

# 2018

ANNUAL REPORT

Adding Value Through Consistency



Arif Habib Limited (AHL) has been serving the investors for over four decades. Over the years the firm has constantly evolved and adapted to changing times. As a premium brokerage and financial services firm, AHL strives to build an environment that promotes teamwork; leadership and resilience, in order to better serve the ever-growing capital market.

During testing economic conditions, AHL has always endeavored to deliver consistent results to its trusting family of investors. It is only through consistency that we are able to maintain high levels of client satisfaction and have achieved industry wide recognition for our work. Being steadfast, determined and persistent are characteristics that strongly resonate with AHL's code of conduct.







adding value to your ambitions  
we are Arif Habib Limited



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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

Ms. Nida Ahsan  
Member

Mr. Muhammad Shahid Ali Habib  
Member

Dr. Muhammad Sohail Salat  
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

## MANAGEMENT RATING

Pakistan Credit Rating Agency (PACRA)



## **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  
Silk 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 Shahra-e-Faisal  
Karachi-74400  
Tel: Customer Support Services:  
0800-CDCPL (23275)  
Fax: (92-21) 34326053  
Email: info@cdcpak.com  
Website: 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  
Company website: www.arifhabibltd.com  
Online Trade: www.ahletrade.com  
Branch Reg. No: BOA-050/01

# 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 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.

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# Mission

A night landscape photograph featuring a dark, starry sky with a prominent light streak or comet tail. Below the sky is a dark, rolling horizon, and in the foreground, a field of white flowers is visible against the dark ground.

**We think through every decision meticulously and find innovative solutions to complex problems. We embrace change & challenges and readily adapt. We see 'the big picture' when others cannot.**





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adding strength to your position  
we are steadfast

## **INTEGRITY**

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

## **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.

## **CREDIBILITY**

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

## **SOCIAL RESPONSIBILITY**

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

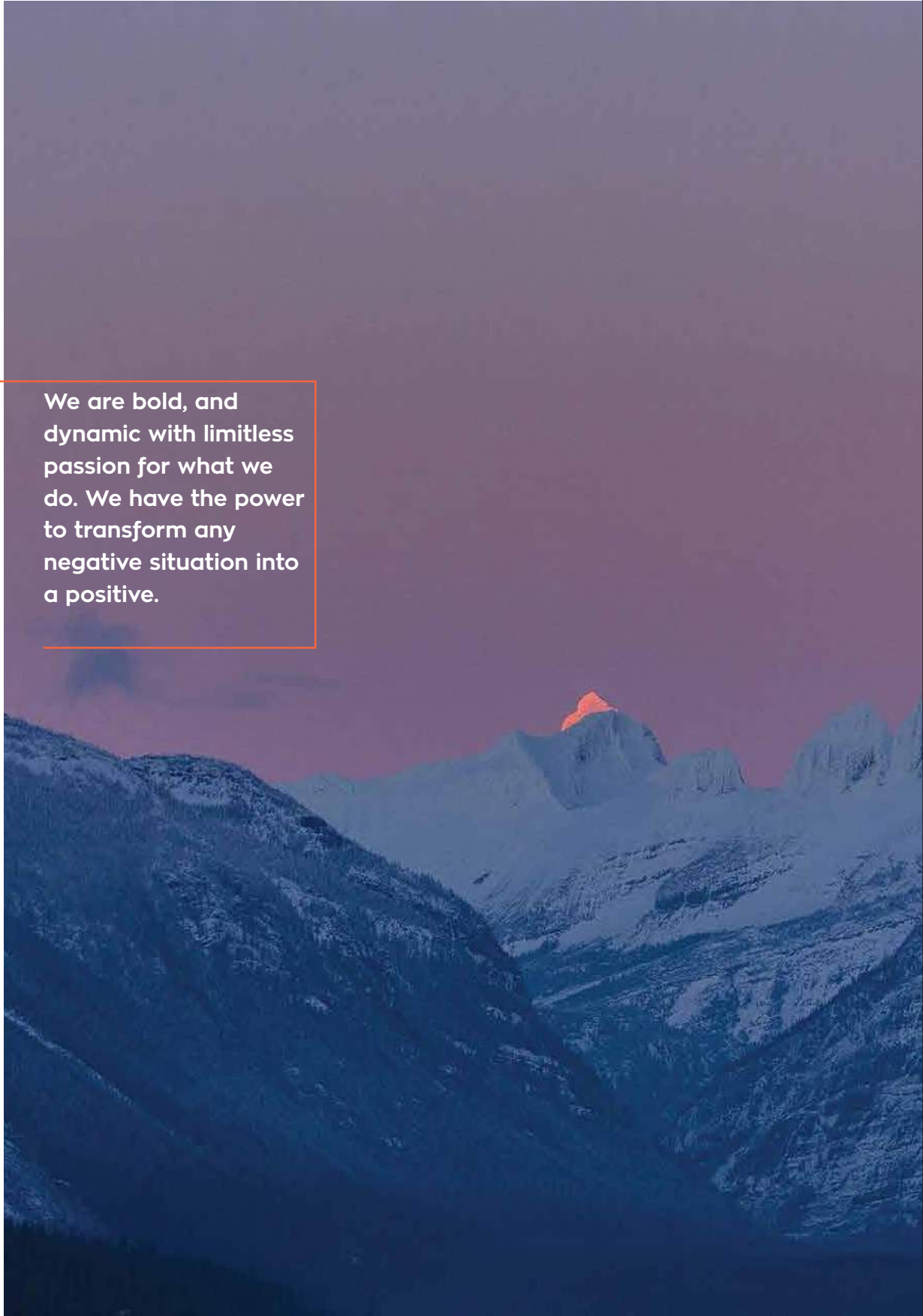
# Values



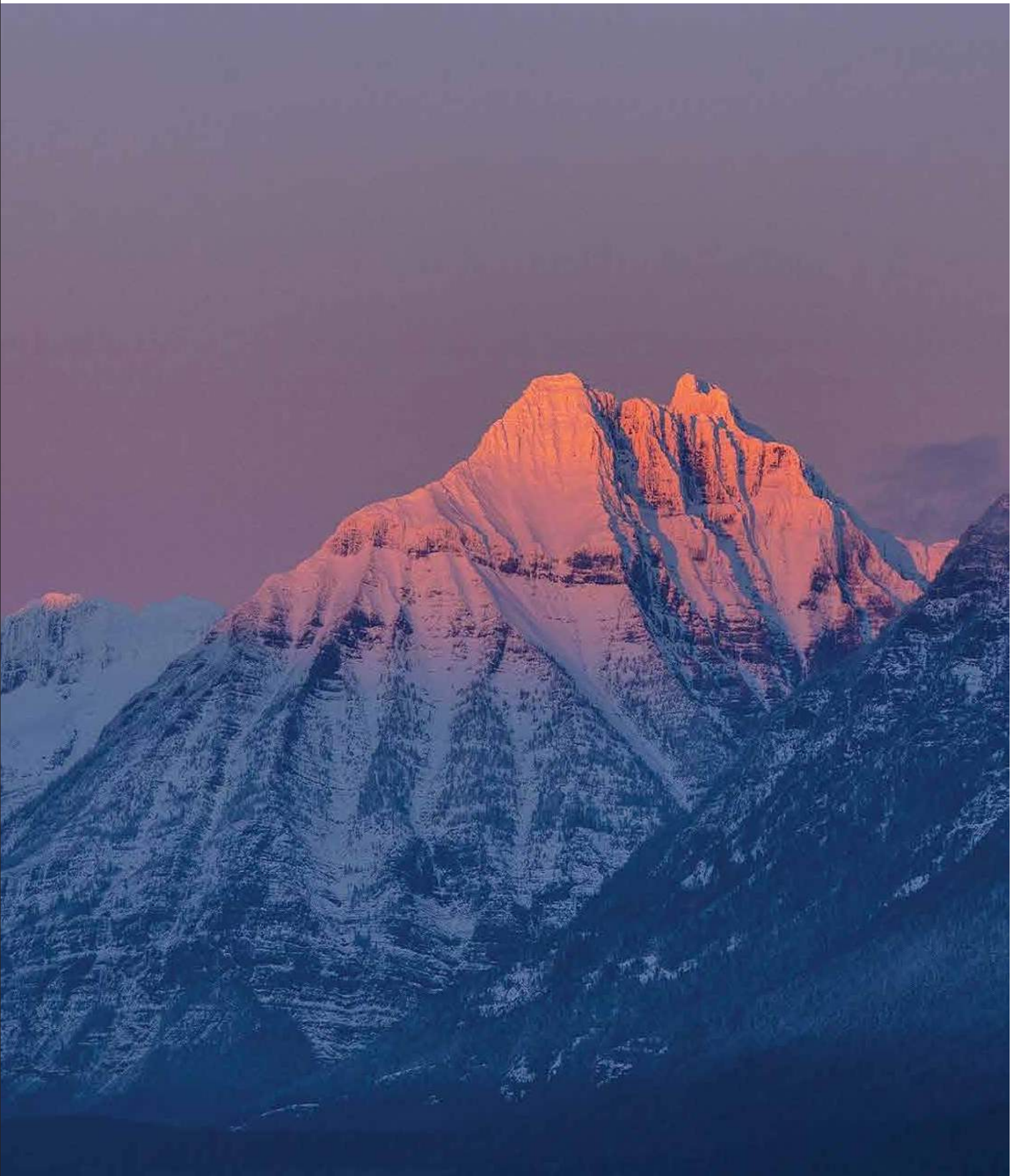
# Code of Conduct

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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”.



We are bold, and dynamic with limitless passion for what we do. We have the power to transform any negative situation into a positive.



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adding security to your future  
we are determined



- 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 Strategy

# Corporate Social Responsibility

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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 means to this, which allows us to give back to the people 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 includes our continued cooperation with the Memon Medical Institute Hospital (MMIH), a donor funded project of the Memon Health and Education Foundation (MHEF). MMIH is a public welfare project which “serves people regardless of their caste, creed, color, religion or ability to pay”. In addition to this, we are also involved with the Jinnah Foundation Memorial Trust. This is a Non-Governmental Organisation (NGO) established in 1989 in the memory of Quaid-e-Azam Muhammad Ali Jinnah, which focuses on “human development in the field of primary education and health”. Our association with these charitable entities re-emphasizes our commitment towards social development.

**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.



Arif Habib Limited 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. Some of the initiatives either taken by us or having our involvement were:

#### **INTER UNIVERSITY STOCK TRADING COMPETITION:**

Organized by the Securities & Exchange Commission of Pakistan (SECP), the purpose of this competition is to raise awareness amongst the youth highlighting the capital market as an avenue of investment.

#### **13TH ANNUAL EXCELLENCE AWARDS CEREMONY:**

Organized by CFA Association of Pakistan, the event recognized the excellence achieved by financial institutions and professionals across different categories

#### **SOUTH ASIAN FEDERATION OF EXCHANGES SAFE-PSX:**

IPO Summit 2016: Companies seeking long term growth capital and the investor community came 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.

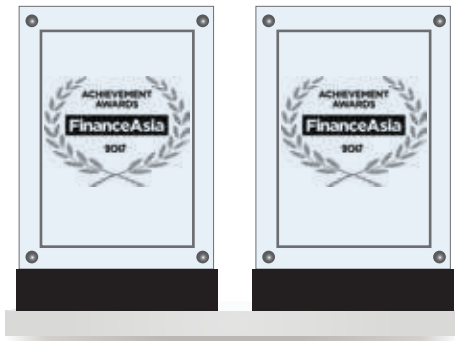
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# Corporate Development

The Company has also contributed to the exchequer by paying an amount of PKR 164,742,648 in direct and indirect taxes during the year.

