائنٹس کی مدد سے کمپنی زیادہ بہتر کارکردگی اور نتائج حاصل کرنے کیلئے مصروف عمل ہے اور اس مقصد کیلئے کمپنی کے پریمیم سوٹ سروسز کو استعمال کرتے ہوئے تعلقات کو فروغ دیا جا رہا ہے۔ اس میں کمپنی کی اعلیٰ اور معیاری تحقیق کے ذریعے نئی مصنوعات اور خدمات کی پیشکش شامل ہے۔

انتظامیہ کی جانب سے یہ پیشگوئی بھی کی گئی ہے کہ ایکویٹی اور ڈیٹ لسٹنگ کے شعبے میں سرگرمیوں میں اضافہ ہوگا جس کیلئے انوسٹمنٹ بینکنگ ڈویژن تیار ہے۔

انتظامیہ کو امید ہے کہ کمپنی کا انوسٹمنٹ پورٹ فولیو بدستور پر تعیش نتائج فراہم کرتا رہے گا کیونکہ معیشت اور مارکیٹ میں سرمایہ کاری کے سود مند مواقع بدستور مل رہے ہیں۔

### آڈٹ کمیٹی

بورڈ کی آڈٹ کمیٹی نے بورڈ کی جانب سے متعین کردہ شرائط کار کے تحت موثر انداز کے ساتھ اپنے فرائض اور ذمہ داریوں کو انجام دیا۔ کمیٹی کی تشکیل اس رپورٹ کے ساتھ منسلک ہے۔

### کارپوریٹ اور سیکریٹریل تعین

کمپنی سیکریٹری کے کمپینرز رجسٹرار کے پاس جمع کرائے جانے والے سالانہ ریٹرن کے حصے کے طور پر سیکریٹریل کمپلائنس ٹھوقلیٹ پیش کیا ہے تاکہ اس بات کی تصدیق کی جا سکے کہ کمپنی آرڈیننس 1984، میمورنڈم اینڈ آرٹیکلز آف ایسوسی ایشن آف کمپنی اور لسٹنگ ریگولیشنز میں وضع کردہ کارپوریٹ اور سیکریٹریل ضروریات پر باقاعدہ عمل کیا گیا ہے۔



## کارپوریٹ سماجی ذمہ داری

آپ کی کمپنی نے سماجی سطح پر ایک ذمہ دار ادارے کی حیثیت سے معاشرے کی بہتری کیلئے اپنا کردار ادا کیا ہے اور کئی فلاحی سرگرمیوں میں حصہ لیا ہے۔ عارف حبیب لمیٹڈ اپنی کارپوریٹ سوشل ذمہ داری کو یقینی بنانے کیلئے پر عزم ہے اور علاج معالجے، صحت، تعلیم، ماحول اور کمیونٹی ویلفیئر کے شعبوں میں مختلف پروجیکٹس میں حصہ لے رہی ہے۔ کمپنی کا مقصد ہے کہ مستقبل میں بھی ان اداروں میں اپنا حصہ ادا کرتی رہے۔ کمپنی کی جانب سے جن شعبوں میں اشتراک کیا گیا ان کی تفصیلات صفحہ نمبر 09 پر موجود ہیں۔

## کارپوریٹ گورننس کا ضابطہ

بورڈ اور کمپنی کی انتظامیہ اس بات کو یقینی بنانے کیلئے پر عزم ہیں کہ کارپوریٹ گورننس کے ضابطے پر مکمل طور پر عمل کیا جائے۔ کمپنی نے کارپوریٹ گورننس کے حوالے سے کچھ سخت اقدامات کیے ہیں جن کا مقصد مالی و غیر مالیاتی معلومات کے حوالے سے درستگی، فراست اور شفافیت برقرار ہے۔

ڈائریکٹرز کو یہ بتاتے ہوئے انتہائی مسرت ہو رہی ہے کہ:

۱۔ کمپنی انتظامیہ کی جانب سے تیار کیے جانے والے مالی گوشوارے کمپنی کے حوالات، اس کے آپریشنز کے نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلی کے حوالے سے شفاف معلومات فراہم کرتے ہیں۔