# Awards & Recognition





AHL received the award for **Best Pakistan Deal** by Finance Asia



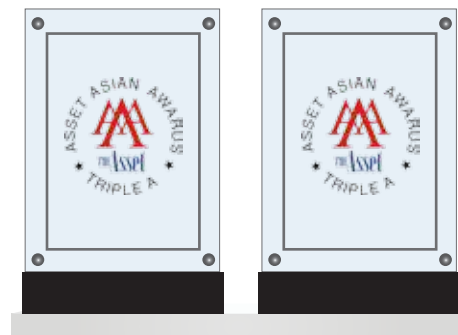
AHL received the award for **Best Brokerage & Corporate Finance Services Provider** by The Middle East Markets



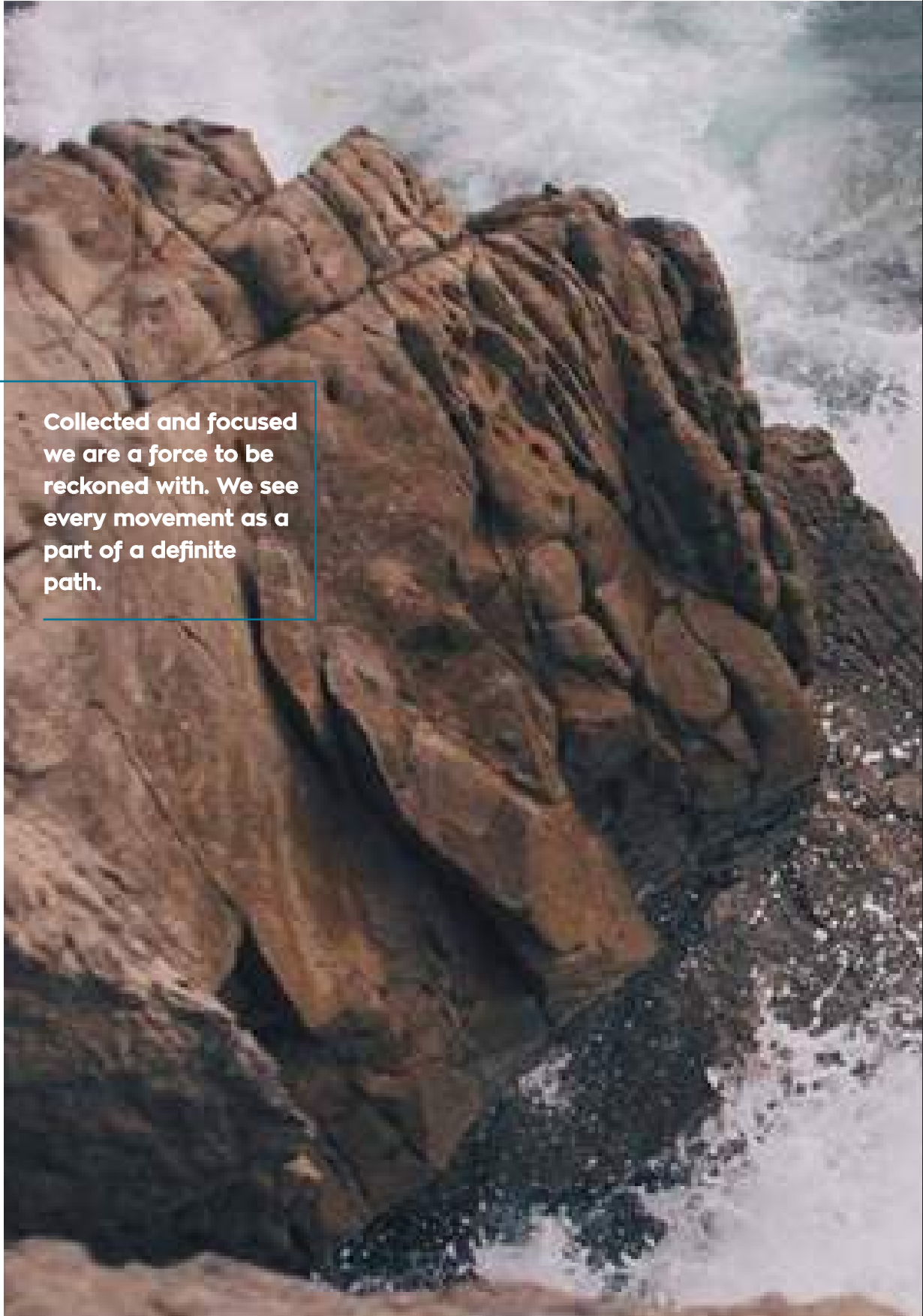
The only listed securities brokerage firm that found its place in the **Top 25 Listed Companies of Pakistan** by Pakistan Stock Exchange



AHL was recognised by Asiamoney with the awards for Best **Domestic Equity House** and **Best Country Deal**



AHL was also credited with the accolades of **Best Brokerage House, Best Equity Deal** and **Best Equity advisor** for the Asia Pacific region .



**Collected and focused  
we are a force to be  
reckoned with. We see  
every movement as a  
part of a definite  
path.**





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adding hope to your life  
we are persistent

# Key Performance Indicators

## TOTAL REVENUE

(PKR IN MILLION)

1,219.00

## EBITDA

(PKR IN MILLION)

846.00

## PROFIT AFTER TAX

(PKR IN MILLION)

536.25

## TOTAL ASSETS

(PKR IN MILLION)

5,473.00

## TOTAL EQUITY

(PKR IN MILLION)

**3,187.00**

## NET ASSETS PER SHARE

(PKR IN MILLION)

**57.95**

## RETURN ON EQUITY

(%)

**17%**

## CASH & STOCK DIVIDEND PER SHARE

**3.00** cash

**20%** Stock

## MARKET CAPITALIZATION

(PKR IN MILLION)

**3,355.00**

## NUMBER OF SHAREHOLDERS

**3,375.00**

## MARKET PRICE PER SHARE

(YEAR END)

**61.00**

## EARNING PER SHARE

**9.75**

# Directors' Profiles



## ZAFAR ALAM

Chairman & Non-executive Director

Mr. Zafar Alam is a Master's degree holder in Nuclear Physics and has over 33 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 retails 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 21 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.

As AHL's Chief Executive, Shahid oversees all operations of the firm including Equity Brokerage and Investment Banking. He has been involved in numerous transactions in Pakistan's equity market over the years. He was the Domestic Team Leader of Pakistan's largest equity market transaction of HBL secondary offering worth \$ 1.02 bn and other significant transactions including UBL secondary offering of \$ 388 mn and Engro Fertilizers offering of \$ 190 mn.

He holds MBA in Finance 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 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 12 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.

# Directors' Profiles



## 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 47 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.



## SHARMIN SHAHID

Non-executive Director

Ms. Sharmin Shahid has over 18 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.



## 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 14 years' experience of investing in listed securities including a number of first and second tier stocks.



## MUHAMMAD SOHAIL SALAT

Independent Director

Dr. Muhammad Sohail Salat is a qualified and highly reputed 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, 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 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 has 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 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 2018 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 regulations;
- 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 also exceeded expectations through a joint effort with the management team and guidance and oversight by the Board and its members.



**ZAFAR ALAM**

Chairman

July 28, 2018



# Directors' Report

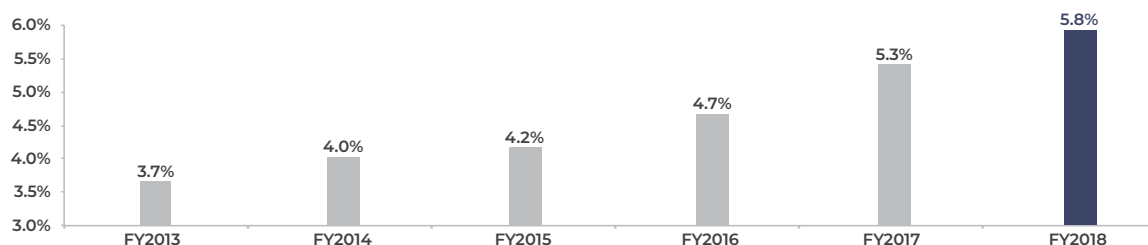
Dear Fellow shareholders of Arif Habib Limited (AHL),

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, 2018 together with the audited financial statements for the year in accordance with the accounting, regulatory and legal standards and requirements.

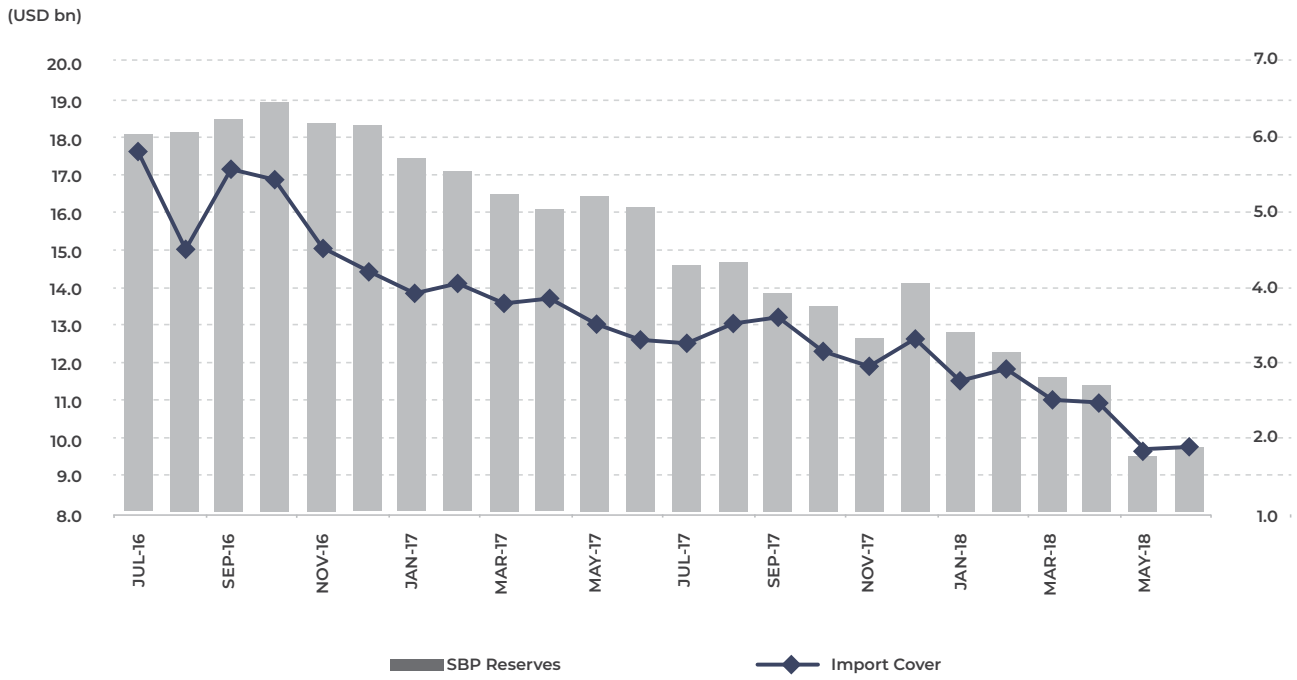
## BUSINESS ENVIRONMENT

The Fiscal Year 2018 witnessed heightened political uncertainty that continued till the end of FY18 in the run up to the elections. The economic environment which benefitted from initiatives such as CPEC (China Pakistan Economic Corridor) resulted in a 12-year high GDP growth of 5.8% for FY18 compared with 5.3% for FY17. This, however, was overshadowed by weakness in the external sector due to resurgence of twin deficits of current and fiscal accounts. The foreign exchange reserves held by State Bank of Pakistan (SBP) declined from USD 14.6 billion to USD 9.8 billion, Consequently, the PKR exchange rate against USD depreciated by 16% YoY holding out at PKR 121.5/USD against PKR 104.8/USD in FY17. The weakness in Balance of Payments was driven by rising Current Account Deficit which grew by 43% YoY to reach USD 18 billion compared to USD 12.6 billion last year. The reason being the higher trade deficit (up by 16% YoY to reach USD 37.6 billion) driven by rising imports (+15% YoY to reach USD 60.8 billion) which dwarfed growing exports (+14% YoY to reach USD 23.2 billion).

### GDP GROWTH



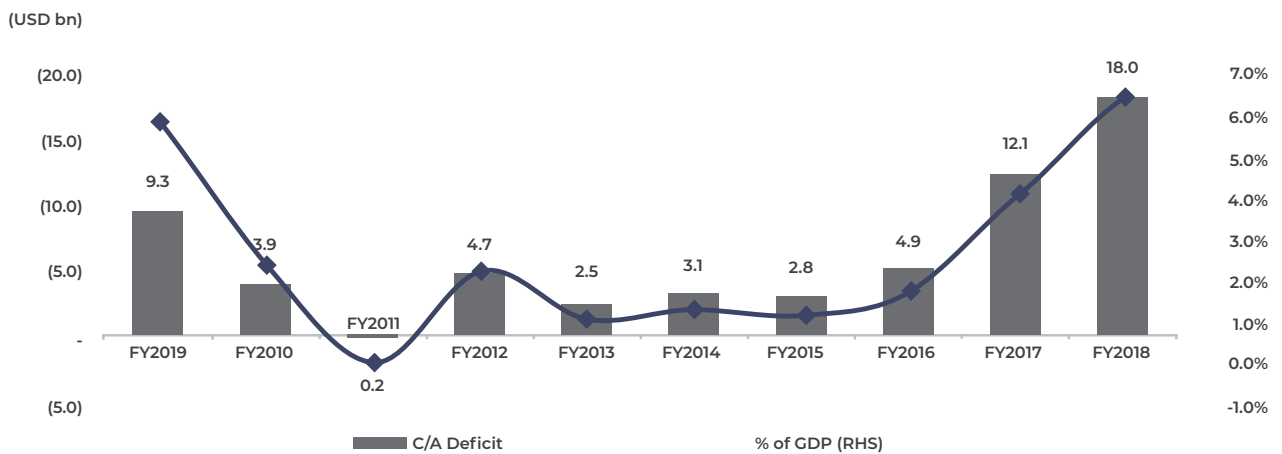
## IMPORT COVER



## PKR/USD

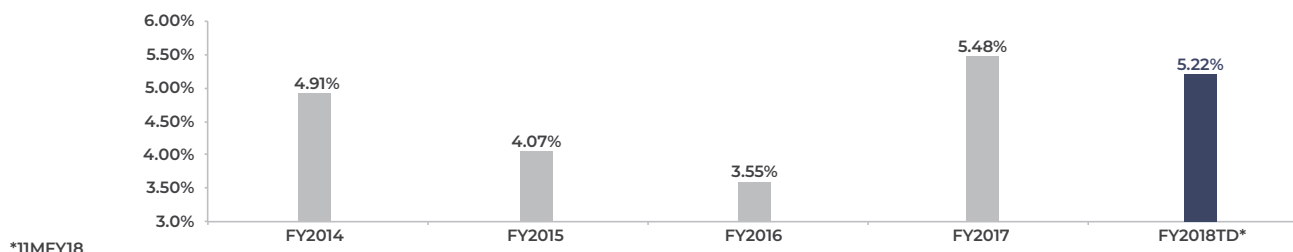


## CURRENT ACCOUNT DEFICIT



Other than Balance of Payments, macroeconomic indicators remained positive as Large Scale Manufacturing increased by 6% YoY on the back of improved energy supplies and better law and order situation. Growth in production of Iron & Steel products (+22% YoY), Petroleum Products (+13.5% YoY), Automobiles (+12.29%) and Cement (+12% YoY), supported the overall index. Private Sector Credit grew by 14.7% or PKR 768 billion compared with an incremental flow of PKR 748 billion last year.

### LSM GROWTH



### STOCK MARKET

KSE-100 index has undergone 10% YoY correction during FY18 to close at 41,911 points after consecutive 8 years of positive performance since FY10. The benchmark index realized a high of 47,084 points and also witnessed a low of 37,919 points (reflecting an erosion of 9,165 points (-19%)). Since Pakistan's upgrade to Emerging Market status in MSCI, May 2017, foreign outflows paced significantly. The dismal performance is mainly attributed to 1) Weakness in Balance of Payment and mounting Current Account Deficit (increased from USD 12.6 billion to USD 18 billion (+16% YoY)) 2) Political uncertainty during the year in the wake of Panama Papers and General Elections 3) Foreign outflows 4) Rupee devaluation.

### KSE 100 INDEX



The deteriorating macro-economic condition and unabated foreign outflows (USD 289 million) took its toll on investor sentiment, which gave rise to Equity Risk Premium. Though the headline inflation and Discount Rate did not increase significantly during FY18, the signs were greatly there and reflected on stock valuations, resulting in a decline in market capitalization from US\$ 91 billions on June 30, 2017 to US\$ 71 billion on June 30, 2018 (-22% YoY). Among other factors, rising cost of production (increase in price of Coal (Richards Bay +20% YoY) and Crude oil (Arab Light +29% YoY) played an important role in deteriorating fundamentals.

Top laggard sectors included i) Cable and Electrical Goods (-66%) ii) Vanaspati and Allied Industries (-64%), iii) Textile Weaving (-43%), iv) Cement (-41%) and v) Transport (12%). On the other hand, the highest yielding sectors during the year were i) REITs (31%) ii) E&Ps (27%), iii) Textile Spinning (27%), iv) Tobacco (24%) and v) Fertilizer (12%).

Foreign selling during the financial year was recorded at USD 289 million, as compared with net selling of USD 631 million last year. Additionally, average daily volumes plunged by 50% YoY to 175 million shares during FY18 as compared to 350 million shares during same period last year. Similarly, average traded value dropped by 43% YoY to USD 106 million against USD 186 million during FY17.

## FINANCIAL PERFORMANCE

The Company's profit for the year clocked at PKR 536 million as compared with PKR 881 million in the previous year. This translates to an earnings per share of PKR 9.75 as compared with PKR 16.01 last year. The equity of the Company as at the balance sheet date is PKR 3.18 billion (June 2017: PKR 3.20 billion) which translates into book value per share of PKR 57.95 (June 30, 2017: PKR 58.20).

The Company's financial results reflect increasing market share across all its businesses segments including Equity Brokerage, Investment Banking and Money Market & Forex. The Investment property segment also posted a remarkable performance with an unrealized gain of PKR 385 million and Equities Portfolio Investments have also outperformed the market considerably.

Based on the performance during the year, the Board has recommended a cash dividend of PKR 3.00 per share i.e. 30% and bonus shares in the proportion of 1 ordinary share per 5 ordinary shares held i.e. 20% for the year ended June 30th, 2018. This entitlement shall be available to those shareholders whose names appear on the shareholders' register at the close of business on September 07th, 2018.

The Summary of Financial Results is as follows:-

	2018	2017
Profit after tax	536,256,096	880,535,448
Un - appropriated profit brought forward	2,085,627,251	1,755,091,803
Profit available for appropriation	2,621,883,347	2,635,627,251
Appropriations:		
*Final Cash Divided at PKR 03.00 per share i.e. 30% for the year ended June 30, 2018 as recommended by the BoD. (PKR. 10.00 per share i.e. 100% for the year ended June 30, 2017)	(165,000,000)	(550,000,000)
*Bonus shares in the proportion of 1 ordinary share per 5 ordinary shares held	(110,000,000)	-
Unappropriated Profit carried forward	2,346,883,347	2,085,627,251
Earnings per share - basic & diluted	<b>9.75</b>	<b>16.01</b>
*subject to the approval by members in the AGM to be held on September 15th, 2018.		

## **BROKERAGE REVENUE PERFORMANCE**

Despite a significant decline of 43% in average daily traded value (ADTV) during the period, your company's brokerage revenue witnessed a slender decline of 18% to close at PKR 328 million improving the overall market share by over 20%. This exceptional performance in equity brokerage has been achieved through significantly improving our relationships with existing domestic and foreign clients as well as opening a large number of new accounts across the board.

During the period, your Company has achieved expansion in its foreign broker dealer relationship and has become local partner of one of the largest international brokerage firms. The international trading team has recently been reorganised to meet the requirements of top notch international brokers who are partnered with us, which will help in improving our international brokerage market share. Your Company expanded its trading team in Karachi and Lahore which resulted in improving our market share with the HNWIs and retail clients. We are pleased to announce that we are soon opening our branch in Islamabad with a dedicated trading team. 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 roadshow across the United States of America. Meetings were held with the largest passive as well as active funds that invest in the Emerging Markets, resulting in on boarding of one of the largest 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 218 million in revenues which includes advisory on IPOs, Right Shares, Mergers & Acquisitions, Private Equity Placement and Sukuks & TFCs. Your Company has once again remained the market leader in Pakistan's Initial Public Offering (IPO) market and won the award of Best Corporate Finance House of the Year by CFA Society Pakistan. This past year, the Company successfully carried out financial advisory to the right issue of Bank of Punjab, Maple Leaf Cement Factory Limited & Chandara Nissan Limited, amongst others. It also carried out the IPOs of Matco Foods Limited, At-Tahur Limited & Orient Rental Modaraba. Additionally, the Company successfully executed IPO of first listed Additional Tier 1 (ADTI) TFC of Bank Alfalah Limited, private placement of minority shareholding in Asia Insurance Limited to an international DFI and has worked on capital raising through debt/equity for various private/unlisted public companies.

The Company is engaged in a number of highly anticipated equity, as well as debt, capital market transactions set 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, your Company's persistent efforts and performance have earned it a recognition amongst its peers and a number of awards. These include the "Best Pakistan Deal" (Finance Asia) "Best Brokerage & Corporate Finance Services Provider" (MEA Business Award) 'Best Domestic Equity House' and 'Best Country Deal' (Asiamoney), 'Best Equity House' and "Best Equity Deal - PSX Share placement" "Best Equity advisor" (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). Further, we are the only listed securities brokerage firm that found its place in the "Top 25 Listed Companies of Pakistan".

## **EXPENSES MANAGEMENT PERFORMANCE**

During the year, operating expenses decreased by 16% as compared to the same period last year and posted a total PKR 324 million. Your Company has invested in its human resources and expanded its business and support teams, especially in the retail sector which resulted in increase in salaries and related expenses. Some of the compensation for the Management team is also linked to the revenues generated for the Company, this variable compensation has declined in view of the decline in revenues. Our financing costs have increased by 33% due to increased utilization of borrowing lines for diversification of Company's investment in more profitable opportunities. Further, the management has managed to significantly reduce its financing rates with the banks due to our strong balance sheet and higher credit rating. 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".

## MANAGEMENT RATING

The Company has been assigned management ratings of BMR1 by the Pakistan Credit Rating Agency Limited. The outlook on the assigned ratings is 'Stable'. This certification has endorsed the Company's capability in upholding strong control and governance framework, continuing update of client servicing tools, and careful monitoring of risks mainly liquidity and conflict of interest emanating from investment activities.

## 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 unavoidable in our business and include liquidity, market, credit, operational, legal, regulatory and reputational risks. AHL's risk management governance starts with our Board, which plays an integral role in reviewing and approving risk management policies and practices.

Our risk management framework and systems are longstanding, standardized and robust. We believe that effective risk management is of primary importance to the success of the Company. Accordingly, we have initiated comprehensive risk management processes through which we monitor, evaluate and manage the risks we assume in conducting our activities. A rigorous framework of limits is applied to control risk across multiple transactions, products, businesses and markets in which we deal. 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 and business community as a socially responsible organization through a number of philanthropic activities. AHL is committed towards fulfilment of its Corporate Social Responsibility and continues its involvement in projects focusing on healthcare, education, environment and community welfare. Our aim is to continue our involvement and contribution to such noble causes in the future as well.