۲۔ کمپنی کے کھاتوں کو مناسب انداز سے سنبھالا گیا ہے۔

۳۔ منطقی اور زیرک فیصلوں کے ساتھ مالی گوشواروں کی تیاری اور کھاتوں کے تخمینوں کے تعین کیلئے کھاتہ داری کی مناسب پالیسیوں پر عمل کیا گیا ہے۔

۴۔ مالی گوشواروں کی تیاری کے دوران مالیاتی رپورٹنگ کے بین الاقوامی معیارات، جن کا اطلاق پاکستان میں بھی ہوتا ہے، پر عمل کیا گیا ہے۔

۵۔ ڈیزائن کے لحاظ سے داخلی ضابطے (انٹرنل کنٹرول) کا نظام زبردست ہے اور اس پر موثر انداز سے عمل ہوتا ہے اور اس کی نگرانی بھی کی جاتی ہے۔

۶۔ کمپنی بدستور اپنا کام جاری رکھے گی اور اس حوالے سے کوئی شکوک و شبہات نہیں پائے جاتے۔

۷۔ کارپوریٹ گورننس کے معاملے میں ایسا کوئی ضابطہ نہیں جس پر عملدرآمد نہیں ہوتا، یہ ضابطے لسٹنگ ریگولیشنز میں موجود ہیں۔

۸۔ کمپنی نے قانوناً لگائے جانے والے تمام ٹیکسز، ڈیویڈنڈ، یوی اور چارجز ادا کر دیئے ہیں اور ہیلنس شیٹ پر آخری تاریخ تک کوئی واجبات نہیں ہیں۔

۹۔ کمپنی نے پراویڈنٹ فنڈ کی مدد میں اپنے ملازمین کے ملازمین کو 4,792,381 روپے دیئے ہیں اور سال کے اختتام پر کوئی واجبات الادا رقم نہیں کیونکہ پراویڈنٹ فنڈ ایک علیحدہ

ٹرسٹ کے ذریعے سنبھالا جاتا ہے۔

## بورڈ میں تبدیلی

زیر جائزہ سال کے دوران، بورڈ آف ڈائریکٹرز میں کوئی تبدیلی نہیں ہوئی۔

## بورڈ اور آڈٹ کمیٹی کے اجلاس اور ان کی حاضری

زیر جائزہ سال کے دوران، یکم جولائی 2016 سے 30 جون 2017 تک بورڈ آف ڈائریکٹرز کے 15 اور آڈٹ کمیٹی کے 4 اجلاس منعقد ہوئے۔ بورڈ اور آڈٹ کمیٹی کے

اجلاس کی حاضری کچھ اس طرح رہی:

## ایوارڈز اور اعترافات

گزشتہ سال کے دوران، کمپنی کی شاندار کوششوں اور اس کی کارکردگی کی وجہ سے اسے کئی طرح کے ایوارڈز سے نوازا گیا۔ ان میں ”بہترین ڈومیسٹک ایکویٹی“ اور ”بہترین کنٹری ڈیل“ (ایشیائی)، ”بہترین ایکویٹی ہاؤس“، اور ”بہترین ایکویٹی ڈیل“ (دی ایسیٹ)، ”سال کا بہترین کارپوریٹ فنانس ہاؤس“ اور ساتھ میں (سی ایف اے پاکستان کی جانب سے) ”سال کی بہترین ٹرانزیکشن“ کا ایوارڈ شامل ہے۔ اس کے علاوہ، ہمیں (جنوبی ایشیائی فیڈریشن آف ایکسچینجز کی جانب سے) ”ٹاپ آئی پی او فنانشل ایڈوائز“ کا ایوارڈ بھی مل چکا ہے۔