The details of the contribution made by the Company is presented at Page No 16.

## CODE OF CORPORATE GOVERNANCE

The Board and Management of the Company are committed to ensuring 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 has no outstanding liability as at the balance sheet date;
- i. There are no transactions entered into by the broker during the year which are fraudulent, illegal or in violation of any securities market laws;
- j. The Company has paid amount of PKR 6,046,635 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 were 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 01, 2017 to June 30, 2018. The attendance of the Board and Audit Committee members was as follows:

NAME OF DIRECTOR	BOARD MEETING	AUDIT COMMITTEE MEETING
Mr. Zafar Alam	4	N/A
Ms. Sharmin Shahid	4	N/A
Ms. Nida Ahsan	4	4
Mr. Haroon Usman	4	4
Mr. Ali Murtaza Kazmi	1	1
Mr. M. Shahid A. Habib	4	N/A
Mr. Muhammad Sohail Salat	4	N/A

Leave of absence was granted to members who did not attend 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 thoroughly promising on account of the Management's efforts towards 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 equipped.

The Management is confident that the Company's equity and property 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 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 30, 2018, as required under the listing regulations, have been appended to this Annual Report.

## **INFORMATION TO STAKEHOLDERS**

Key operating and financial data of previous years has been summarized and is presented on Page No 43.

## **POST BALANCE SHEET DATE EVENT / DIVIDEND**

The Board of Directors in its meeting held on July 28, 2018 has proposed a final cash dividend @ PKR 3 per share i.e., 30% and bonus shares in the proportion of 1 ordinary share per 5 ordinary shares held for the year ended June 30, 2018 for approval of the members at the Annual General Meeting to be held on September 15, 2018. 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 33 & 34 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 2018-19 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, 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



Zafar Alam  
Chairman

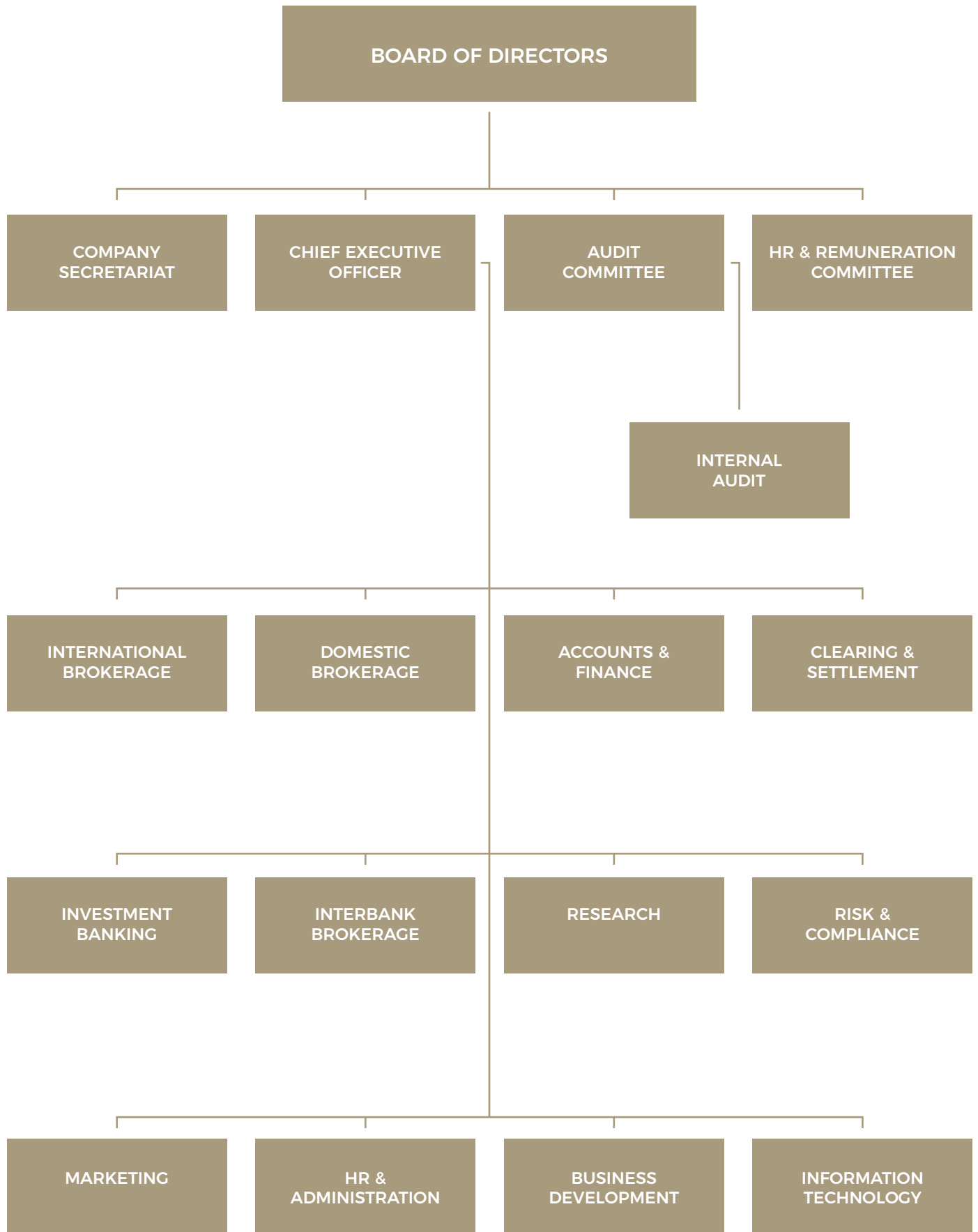
Karachi.

Dated: July 28, 2018



# Organizational Structure





# Financial & Business Highlights

YEAR ENDED JUNE 30, 2018

RUPEES IN MILLION

	2018	2017	2016	2015	2014	2013
<b>PROFIT AND LOSS ACCOUNT</b>						
Operating revenue	656	858	590	648	415	172
Investment gains - net	10	520	162	909	825	322
Other	167	262	146	58	203	202
Total turnover	1,219	1,672	899	1,717	1,443	799
Operating & administrative expenses	(324)	(386)	(268)	(300)	(217)	(199)
Finance Cost	(185)	(138)	(166)	(234)	(358)	(180)
Profit before taxation	653	1,140	456	1,145	851	401
Profit after taxation	536	880	410	929	819	382
EBITDA	846	1,287	631	1,388	1,219	593
<b>BALANCE SHEET</b>						
Share Capital	550	550	550	550	550	500
Reserves	2,622	2,636	2,140	2,116	1,462	843
Share holders' equity	3,187	3,201	2,705	2,681	2,012	1,343
Long term investment	160	172	209	209	159	159
Investment property	1,373	369	531	512	328	315
Current assets	3,878	5,081	4,723	3,212	4,147	2,997
Current liabilities	2,286	2,491	2,856	1,351	2,757	1,973
Total assets	5,473	5,693	5,563	4,034	4,771	3,617
Total liabilities	2,286	2,492	2,856	1,353	2,759	2,273

RUPEES IN MILLION

**RATIOS**

**PERFORMANCE**

	2018	2017	2016	2015	2014	2013
Profit before tax	54%	68%	51%	67%	59%	50%
Expense / income	27%	23%	30%	17%	15%	25%
Return on Equity	17%	30%	15%	40%	49%	31%

**LEVERAGE**

Financial Leverage Ratio (x)	2.4	2.3	1.9	3	1.7	1.6
Debt to Equity	46%	44%	70%	21%	118%	84%
Interest cover ratio (x)	4.58	9.33	3.80	5.93	3.40	3.30

**LIQUIDITY**

Current ratio (x)	1.70	2.04	1.65	2.38	1.50	1.52
Quick / acid test (x)	1.48	1.67	1.48	1.87	1.02	1.46

**VALUATION**

EPS(PKR)	9.75	16.01	7.45	16.88	14.88	6.95
Price earning ratio (x)	6.26	5.02	6.06	4.12	4.30	4.28
Price to book ratio (x)	1.05	1.38	0.92	1.43	1.75	1.45
Dividend yield ratio	5%	12%	16%	10%	7.8%	7.7%
Dividend payout ratio	31%	62%	94%	41%	33.36%	43.1%
Cash dividend per share (PKR)	3.00	10.00	7.00	7.00	5.00	3.00
Stock dividend per share	20%	-	-	-	-	10%
Market value at the end of each year (PKR)	61.00	80.41	45.12	69.61	64.06	38.93
High (during the year) (PKR)	87.99	113.51	79.61	69.76	65.34	41.02
Low (during the year) (PKR)	36.40	45.79	43.01	47.17	27.64	27.27

# Share Price Analysis

## FY 2018

MONTH	HIGHEST	LOWEST
Jul-17	86.36	73.12
Aug-17	87.99	73.43
Sep-17	74.11	54.53
Oct-17	53.93	40.25
Nov-17	42.24	39.71
Dec-17	41.43	36.40
Jan-18	52.93	39.47
Feb-18	50.72	48.50
Mar-18	50.39	46.88
Apr-18	60.65	49.26
May-18	61.40	56.79
Jun-18	64.35	59.83

AHL STOCK PRICE (PKR)

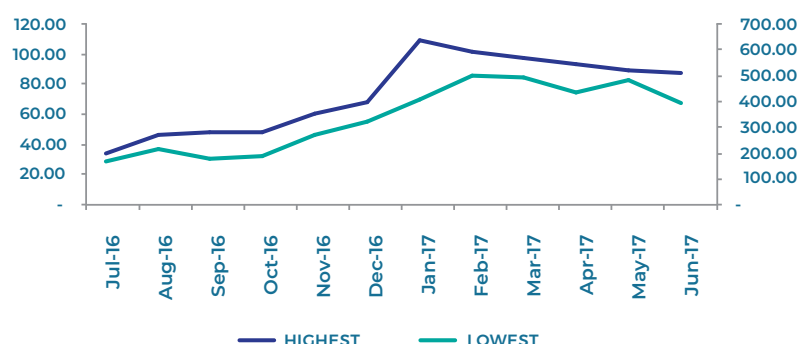


AHL VOLUME (000)

## FY 2017

MONTH	HIGHEST	LOWEST
Jul-16	50.28	45.79
Aug-16	60.38	52.79
Sep-16	61.85	47.36
Oct-16	62.02	48.46
Nov-16	72.55	60.35
Dec-16	79.11	68.06
Jan-17	113.51	80.32
Feb-17	107.27	93.66
Mar-17	103.79	92.94
Apr-17	100.27	84.32
May-17	96.53	91.16
Jun-17	95.28	78.52

AHL STOCK PRICE (PKR)

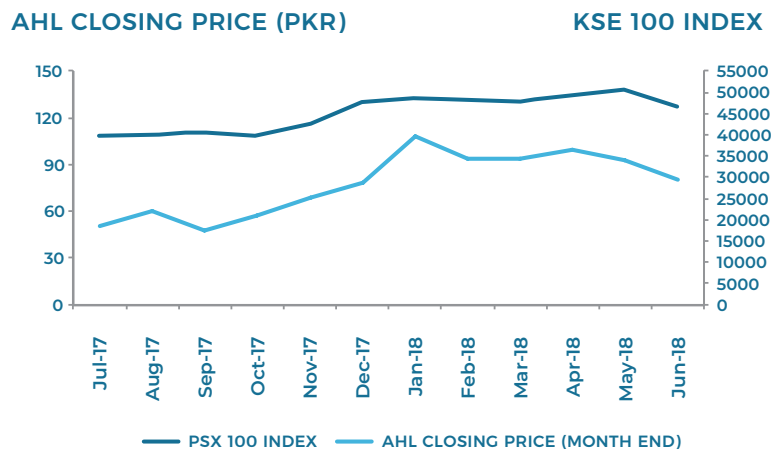


AHL VOLUME (000)