## ایکسپنسر مینجمنٹ کی کارکردگی

گزشتہ سال کے دوران، آپریشنل اخراجات میں 44 فیصد اضافہ جس کی وجہ یہ ہے کہ کمپنی نے اپنی افرادی قوت میں سرمایہ کاری کا سلسلہ جاری رکھا اور اپنی بزنس اور سپورٹ ٹیموں بالخصوص ریٹیل سیکٹر میں اضافہ کیا۔ مینجمنٹ ٹیم کیلئے کچھ ہر جانے کا تعلق بھی کمپنی کیلئے حاصل کی گئی آمدنی سے ہے، اس ہر جانے میں آمدنی میں اضافے کی وجہ سے اضافہ ہوا ہے۔ فنڈنگ ریٹ اور لیکوئڈٹی کی موثر مینجمنٹ کی وجہ سے ہمارے فنانسنگ کے اخراجات میں 17 فیصد کمی واقع ہوئی ہے۔ ان فنڈز کو بدستور کمپنی کے کاروبار اور سرمایہ کاری میں استعمال کیا جا رہا ہے، اس شعبے میں کارکردگی مثبت ریکارڈ کی جا رہی ہے۔ مجموعی طور پر، ہمیں یہ بتاتے ہوئے خوشی ہو رہی ہے کہ اس صورتحال کی وجہ سے کمپنی اور اس کے شیئر ہولڈرز کو شاندار نتائج حاصل ہوئے ہیں۔

## کریڈٹ ریٹنگ

جے سی آر۔ وی آئی ایس کریڈٹ ریٹنگ کمپنی کی جانب سے ہماری کمپنی کو ’اے اے مائنس / اے ون‘ کی نئی ایٹمیٹی ریٹنگ جاری کی گئی ہے۔ نئی ریٹنگ کے مطابق ہماری کمپنی کا آؤٹ لک ”مستحکم“ ہے۔ اس سرٹیفیکیشن کی وجہ سے ہماری مینجمنٹ کے نمویں مسلسل اضافے کے ویژن کو تقویت ملی ہے اور توقع ہے کہ ”عارف حبیب“ برانڈ کے استحکام اور اس کی سادگی کی وجہ سے کمپنی کی جانب ہمارے صارفین کے اعتماد میں اضافہ ہوگا۔

## افراد قوت

کسی بھی ادارے میں کام کرنے والے افراد کو اس ادارے کی ریڑھ کی ہڈی سمجھا جاتا ہے۔ عارف حبیب لمیٹڈ اپنے ملازمین کی دیکھ بھال اور ان پر سرمایہ کاری کرنے اور انہیں فروغ دینے پر یقین رکھتا ہے جس کا واحد مقصد اس بات کو یقینی بنانا ہوتا ہے کہ ملازمین انتہائی حد تک مطمئن اور باصلاحیت ہوں، جس کے نتیجے میں ہمیں صارفین سے اعلیٰ سطح کا اطمینان حاصل ہوتا ہے۔ یہ انتظامیہ مربوط انداز کے ساتھ کارپوریٹ مقاصد کے حصول کیلئے اپنے ملازمین کو سمجھنے اور ان کیساتھ مل کر کام کرنے کا سلسلہ جاری رکھے گی۔

## رسک مینجمنٹ

مالیاتی سروسز کے کاروبار میں خدشات فطری ہوتے ہیں اور ان میں لیکوئڈٹی، مارکیٹ، کریڈٹ، آپریشنل، قانونی، ضوابط اور سادگی پر مبنی خدشات شامل ہیں۔ خدشات سے نمٹنے کیلئے عارف حبیب لمیٹڈ کا کام بورڈ سے شروع ہوتا ہے جو رسک مینجمنٹ پالیسیوں اور اقدامات کا جائزہ لیتا ہے اور ان کی منظوری میں کلیدی کردار ادا کرتا ہے۔ ہمارا رسک مینجمنٹ فریم ورک اور سسٹم انتہائی جاندار، منظم اور معیاری ہے۔ بورڈ اور مینجمنٹ کا خیال ہے کہ موثر انداز سے رسک مینجمنٹ کمپنی کی کامیابی کیلئے بنیادی اہمیت کی حامل ہے۔ اسلئے، مینجمنٹ نے بورڈ کی منظوری سے رسک مینجمنٹ کیلئے جامع اقدامات شروع کر رکھے ہیں جو ایسے خدشات کی نگرانی، جائزہ اور انہیں دور کرنے میں کردار ادا کرتے ہیں جو کاروباری سرگرمیوں کے دوران متوقع ہوتے ہیں۔ کئی طرح کی ٹرانزیکشنز، مصنوعات، کاروبار اور جن مارکیٹس میں کمپنی لین دین کرتی ہے، میں متوقع حد کا تعین کرنے کے فریم ورک کے ذریعے خدشات کو دور کیا جاتا ہے۔ ان میں مختلف سطحوں پر کریڈٹ اور مارکیٹ رسک کی حد کا تعین کرنا اور باقاعدگی کے ساتھ ان حدود کی نگرانی کرنا شامل ہے۔