# Share Price / KSE-100 Index Analysis

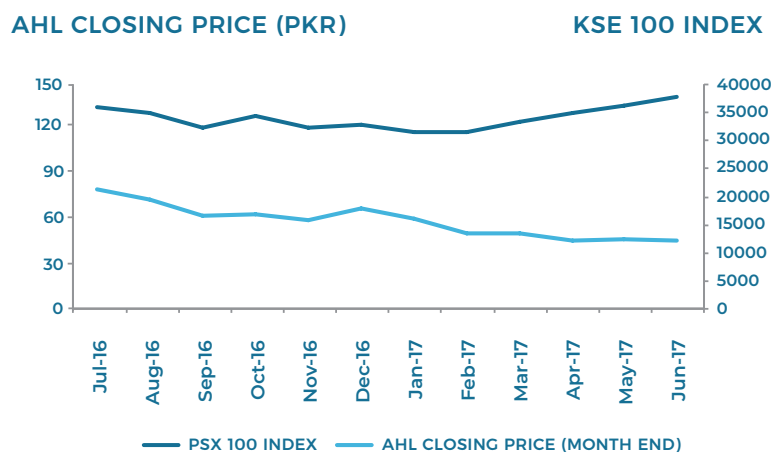
## FY 2018

MONTH	AHL CLOSING PRICE (MONTH END)	PSX 100 INDEX
Jul-17	86.36	46,010.45
Aug-17	74.50	41,206.99
Sep-17	54.76	42,409.27
Oct-17	40.25	39,617.19
Nov-17	41.40	40,010.36
Dec-17	39.55	40,471.48
Jan-18	48.31	44,049.05
Feb-18	48.50	43,239.44
Mar-18	49.86	45,560.30
Apr-18	60.65	45,488.86
May-18	59.69	42,846.64
Jun-18	61.00	41,910.90



## FY 2017

MONTH	AHL CLOSING PRICE (MONTH END)	PSX 100 INDEX
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

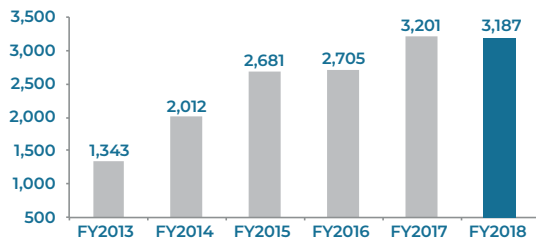




# Graphical Representation

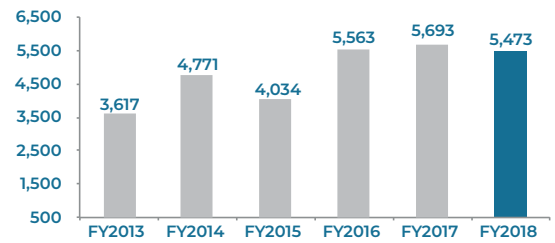
## SHARE HOLDERS EQUITY

Rupees in million



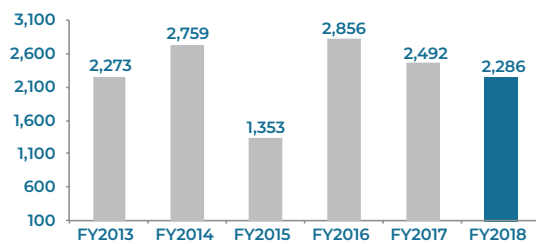
## TOTAL ASSETS

Rupees in million



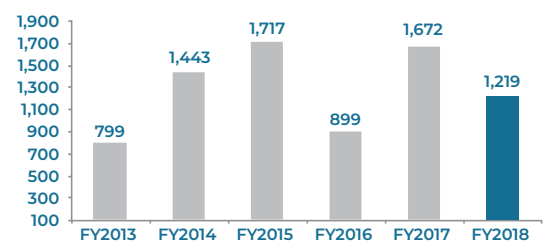
## TOTAL LIABILITIES

Rupees in million



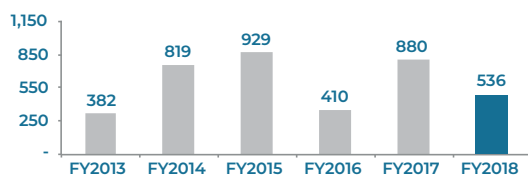
## TOTAL REVENUE

Rupees in million



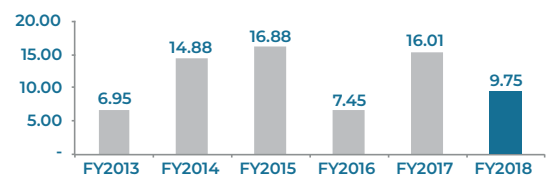
## PROFIT AFTER TAX

Rupees in million



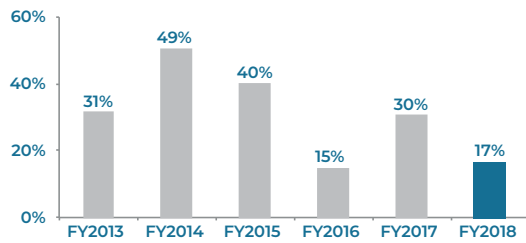
## EARNINGS PER SHARE

Rupees



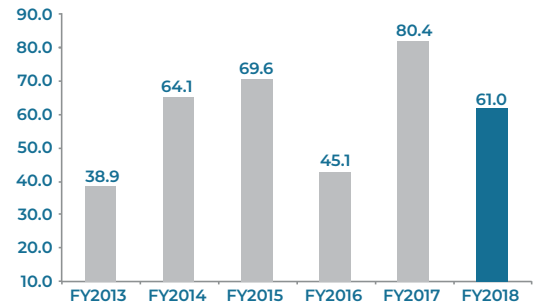
### RETURN ON EQUITY

Percentage



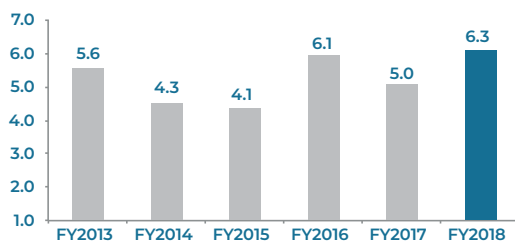
### STOCK PRICE (YEAR END)

Rupees



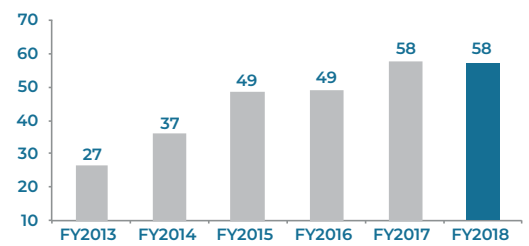
### PRICE TO EARNING

(x)



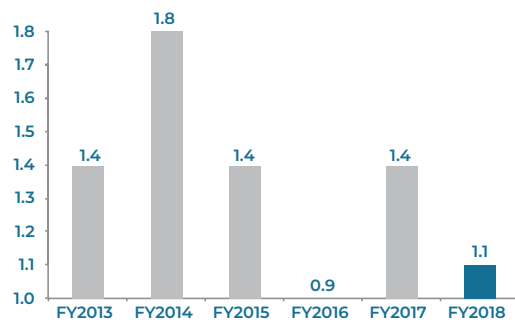
### BREAK-UP VALUE

Rupees



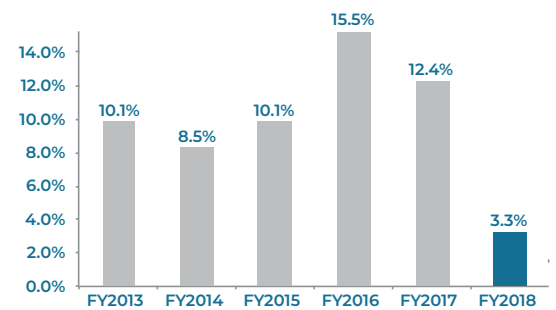
### PRICE TO BOOK

(x)



### DIVIDEND YIELD

Percentage



# Horizontal Analysis of Financial Statements

	2018		2017		2016	
	RUPEES IN MILLION	%▲	RUPEES IN MILLION	%▲	RUPEES IN MILLION	%▲
<b>BALANCE SHEET</b>						
Total equity and minority interest	3,187	(0)	3,201	18	2,705	1
Total non-current liabilities	-	(100)	0	(74)	2	(10)
Total current liabilities	2,286	(8)	2,491	(13)	2,856	111
Total equity and liabilities	5,473	(4)	5,692	2	5,563	38
Total non-current assets	1,595	161	611	(27)	840	2
Total current assets	3,878	(24)	5,081	8	4,723	47
Total assets	5,473	(4)	5,692	2	5,563	38
<b>PROFIT AND LOSS ACCOUNTS</b>						
Net operating revenue	1,219	(27)	1,672	86	899	(48)
Operating and administrative expenses	(324)	(16)	(386)	44	(268)	(11)
Operating profit / (loss)	895	(30)	1,286	104	631	(55)
Other income / (charges) - net	(57)	613	(8)	(11)	(9)	(76)
	838	(34)	1,278	105	622	(55)
Finance cost	(185)	34	(138)	(17)	(166)	(29)
Profit / (loss) before tax	653	(0)	1,140	89	456	(84)
Taxation	(117)	(55)	(260)	459	(47)	(78)
Profit / (loss) after tax	536	(39)	880	115	410	(56)

2015

2014

2013

**BALANCE SHEET**

	RUPEES IN MILLION	% ▲	RUPEES IN MILLION	% ▲	RUPEES IN MILLION	% ▲
Total equity and minority interest	2,681	33	2,012	50	1,343	23
Total non-current liabilities	2	(26)	3	(99)	300	13
Total current liabilities	1,351	(51)	2,757	40	1,973	4
Total equity and liabilities	4,034	(15)	4,771	32	3,617	11
Total non-current assets	822	32	625	1	620	60
Total current assets	3,212	(23)	4,147	38	2,997	4
Total assets	4,034	(15)	4,771	32	3,617	11

**PROFIT AND LOSS ACCOUNTS**

Net operating revenue	1,717	38	1,240	108	597	(13)
Operating and administrative expenses	(300)	38	(217)	9	(199)	(5)
Operating profit / (loss)	1,417	39	1,023	157	398	(17)
Other income / (charges) - net	(38)	(120)	186	2	183	81
	1,379	14	1,209	108	581	(0)
Finance cost	(234)	(35)	(358)	99	(180)	(3)
Profit / (loss) before tax	1,145	(21)	851	208	401	(3)
Taxation	(216)	577	(32)	68	(19)	(36)
Profit / (loss) after tax	929	13	819	114	382	5

# Vertical Analysis of Financial Statements

	2018		2017		2016	
	RUPEES IN MILLION	%	RUPEES IN MILLION	%	RUPEES IN MILLION	%
<b>BALANCE SHEET</b>						
Total equity and minority interest	3,187	58	3,201	56	2,705	49
Total non-current liabilities	-	-	0	0	2	0
Total current liabilities	2,286	42	2,491	44	2,856	51
Total equity and liabilities	5,473	100	5,692	100	5,563	100
Total non-current assets	1,595	29	611	11	840	15
Total current assets	3,878	71	5,081	89	4,723	85
Total assets	5,473	100	5,692	100	5,563	100
<b>PROFIT AND LOSS ACCOUNTS</b>						
Net operating revenue	1,219	100	1,672	100	899	100
Operating and administrative expenses	(324)	(27)	(386)	(23)	(268)	(30)
Operating profit / (loss)	895	73	1,286	77	631	70
Other income / (charges) - net	(57)	(5)	(8)	(0)	(9)	(1)
	838	69	1,278	76	622	69
Finance cost	(185)	(15)	(138)	(8)	(166)	(18)
Profit / (loss) before tax	653	54	1,140	68	456	51
Taxation	(117)	(10)	(260)	(16)	(47)	(5)
(Loss) / profit after tax	536	44	880	53	410	46