## بروکرٹج ریونیو کارکردگی

ہمیں یہ بتاتے ہوئے بیدار خوشی ہو رہی ہے کہ ہم نے غیر معمولی طور پر اپنی بروکرٹج کی مد میں اپنی آمدنی میں 45 فیصد اضافہ کیا ہے جو اس سال 402 ملین روپے رہی۔ ایکویٹی بروکرٹج کے شعبے میں یہ غیر معمولی کارکردگی ملکی وغیر ملکی مالیاتی اداروں، کاروباری اور زیادہ آمدنی کے حامل افراد کے ساتھ نمایاں طور پر بہتر ہوتے ہوئے تعلقات، اور ساتھ میں بڑے پیمانے پر بلا تخصیص کھولے جانے والے اکاؤنٹس کی وجہ سے ہی ممکن ہو پائی ہے۔ زیر جائزہ عرصہ کے دوران، آپ کی کمپنی نے بین الاقوامی ایکویٹی سیلز میں بھی پیشرفت حاصل کی ہے اور بڑی مالیت کی ٹرانزیکشنز کو سنبھالنے کی اپنی شاندار مالی صلاحیت سے اور اس تمام عرصہ کے دوران اپنی ساکھ میں اضافہ کرتے ہوئے فائدہ حاصل کیا ہے۔ انتظامیہ نے کمپنی کی ریٹیل آن لائن موجودگی کو فروغ دینے کو بھی اہمیت دی ہے جس کے نتیجے میں آن لائن کاروبار کے نتیجے میں ہونے والی آمدنی میں حیرت انگیز طور پر 206 فیصد اضافہ ہوا ہے۔ ہمیں یہ اعلان کرتے ہوئے خوشی ہو رہی ہے کہ ایک بڑی سیلز ٹیم کی خدمات حاصل کر کے ہم نے اپنے آپریشنز کو لاہور تک وسعت دی ہے، یہ ٹیم شمالی علاقوں میں موجود ہمارے صارفین (کلائنٹس) کو بہتر خدمات فراہم کرے گی اور ان کی تعداد میں مزید اضافہ کرے گی۔ اس وسط مدتی اقدام کے نتیجے میں ہمیں حوصلہ افزا نتائج ملیں گے۔

کمپنی بدستور پاکستان کے تشخص کو اجاگر کرنے کیلئے اپنا کردار ادا کرتی رہے گی اور اس مقصد کیلئے انتظامیہ نے اپنے بین الاقوامی پارٹنر کی مدد سے پاکستان کی پیٹل مارکیٹ روڈ شوکا امریکا میں انعقاد کیا۔ پاکستان اسٹاک ایکسچینج کے چیئرمین نے بھی اس روڈ شو میں شرکت کی۔ فعال اور غیر فعال فنڈز کے ساتھ ابھرتی ہوئی مارکیٹس کے اجلاس منعقد کیے گئے جس کے نتیجے میں ان مارکیٹس سے پاکستان کو ایم ایس سی آئی فرنٹیر مارکیٹ انڈیکس سے امرجنگ مارکیٹ انڈیکس کی تجدید شدہ حیثیت دلوانے کیلئے حمایت حاصل ہوئی۔

اس کے علاوہ، ہم نے اور ہمارے بین الاقوامی پارٹنر نے نیویارک میں ’پاکستان کمپنیز روڈ شو‘ کا اہتمام کیا جس میں سرکردہ کمپنیوں اور ان کی سینئر انتظامیہ کو اعلیٰ سطح کے انٹرنیشنل فنڈز کے ساتھ شو کیس کیا گیا۔ ہم نے دبئی میں ریجنل انوسٹر کانفرنس میں بلیو چپ لسٹڈ کمپنیوں کے گروپ کو سامنے لانے کے پروجیکٹ میں بھی شرکت کی۔ اس طرح کے اقدامات سے ہمیں سرکردہ پاکستانی اداروں کے ساتھ مضبوط تعلقات قائم کرنے میں مدد ملی۔

## انوسٹمنٹ بینکنگ ریونیو میں کارکردگی

ہمارے انوسٹمنٹ بینکنگ (آئی بی) کے شعبے نے گزشتہ سال کے مقابلے میں 45 فیصد اضافے کے ساتھ 365 ملین روپے کمائے۔ آپ کی کمپنی ایک مرتبہ پھر مسلسل چوتھی مرتبہ پاکستان کے ابتدائی عوامی پیشکش (اینٹیل پبلک آفرنگ۔ آئی پی او) کے میدان میں سرفہرست رہی ہے۔ اس گزشتہ سال کے دوران، کمپنی نے کامیابی کے ساتھ روشن پیکیج لمیٹڈ، لوڈز لمیٹڈ کے آئی پی او، جی ایس کے کمز یومر ہیلتھ کیئر پاکستان لمیٹڈ کی لسٹنگ اور پاکستان اسٹاک ایکسچینج کی تاریخی آفر فار سیل (او ایف ایس) کو مکمل کیا۔ فاطمہ فریلاز لمیٹڈ کے سلوک کی لسٹنگ اور بینک آف پنجاب کے نجی طور پر جاری کردہ ٹرم فنڈس سٹریٹگیٹس (ٹی ایف سی) میں بھی یہ کمپنی پیش پیش رہی۔ لسٹڈ ایکویٹی کے شعبے میں ہماری انوسٹمنٹ بینکنگ 2014ء سے 84 فیصد رہی ہے جس کی مالیت 195 ارب روپے تھی۔ 2016ء سے کمپنی کی جانب سے پیش کیے جانے والے کیپیٹل میں کمپنی نے 96 فیصد حصہ حاصل کیا ہے۔ اس بہترین ساکھ کی وجہ سے ہمیں ایک مرتبہ پھر گزشتہ سال سی ایف اے سوسائٹی آف پاکستان کی جانب سے ’’بہترین کارپوریٹ فنڈس ہاؤس آف دی ایئر‘‘ کا ایوارڈ ملا۔

آئندہ سال کیلئے کمپنی کئی بڑی متوقع ایکویٹی، ساتھ ہی ڈیٹ، کیپیٹل مارکیٹ کے لین دین میں مصروف ہے، جس سے کمپنی کی آمدنی اور ساتھ ساتھ مارکیٹ میں ہماری رسائی میں اضافہ ہوگا۔

مالی سال کی آخری سہ ماہی کے دوران، مارکیٹ میں 3.3 فیصد کا معمولی منفی رجحان ریکارڈ کیا گیا۔ اس منفی رجحان کا تعلق ان باتوں سے جوڑا جاسکتا ہے: (۱) پانا ماکیس کے معاملے کی وجہ سے پائی جانے والی غیر یقینی صورتحال، (۲) ابھرتی ہوئی مارکیٹس کی توقع سے کم درآمدات (ان فلوز)، (۳) وفاقی میزانیے (بجٹ) کو ایکویٹی مارکیٹ کیلئے غیر موزوں قرار دیا جانا۔

## مالی کارکردگی

مالی سال کے دوران کمپنی کا منافع 881 ملین روپے ریکارڈ کیا گیا، اس کے مقابلے میں گزشتہ سال یہ منافع 409 ملین روپے تھا۔ اس طرح منافع میں 115 فیصد کا نمایاں اضافہ ہوا۔ اس کے نتیجے میں فی شیئر آمدنی میں متاثر کن اضافہ ہوا اور ایک شیئر کی قیمت 16.01 فیصد رہی، اس کے مقابلے میں گزشتہ سال یہ قیمت 7.45 روپے تھی۔ کمپنی کی ایکویٹی 15.56 فیصد اضافے کے ساتھ 3.19 ارب روپے ہو گئی، اس سے قبل یہ 2.70 ارب روپے تھی، اس طرح فی شیئر بگ ویلو 58.20 روپے ہو گئی جبکہ گزشتہ سال یہ قیمت 49.19 روپے تھی۔