2015

2014

2013

**BALANCE SHEET**

	RUPEES IN MILLION	%	RUPEES IN MILLION	%	RUPEES IN MILLION	%
Total equity and minority interest	2,681	66	2,012	42	1,343	37
Total non-current liabilities	2	0	3	0	300	8
Total current liabilities	1,351	33	2,757	58	1,973	55
Total equity and liabilities	4,034	100	4,771	100	3,617	100
Total non-current assets	822	20	625	13	620	17
Total current assets	3,212	80	4,147	87	2,997	83
Total assets	4,034	100	4,771	100	3,617	100

**PROFIT AND LOSS ACCOUNTS**

Net operating revenue	1,717	100	1,240	100	597	100
Operating and administrative expenses	(300)	(17)	(217)	(18)	(199)	(33)
Operating profit / (loss)	1,417	83	1,023	82	398	67
Other income / (charges) - net	(38)	(2)	186	15	183	31
	1,379	80	1,209	97	581	97
Finance cost	(234)	(14)	(358)	(29)	(180)	(30)
Profit / (loss) before tax	1,145	67	851	69	401	67
Taxation	(216)	(13)	(32)	(3)	(19)	(3)
(Loss) / profit after tax	929	54	819	66	382	64



# Statement Of Compliance with Listed Companies (Code Of Corporate Governance) Regulations, 2017

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

1. The total number of directors are 7 as per the following:

a. Male                    5 members                    b. Female                    2 members

2. The composition of board is as follows:

CATEGORY	NAMES
a) Independent Directors	Mr. Ali Murtaza Kazmi Mr. Muhammad Sohail Salat
b) Other Non-Executive Directors	Mr. Zafar Alam Ms. Sharmin Shahid Ms. Nida Ahsan Mr. Haroon Usman
c) Executive Director	Mr. Muhammad Shahid Ali Habib

- The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company.
- The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
- The board has developed 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.
- All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
- The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
- The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
- Company stands complied with the requirement of having half of the directors of the board DTP certified as prescribed under the sub clause 1(a) of regulation no. 20 of the Regulations as the total number of certified directors of the Company stands four out of total seven directors.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

**a) Audit Committee**

Mr. Ali Murtaza Kazmi	Chairman
Mr. Haroon Usman	Member
Ms. Nida Ahsan	Member

**b) HR and Remuneration Committee**

Mr. Haroon Usman	Chairman
Mr. Muhammad Shahid Ali Habib	Member
Mr. Muhammad Sohail Salat	Member
Ms. Nida Ahsan	Member

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

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

**a) Audit Committee**

**b) HR and Remuneration Committee**

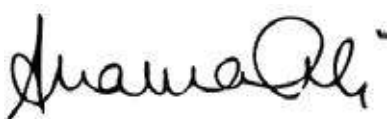
15. The board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP

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

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

On behalf of the Board of Directors



**Mohammad Shahid Ali Habib**

Chief Executive Officer & Executive Director

Dated: July 28, 2018

Karachi

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Arif Habib Limited (the Company) for the year ended June 30, 2018 to comply with the Listed Companies (Code of Corporate Governance) Regulations, 2017.

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 noncompliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

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

such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval 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, 2018.

Karachi.  
Dated: July 28, 2018



Rahman Sarfaraz Rahim Iqbal Rafiq  
Chartered Accountants

# Auditors' Report to the Members

## OPINION

We have audited the annexed financial statements of Arif Habib Limited (the Company), which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information ('the financial statements'), and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the profit or loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

## BASIS FOR OPINION

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

## KEY AUDIT MATTER(S)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

NO.	KEY AUDIT MATTER(S)	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
01.	<p><b>Valuation of investment properties</b></p> <p>As stated in note 8 to the financial statements, the Company revalued its investment properties (i.e. residential and commercial plots of land located in the Naya Nazimabad project) based on the valuation carried out by an independent external valuer engaged by management. The valuation of such properties was identified as an area subject to significant risk due to its significant effect on the Company's financial position as well as the profitability and earnings per share for the year.</p> <p>As part of our risk assessment exercise, we considered the risk that the aforesaid valuation may be materially overstated keeping in view the significant increase in the value of the investment properties acquired during the year.</p>	<p><b>To address this significant risk, we, amongst others, carried out the following key audit procedures:</b></p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the scope of the valuer's work;</li> <li>• As stated in the valuation report, development work in the area in which the Company holds properties is ongoing and is rapidly progressing and that the value of the properties was determined on the basis of investigation with other realtors. Accordingly, we reviewed the investments made by the Company in other blocks of the Naya Nazimabad project over the past few years with respect to the cost of acquisition, valuation and disposals. Further, we corroborated the values assigned to the properties by the valuer with that realized on the most recent property disposal transactions executed by the Company; and</li> <li>• Performed appropriate background searches to ascertain whether the values assigned to the properties by the valuer are closely aligned to those determined through independent sources.</li> </ul>
02.	<p><b>Valuation of unquoted investments in equity securities</b></p> <p>As stated in note 7.5 to the financial statements, the Company revalued its investment in unquoted ordinary shares of M/s. ISE Towers REIT Management Company Limited and M/s. LSE Financial Services Limited based on the valuation carried out internally by the Company's personnel in the Research &amp; Investment section through the use of Discounted Free Cash Flow to Equity model for business valuation. Since the use of such valuation model requires management to make significant estimates and assumptions, the degree of subjectivity and complexity involved in the valuation increases to a considerable extent.</p> <p>This, in turn, affected our assessment of the risk that the financial statements may be materially misstated due to error and, hence, necessitated us to devote our significant time and resources to address the risk successfully.</p>	<p>To get reasonable assurance over the adequacy of the valuation, we obtained an understanding of the valuation exercise carried out by the Company's staff in the Research &amp; Investment section who were responsible for performing the valuation and made relevant inquiries of such persons in order to assess their competence, capability and objectivity which are recognized as the important factors affecting the reliability of the valuation. Further, as part of this exercise, we assessed the reasonableness of significant assumptions used by management in estimating the following:</p> <ul style="list-style-type: none"> <li>• Components of cost of equity of investee companies (used as discount rate) such as the risk-free rate of return, equity risk premium and equity beta;</li> <li>• Significant amounts of revenues, operating expenses, capital expenditures, tax payments, dividend receipts etc. used in the cash flow projections; and</li> <li>• Long term growth rates assumed by management in estimating the terminal value of the investee companies at the end of the 5-year projection period.</li> </ul>

## **INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON**

Management is responsible for the other information. The other information comprises the information in the annual report including, in particular, the Chairman's Review, Director's Report, Financial and Business Highlights, Graphical Representation and Horizontal and Vertical Analysis of Financial Statements, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **RESPONSIBILITIES OF MANAGEMENT AND BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS**

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

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

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

## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business;
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance; and
- e) the Company was in compliance with the requirement of section 78 of the Securities Act 2015, and the relevant requirements of Securities Brokers (Licencing and Operations) Regulations, 2016 as at the date on which the balance sheet was prepared.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Muhammad Rafiq Dosani.

*Rahman Sarfaraz Rahim Iqbal Rafiq*

Rahman Sarfaraz Rahim Iqbal Rafiq  
Chartered Accountants  
Karachi

Dated: July 28, 2018



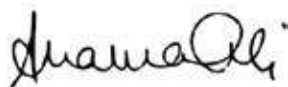
# Financial Statements

# Balance Sheet

AS AT JUNE 30, 2018

	Note	2018	2017
(Rupees)			
<b>ASSETS</b>			
<b>NON- CURRENT ASSETS</b>			
Property and equipment	5	36,971,443	40,928,161
Intangible assets	6	9,452,439	10,093,747
Long term investment	7	160,390,122	172,314,338
Investment property	8	1,373,500,000	369,211,719
Long-term deposits	9	15,102,524	19,033,324
Deferred tax asset	10	-	-
		<b>1,595,416,528</b>	611,581,289
<b>CURRENT ASSETS</b>			
Short term investments	11	2,678,785,604	3,263,767,965
Trade debts	12	24,479,552	74,783,140
Receivable against margin financing	13	257,416,270	559,457,704
Short term loans - secured	14	5,359,108	4,034,172
Advances, deposits and prepayments	15	36,580,884	137,215,090
Accrued markup		21,175,998	-
Other receivables	16	167,388,359	209,351,235
Cash and bank balances	17	686,765,082	832,793,413
		<b>3,877,950,857</b>	5,081,402,719
<b>TOTAL ASSETS</b>		<b>5,473,367,385</b>	5,692,984,008
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
<b>Authorized Capital</b>			
75,000,000 (2017: 75,000,000) ordinary shares of Rs.10/- each		750,000,000	750,000,000
Issued, subscribed & paid-up capital	18	550,000,000	550,000,000
Unappropriated profits		2,621,883,347	2,635,627,251
Surplus on revaluation	19	15,432,500	15,432,500
		<b>3,187,315,847</b>	3,201,059,751
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Liabilities against assets subject to finance lease	20	-	470,480
<b>CURRENT LIABILITIES</b>			
Short term borrowings- secured	21	1,472,580,896	1,408,013,323
Current portion of liability subject to finance lease	20	1,345,933	1,345,933
Trade and other payables	22	562,759,873	850,098,451
Unclaimed dividend		12,755,839	19,897,136
Payable against purchase of securities- net		115,245,045	34,414,007
Markup accrued		45,791,816	9,640,501
Taxation-net		75,572,136	168,044,426
		<b>2,286,051,538</b>	2,491,453,777
<b>CONTINGENCIES AND COMMITMENTS</b>	23		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,473,367,385</b>	5,692,984,008

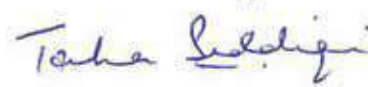
The annexed notes 1 to 41 form an integral part of these financial statements.



Chief Executive Officer



Director



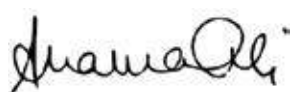
Chief Financial Officer

# Profit and Loss Account

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 (Rupees)	2017
Operating revenue	24	656,107,961	858,463,896
Capital gain on sale of investments - net		5,232,628	895,224,653
Gain / (loss) on re-measurement of investments carried at fair value through profit or loss - net		5,070,055	(375,367,091)
Unrealised gain on re-measurement of investment property	8	384,990,000	32,279,270
		<b>1,051,400,644</b>	<b>1,410,600,728</b>
Administrative and operating expenses	25	(324,419,661)	(386,334,866)
Finance cost	26	(184,795,545)	(138,484,513)
Other charges	27	(56,626,589)	(7,543,701)
Other income	28	167,451,360	262,654,579
Profit before taxation		<b>653,010,209</b>	<b>1,140,892,227</b>
Provision for taxation	29	(116,754,113)	(260,356,779)
<b>Profit after taxation</b>		<b>536,256,096</b>	<b>880,535,448</b>
<b>Earnings per share - basic and diluted</b>	30	<b>9.75</b>	<b>16.01</b>

The annexed notes 1 to 41 form an integral part of these financial statements.



Chief Executive Officer



Director



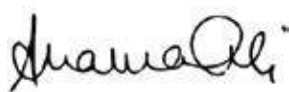
Chief Financial Officer

# Statement of Comprehensive Income

FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	(Rupees)	
Profit after taxation	536,256,096	880,535,448
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>536,256,096</b>	<b>880,535,448</b>

The annexed notes 1 to 41 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

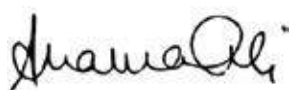


# Statement of Changes In Equity

FOR THE YEAR ENDED JUNE 30, 2018

	Issued, subscribed & paid up capital	Unappropriated profits	Surplus on revaluation	Total
	(Rupees)			
Balance as at July 1, 2016	550,000,000	2,140,091,803	15,432,500	2,705,524,303
Cash dividend paid @ 70% for the year ended June 30, 2016 (2015: 70%)	-	(385,000,000)	-	(385,000,000)
Total Comprehensive income for the year ended June 30, 2017	-	880,535,448	-	880,535,448
Balance as at June 30, 2017	<u>550,000,000</u>	<u>2,635,627,251</u>	<u>15,432,500</u>	<u>3,201,059,751</u>
<b>Balance as at July 1, 2017</b>	<b>550,000,000</b>	<b>2,635,627,251</b>	<b>15,432,500</b>	<b>3,201,059,751</b>
Cash dividend paid @ 100% for the year ended June 30, 2017 (2016: 70%)	-	(550,000,000)	-	(550,000,000)
Total Comprehensive income for the year ended June 30, 2018	-	536,256,096	-	536,256,096
<b>Balance as at June 30, 2018</b>	<u><b>550,000,000</b></u>	<u><b>2,621,883,347</b></u>	<u><b>15,432,500</b></u>	<u><b>3,187,315,847</b></u>

The annexed notes 1 to 41 form an integral part of these financial statements.



Chief Executive Officer



Director



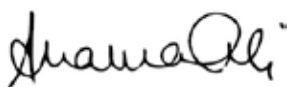
Chief Financial Officer

# Cash Flow Statement

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	2017
(Rupees)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		653,010,209	1,140,892,227
Adjustments for:			
Depreciation		7,766,433	7,826,670
Amortization of intangible asset		641,308	817,501
Impairment loss on intangible assets		-	7,500,000
Loss on disposal of property, plant and equipment		20,395	43,701
(Gain) / loss on remeasurement of Investments carried at fair value		(5,070,055)	375,367,091
Gain on disposal of Investment property		(46,876,750)	(36,598,931)
Unrealized gain on re-measurement of investment property		(384,990,000)	(32,279,270)
Dividend income		(109,534,946)	(91,188,231)
Recovery of bad debts written off		(11,146,084)	(30,236,570)
Reversal of Provision for worker welfare fund		-	(69,280,080)
Provision for doubtful receivable		56,525,996	-
Finance costs		184,795,545	138,484,513
		(307,868,158)	270,456,394
<b>Cash generated from operating activities before working capital changes</b>		345,142,051	1,411,348,621
<b>Effect on cash flow due to working capital changes (Increase)/decrease in current assets</b>			
Short-term investments		601,976,632	(344,838,778)
Trade debts		61,449,672	537,717,908
Receivable against margin financing		302,041,434	(523,076,219)
Short term loans		(1,324,936)	(3,088,523)
Deposits and short-term prepayments		100,634,206	18,154,027
Accrued markup		(21,175,998)	-
Other receivables		(20,209,059)	137,311,355
<b>Increase/(decrease) in current liabilities</b>			
Trade and other payables		(287,338,578)	522,031,359
Payable against sale of securities- Net		80,831,038	(430,993,943)
		816,884,411	(86,782,814)
<b>Cash generated from operations</b>		1,162,026,462	1,324,565,807
Taxes paid		(209,226,403)	(131,283,113)
Finance costs paid		(148,644,230)	(170,602,575)
Dividend paid		(557,141,297)	(374,724,952)
<b>Net cash generated from operating activities</b>		247,014,532	647,955,167
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment		(4,741,776)	(5,151,764)
Proceeds from disposal of property, plant and equipment		911,666	62,961
Acquisition of Intangible asset		-	(613,346)
Investment in Investment property		(859,120,000)	(12,945,000)
Proceeds from disposal of investment property		286,698,469	244,577,896
Disposal of Long Term Investment		-	37,028,213
Dividends received		115,180,885	92,346,993
Long term deposits - net		3,930,800	(3,303,302)
<b>Net cash (used in) / generated from investing activities</b>		(457,139,956)	352,002,651
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Principal repayment against finance lease liability		(470,480)	(749,015)
<b>Net cash (used in) financing activities</b>		(470,480)	(749,015)
<b>Net (decrease) / increase in cash and cash equivalents</b>		(210,595,904)	999,208,803
<b>Cash and cash equivalents at the beginning of the year</b>		(575,219,910)	(1,574,428,713)
<b>Cash and cash equivalents at the end of the year</b>	31	(785,815,814)	(575,219,910)

The annexed notes 1 to 41 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# Notes to the Financial Statements

FOR THE YEAR ENDED JUNE 30, 2018

## 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% share holding 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 investments, share brokerage, inter-bank brokerage, Initial Public Offer (IPO) underwriting, advisory and consultancy services. The registered office of the Company is situated at Arif Habib Centre, 23 M.T. Khan Road, Karachi.

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

During the current year, economic and political scenarios' deterioration had immense adverse effects on the performance of the equity bourse, depressing sentiments in the investment climate and subsequently denting volumes, resultantly our short term investment portfolio yielded meager profits. This is reflected in statement of Profit & Loss account.

During the year, the Company incurred major capital expenditure in real estate sector, which resulted in generation of good realized and unrealized return. For details refer note 8.

For detail performance review of the Company, refer Directors' Report.

## 3 BASIS OF PREPARATION

### 3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of such International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 (the Act), and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### 3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except;

- Investment property which is carried at fair value;
- Long term investments in ISE Tower Reit Management Limited and LSE Financial Services Limited which is carried at fair value;
- Short term investments in quoted equity securities, units of mutual funds and term finance certificates / sukuks carried at fair value;
- Finance lease obligation which is measured at the present value of future minimum lease payments.

### 3.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is Company's functional and presentation currency.

### 3.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates involved or where judgment was exercised in application of accounting policies are as follows:

- Useful lives and residual values of property, plant and equipment (note 4.1)
- Useful lives and residual values of intangible assets (note 4.2)
- Valuation of investment property (note 4.3 & 8.1)
- Valuation of investment in ordinary shares of ISE Towers Reit Management Limited and LSE Financial Services Limited. (note 7.5)
- Provision for taxation (note 4.16)

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after the dates specified below:

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment 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 IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Company's financial statements.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of

payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on the Company's financial statements.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Company's financial statements.
- IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Company is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard.
- IFRS 9 'Financial Instruments' and amendment - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.
- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's financial statements.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's financial statements.

Annual Improvements to IFRS Standards 2015-2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 “Business Combinations” and IFRS 11 “Joint Arrangement” - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

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

#### **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

##### **4.1 Property and equipments**

###### **Owned**

These are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset including borrowing costs incurred on qualifying assets.

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.

Depreciation is charged to profit and loss account applying the reducing balance method at the rates specified in respective note 5. Depreciation is charged when the asset is available for use till the asset is disposed off. Further, when the written down value of the item of assets falls below Rs. 10,000 the same is charged directly to the profit and loss account.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account in the year in which the asset is derecognized.

The assets’ residual values, useful lives are reviewed, and adjusted if appropriate, at each financial year end. The Company’s estimate of residual value of property and equipment as at June 30, 2018 did not require any adjustment.

###### **Leased assets**

Assets held under finance lease arrangements are initially recorded at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets. Depreciation on leased assets is charged by applying reducing balance method at the rates used for similar owned assets, so as to depreciate the assets over their estimated useful lives.

## **4.2 Intangible assets**

### **4.2.1 Computer softwares**

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 6, 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.

### **4.2.2 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.

## **4.3 Investment property**

Investment property, which is property held to earn rentals and for capital appreciation, is measured initially at its cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value, at each reporting date. The changes in fair value is recognised in the statement of profit or loss.

## **4.4 Financial instruments**

### **4.4.1 Classification of Financial assets**

The Company classifies its financial assets in the following categories: 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 the time of initial recognition.

#### **a) 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.

#### **b) 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.

#### **c) 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.



When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized directly in equity are included in the profit and loss account as gains and losses from investment securities. Interest on available-for-sale securities calculated using 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 payment is established.

#### **d) Held -to- maturity**

Held -to- maturity financial assets are those with fixed or determinable payments and fixed maturity, where management has the positive intention and ability to hold till maturity. These are carried at amortized cost.

### **4.4.2 Investment in equity instruments of subsidiary companies**

Investment in subsidiaries are accounted for at cost less any accumulated impairment losses. Dividend income from these investments is recognised in profit or loss and included in other income when the company's right to receive payment has been established.

### **4.4.3 Recognition and measurement of financial assets**

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized at trade date i.e. the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Financial assets carried at fair value through profit and loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. In case of available for sale financial assets, the change in fair value is recognised in other comprehensive income and in case of financial assets classified as fair value through profit and loss, the change is recognised in profit and loss account for the year.

The fair values of quoted investments are based on quoted prices. In case quoted prices are not available, 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.

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.

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 is 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.

### **4.4.4 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.

#### 4.4.5 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements, when the Company has a legally enforceable right to offset the recognized amounts and the Company intends either to settle on net basis, or to realize the assets and to settle the liabilities simultaneously

#### 4.5 Impairment

##### Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. 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. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

##### Non- financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised as an expense in the profit and loss account. The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

#### 4.6 Securities purchased under resale agreements

Transactions of purchase under resale (reverse-repo) of marketable securities 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 statement of financial position. Amounts paid under these agreements in respect of reverse repurchase transactions are recognised as receivables. The difference between purchase and resale price is treated as income and accrued on a time proportion basis over the life of the reverse repo agreement.

#### 4.7 Trade debts and other receivables

Trade and other receivables are recognised and carried at transaction price less an allowance for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in the statement of profit or loss. Bad debts are written-off in the statement of profit or loss on identification.

The allowance for doubtful debts of the Company is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer.

#### 4.8 Cash and cash equivalents

Cash and Cash equivalents are carried at cost. For the purpose of cash flow statement cash and cash equivalents comprise cash in hand, bank balances and running finances.

#### 4.9 Short term borrowings

Short term running finances that are repayable in full on demand and are initially measured and subsequently stated at face value.

#### 4.10 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.

#### 4.11 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.

#### 4.12 Taxation

Income tax expense comprises current and deferred tax.

##### *Current*

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using enacted or substantially enacted at the reporting date and after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

##### *Deferred*

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognized for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset may be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are recognized for all the taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to comprehensive income or equity, in which case it is included in comprehensive income or equity.

#### 4.13 Provisions

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

#### 4.14 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.

#### 4.15 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 commission is recognised on trade date and consultancy and advisory fee 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.
- Gain/(loss) 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 remeasurement of investments classified as fair value through profit or loss are included in the profit and loss account for the period in which they arise.
- Rental income from investment properties is recognized on accrual basis.