کمپنی کے مالی نتائج اس کے مختلف کاروباری شعبوں میں زبردست کارکردگی کی عکاسی کرتے ہیں جن میں ایکویٹی بروکرز، انوسٹمنٹ بینکنگ، منی مارکیٹ اینڈ فارمیکس، اور پورٹ فولیو انوسٹمنٹ شامل ہیں۔

اس سال کارکردگی کو دیکھتے ہوئے، بورڈ نے 30 جون 2017 کو اختتام پذیر ہونے والے مالی سال کیلئے 100 فیصد اضافے کے ساتھ 10 روپے فی شیئر کے منافع (ڈیویڈنڈ) کی تجویز پیش کی ہے۔ منافع کیلئے ایسے شیئر ہولڈرز اہل ہوں گے جن کے نام 15 ستمبر 2017ء کو کاروبار کے اختتام کے وقت شیئر ہولڈرز کے رجسٹر میں درج ہوں گے۔

## مالی نتائج کا اختصار درج ذیل ہے:

2016	2017
409,496,751	880,535,448
1,730,595,052	1,755,091,803
2,140,091,803	2,635,627,251
(385,000,000)	(550,000,000)
1,755,091,803	2,085,627,251
7.45	16.01

ٹیکس کے بعد منافع

میزان کھاتے کے اگلے صفحے پر درج کردہ غیر تصرف شدہ منافع

مختص کرنے کیلئے دستیاب منافع

مصارف:

☆ 30 جون 2017ء کو ختم ہونے والے مالی سال کیلئے بورڈ کی جانب سے

تجویز کردہ 100 فیصد اضافے کے ساتھ 10 روپے فی شیئر کے حساب سے

تقسیم کردہ نقد رقم۔

(30 جون 2016ء کو اختتام پذیر ہونے والے سال کیلئے

7 روپے فی شیئر یعنی 70 فیصد)

غیر تصرف شدہ منافع کیری فارورڈ

فی شیئر آمدنی، بنیادی اور ڈائیلیوٹڈ

☆ 23 ستمبر 2017ء کو ہونے والے سالانہ عام اجلاس میں دی جانے والی منظوری سے مشروط

## ڈائریکٹرز رپورٹ

عارف حبیب لمیٹڈ کے عزیز ساتھی شیئر ہولڈرز صاحبان

میں یہاں انتہائی مسرت کے ساتھ بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2017ء کو اختتام پذیر ہونے والے مالی سال کی کمپنی کی سالانہ رپورٹ پیش کر رہا ہوں۔ اس رپورٹ کے ساتھ سال کے آڈٹ شدہ مالی گوشوارے بھی پیش کر رہا ہوں جو اکاؤنٹنگ، ریگولیٹری اور قانونی معیارات کے تقاضوں کے عین مطابق ہیں۔

### معاشی اور کاروباری ماحول

معاشی ترقی کے حوالے سے پاکستان بدستور محو پرواز ہے، اس پرواز میں تیزی زیر جائزہ سال کے دوران آئی، اس دوران ادائیگیوں کے توازن کے علاوہ دیگر میکرو اکنامک اشاریے عموماً مستحکم رہے۔ معتدل کساد بازاری، بڑھتی فی کس آمدنی، توانائی کے وسائل کی بہتر ہوتی صورتحال اور امن عامہ کی بہتر صورتحال کی وجہ سے معاشی اور تجارتی ماحول کو تقویت ملی۔ معیشت میں 4.7 فیصد اضافہ ہوا جبکہ کساد بازاری کی شرح 2.2 فیصد رہی۔

بڑے پیمانے پر مینوفیکچرنگ (ایل ایس ایم) میں 5.6 فیصد اضافہ ہوا اور یہ اپنی چار سال کی بلند ترین سطح پر ہے۔ جن اہم شعبوں نے زبردست پیداواری صلاحیت میں اضافہ دکھایا ان میں لوہا اور اسٹیل شامل ہیں جن کی پیداوار میں 20 فیصد اضافہ ہوا، الیکٹرانکس میں 17 فیصد، آٹوموبیل کی پیداوار میں 11 فیصد اضافہ ہوا جبکہ خوراک، مشروبات اور تمباکو کی مصنوعات میں بھی 11 فیصد اضافہ ریکارڈ کیا گیا۔ نجی شعبے کے قرضوں میں 17 فیصد اضافہ ہوا اور یہ 5.2 کھرب روپے تک جا پہنچے۔

پاک چین اقتصادی راہداری (سی پیک) پر عملدرآمد کی وجہ سے ملک میں ترقیاتی سرگرمیوں میں اضافہ ہوا ہے اور مشینری کی درآمد بتدریج بڑھ گئی ہے، جبکہ اقتصادی شرح نمو کے نتیجے میں خام مال اور ایندھن کی برآمد میں بھی اضافہ ہوا ہے۔ دوسری جانب، برآمدات اور ساتھ ہی بیرون ملک مقیم پاکستانیوں سے زرمبادلہ بھیجنے میں کمی واقع ہوئی ہے۔ درآمدات میں اضافے اور زرمبادلہ سے ہونے والی آمدنی میں کمی کے نتیجے میں جاری کھاتوں کے خسارہ بڑھ کر مجموعی قومی پیداوار کا 4 فیصد ہو چکا ہے۔

آئندہ سال، مجموعی قومی پیداوار اور کساد بازاری کی شرح بالترتیب 5.5 فیصد اور 5 فیصد رہنے کا امکان ہے۔ کثیر الفریق اداروں اور بین الاقوامی مارکیٹ سے ملنے والے قرضوں کی وجہ سے، اور ساتھ ہی سی پیک کی وجہ سے ہونے والی براہ راست غیر ملکی سرمایہ کاری (ایف ڈی آئی) کی وجہ سے بھی، زرمبادلہ کے ذخائر اطمینان بخش سطح پر رہیں گے، جس سے مستحکم غیر ملکی مبادلہ ماحول قائم کرنے میں مدد ملے گی۔

### اسٹاک مارکیٹ

مالی سال کے دوران پاکستان اسٹاک مارکیٹ ایشیا میں سب سے بہترین کارکردگی کا مظاہرہ کرنے والی مارکیٹ رہی، جبکہ کے ایس ای 100 انڈیکس نے 23.24 فیصد اضافے کے ساتھ شاندار کارکردگی دکھائی اور یہ 46 ہزار 565 پوائنٹس پر بند ہوئی، اس کے مقابلے میں گزشتہ سال یہ کارکردگی 9.84 فیصد تھی۔ زبردست پیداواری صلاحیت کا مظاہرہ کرنے والے شعبوں میں 1۔ انجینئرنگ (215 فیصد)، 2۔ آٹو اسمبلرز (126 فیصد)، 3۔ آٹوموبیل پارٹس اور متعلقہ سامان (119 فیصد)، 4۔ کیمیکلز (90 فیصد)، 5۔ گلاس اور سیرامکس (79 فیصد) شامل ہیں۔

سال کے دوران انڈیکس کی کارکردگی کا سہرا ان باتوں کو جاتا ہے: 1۔ ایم ایس سی آئی ای ایم انڈیکس میں نئی درجہ بندی کی پیش بندی میں اضافہ، 2۔ قدر و قیمت کا پرکشش تخمینہ، 3۔ مقامی سرمایہ کاروں کے پاس دستیاب سرمائے کی مارکیٹ میں آمد، 4۔ مسلسل بڑھتی معاشی نمو، 5۔ بلوغت کی جانب گامزن سیاسی ماحول، اور 6۔ سی پیک کے تحت پاکستان میں توانائی اور انفراسٹرکچر کے شعبوں میں چین کی سرمایہ کاری میں اضافہ۔ تاہم، مالی سال کے دوران، غیر ملکی فروخت 631 ملین ڈالر رہی۔ اس کے مقابلے میں گزشتہ سال یہ 282 ملین ڈالر تک تھی جس میں اوسطاً 350 ملین شیئرز کے ولیم کی تجارت ہوئی جبکہ ایک سال قبل یہ تعداد 209 ملین شیئرز تھی۔ اسی دوران، سودوں کی قدر میں نمایاں 76 فیصد بہتری دیکھنے کو ملی جس کی مساوی مالیت 186 ملین امریکی ڈالر ہے۔















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UAN: (92-21) 111-245-111  
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Website: [www.arifhabibltd.com](http://www.arifhabibltd.com)  
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