#### 4.16 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.

## 5 PROPERTY AND EQUIPMENT

	Owned Assets				Leased Assets	
	Leasehold improvements	Office equipments	Furniture & Fixture	Compter & Allied	Vehicles	Total
<b>(Rupees)</b>						
<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	<u>34,611,179</u>	<u>502,085</u>	<u>93,956</u>	<u>5,915,843</u>	<u>2,586,666</u>	<u>43,709,729</u>
<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	-	-	-	(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	<u>29,761,968</u>	<u>431,740</u>	<u>217,330</u>	<u>8,404,493</u>	<u>2,112,630</u>	<u>40,928,161</u>
<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	<u>29,761,968</u>	<u>431,740</u>	<u>217,330</u>	<u>8,404,493</u>	<u>2,112,630</u>	<u>40,928,161</u>
<b>Year ended June 30, 2018</b>						
Opening net book value	29,761,968	431,740	217,330	8,404,493	2,112,630	40,928,161
Additions / transfers during the year	-	154,541	1,675,126	2,912,109	-	4,741,776
Disposals / transfers/writeoff						
Cost	-	-	-	(208,143)	(1,792,500)	(2,000,643)
Accumulated depreciation	-	-	-	49,648	1,018,934	1,068,582
Net book value (note 5.1)	-	-	-	(158,495)	(773,566)	(932,061)
Depreciation for the year	(4,169,811)	(75,152)	(97,054)	(3,088,844)	(335,572)	(7,766,433)
Closing net book value	<u>25,592,157</u>	<u>511,129</u>	<u>1,795,402</u>	<u>8,069,263</u>	<u>1,003,492</u>	<u>36,971,443</u>
<b>As at June 30, 2018</b>						
Cost	102,485,179	1,122,816	2,047,062	24,370,358	2,088,000	132,113,415
Accumulated depreciation	(76,893,022)	(611,687)	(251,660)	(16,301,095)	(1,084,508)	(95,141,972)
Net book value	<u>25,592,157</u>	<u>511,129</u>	<u>1,795,402</u>	<u>8,069,263</u>	<u>1,003,492</u>	<u>36,971,443</u>
<b>Annual rates of depreciation</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>	<b>33%</b>	<b>20%</b>	

**5.1 Particulars of disposal of property and equipment are as follows:**

Particulars	Cost	Book Value	Sale Proceed	Loss on Disposal	Mode of Disposal	Particulars of Buyer
(Rupees)						
Computer & Allied	208,143	158,495	138,100	(20,395)	Insurance claim	Insurance claim
Vehicle	1,792,500	773,566	773,566	-	Negotiation	Employee
	<u>2,000,643</u>	<u>932,061</u>	<u>911,666</u>	<u>(20,395)</u>		

6	INTANGIBLES ASSETS	Note	2018	2017
(Rupees)				
	Computer software	6.1	<b>2,852,439</b>	3,493,747
	Trading right entitlement certificates and offices	6.2	<b>6,600,000</b>	6,600,000
			<u><b>9,452,439</b></u>	<u>10,093,747</u>
<b>6.1</b>	<b>Computer software</b>			
	<i>Net carrying amount</i>			
	Opening net book value		<b>3,493,747</b>	3,697,902
	Additions during the year		-	613,346
	Amortisation charge		<b>(641,308)</b>	(817,501)
	Closing net book value		<u><b>2,852,439</b></u>	<u>3,493,747</u>
	<i>Gross carrying amount</i>			
	Cost		<b>7,433,958</b>	7,433,958
	Accumulated amortisation		<b>(4,581,519)</b>	(3,940,211)
	Net book value		<u><b>2,852,439</b></u>	<u>3,493,747</u>
	<i>Amortisation rate</i>		<u><b>25%</b></u>	<u>25%</u>
<b>6.2</b>	<b>TRADING RIGHT ENTITLEMENT CERTIFICATES (TREC) AND OFFICES</b>			
	<b>Trading Right Entitlement Certificates</b>			
	Cost		<b>26,000,000</b>	26,000,000
	Impairment		<b>(21,500,000)</b>	(21,500,000)
		6.2.1	<u><b>4,500,000</b></u>	<u>4,500,000</u>
	<b>Offices-booths</b>			
	Pakistan Stock Exchange Limited		<b>2,100,000</b>	2,100,000
			<u><b>6,600,000</b></u>	<u>6,600,000</u>

**6.2.1** This represents TREC received by the Company in accordance with the Stock Exchanges (Corporatization, Demutualization and Integration) Act 2012. These have been carried at cost less impairment.

7	LONG TERM INVESTMENTS	Note	2018	2017
(Rupees)				
	<b>Investments in subsidiaries - at cost</b>			
	- Arif Habib Commodities (Private) Limited	7.1	<b>38,000,000</b>	38,000,000
	- Arif Habib 1857 (Private) Limited	7.2	<b>50,000,000</b>	50,000,000
			<u><b>88,000,000</b></u>	<u>88,000,000</u>
	<b>At fair value through profit or loss designated on initial recognition</b>			
	- Pakistan Stock Exchange Limited	7.4	<b>19,786,459</b>	25,727,405
	- ISE Towers REIT Management Company Limited	7.5	<b>43,910,720</b>	47,097,039
	- LSE Financial Services Limited	7.5	<b>8,692,943</b>	11,489,894
			<u><b>72,390,122</b></u>	<u>84,314,338</u>
			<u><b>160,390,122</b></u>	<u>172,314,338</u>

- 7.1** This represents investment in 100% ordinary shares of 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 their extra-ordinary general meeting held on June 16, 2012 is Rs 100 million. As of the reporting date, the Company had invested a total sum of Rs. 38 million.

**7.1.1 Extracts from the financial statements of Arif Habib Commodities (Private) Limited**

	2018	2017
	(Rupees)	
	Unaudited	Audited
<b>BALANCE SHEET</b>		
<b>Non - current assets</b>		
Property and equipment	728,890	820,457
Intangible assets	1,000,000	1,000,000
Long term deposits	11,574,132	11,507,205
	<b>13,303,022</b>	13,327,662
<b>Current assets</b>		
Deposits and prepayments	48,546,215	22,592,366
Short term investments	14,657,388	3,878,945
Advances and other receivable	4,197,473	4,226,090
Taxation - net	-	3,256
Cash and bank balances	879,344	3,724,433
	<b>68,280,420</b>	34,425,090
<b>Total assets</b>	<b>81,583,442</b>	47,752,752
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
<i>Authorized capital</i>		
10,000,000 (2017: 10,000,000) ordinary shares	<b>100,000,000</b>	100,000,000
Issued, subscribed and paid-up capital:	<b>38,000,000</b>	38,000,000
Accumulated profit / (loss)	<b>25,454,226</b>	(8,163,765)
	<b>63,454,226</b>	29,836,235
Advance against issue of shares	<b>2,000,000</b>	2,000,000
<b>Current liabilities</b>		
Trade and other payables	410,775	916,517
Taxation - net	718,441	-
Loan from related party	15,000,000	15,000,000
	<b>16,129,216</b>	15,916,517
<b>Total equity and liabilities</b>	<b>81,583,442</b>	47,752,752
<b>PROFIT &amp; LOSS ACCOUNT</b>		
Operating revenue	17,071,509	20,070,331
Administrative and operating expenses	(19,362,460)	(18,547,185)
Finance cost	(49,025)	(46,337)
Other income	36,676,408	4,062,966
Loss before taxation	<b>34,336,432</b>	5,539,775
Provision for taxation	(718,441)	(200,703)
<b>Loss after taxation</b>	<b>33,617,991</b>	5,339,072
<b>Loss per share - basic and diluted</b>	<b>0.88</b>	0.14



- 7.2** This represent investment in 100% ordinary shares of 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 their extra-ordinary general meeting held on September 27, 2014 is Rs. 60 million. As of the reporting date, the Company had invested a total sum of Rs. 50 million.

**7.2.2 Extracts from financial statements of Arif Habib 1857 (Private) Limited**

	2018	2017
	(Rupees)	
	Unaudited	Audited
<b>BALANCE SHEET</b>		
<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>	26,007,500
<b>Current assets</b>		
Advance Tax	2,873	2,871
Receivable from AHL	-	7,865,750
Other Recievable	44,744	-
Cash & bank balances	22,738,234	15,037,040
	<b>48,793,351</b>	48,913,161
<b>Total assets</b>		
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
<i>Authorized capital</i>		
10,000,000 (2017: 10,000,000) ordinary shares	100,000,000	100,000,000
<i>Issued, subscribed and paid-up capital:</i>		
Accumulated loss	50,000,000	50,000,000
	(1,326,649)	(1,206,839)
	<b>48,673,351</b>	48,793,161
<b>Current liabilities</b>		
Trade and other payables	120,000	120,000
	<b>48,793,351</b>	48,913,161
<b>Total equity and liabilities</b>		
<b>PROFIT &amp; LOSS ACCOUNT</b>		
Operating revenue	2,982	2,605
Operating expenses	(357,048)	(333,578)
Other income	255,710	-
Loss before taxation	(98,356)	(330,973)
Provision for taxation	(21,454)	(310)
<b>Loss after taxation</b>	<b>(119,810)</b>	<b>(331,283)</b>
<b>Loss per share - basic and diluted</b>	<b>(0.002)</b>	<b>(0.007)</b>

**7.3** The Securities and Exchange Commission of Pakistan vide its letter No. EMD/233/683/07-294 dated October 05, 2017 and EMD/233/683/07-295 dated October 05, 2017 has granted exemption to the Company from preparation of the Consolidated Financial Statements for its subsidiaries namely M/s. Arif Habib Commodities (Pvt.) Limited and M/s. Arif Habib 1857 (Pvt.) Limited respectively. These subsidiaries have been consolidated by the ultimate holding Company i.e. Arif Habib Corporation Limited. The financial statements of the subsidiary company are available for inspection at the Company's registered office and would be available to the members on request without any cost.

**7.4** 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.

In March 2017, the Company disposed off 1,602,953 shares (i.e 40%) under the share purchase agreement between PSX and an Anchor investor and additional 801,477 shares (i.e 20%) under Initial Public Offering in June 2017 at Rs. 28 per 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% has been classified as long term investment while the remaining investment in PSX has been classified under short term investment.

**7.5** 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:

2018					
Principal Valuation Assumptions					
Name of investee company	Long term growth rate	Cost of equity	Projection period	Value per share (Rs.)	Valuation technique used
LSE Financial services Limited	8.0%	12.23%	5	10.30	Discounted Free Cash Flow to Equity
ISE Towers REIT Management Company Limited	8.0%	11.93%	5	14.47	Discounted Free Cash Flow to Equity

2017					
Principal Valuation Assumptions					
Name of investee company	Long term growth rate	Cost of equity	Projection period	Value per share (Rs.)	Valuation technique used
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>7.6 Unrealized gain on remeasurement of long term investments classified at fair value through profit and loss</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
		<b>(Rupees)</b>	
Fair value		<b>72,390,122</b>	84,314,338
Carrying value		<b>86,688,713</b>	74,275,841
Unrealize (loss) / gain on remeasurement	7.6.1	<u><b>(14,298,591)</b></u>	<u>10,038,497</u>

**7.6.1** *Movement in unrealized (loss) gain is as follows:*

At the beginning of the year	<b>10,038,497</b>	-
Net unrealized (loss) / gain in the value of investments for the year	<b>(24,337,088)</b>	10,038,497
At the end of the year	<u><b>(14,298,591)</b></u>	<u>10,038,497</u>

<b>8 INVESTMENT PROPERTY</b>	<b>2018</b>	<b>2017</b>
	<b>(Rupees)</b>	
Opening carrying amount	<b>369,211,719</b>	531,966,414
Properties sold during the year	<b>(239,821,719)</b>	(207,978,965)
Properties acquisition during the year	<u><b>859,120,000</b></u>	<u>12,945,000</u>
	<b>988,510,000</b>	336,932,449
Increase in fair value during the year	<b>384,990,000</b>	32,279,270
<b>Closing carrying amount</b>	<u><b>1,373,500,000</b></u>	<u>369,211,719</u>

**8.1** This represents 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 Rs. 384.99 million in fair value of the properties.

**8.2** Forced sales value of the above investment properties as at June 30th 2018 is Rs. 1,171 million.

9 LONG TERM DEPOSITS	2018	2017
	(Rupees)	
<b>Trading deposits placed with</b>		
- Pakistan Stock Exchange Limited	700,461	700,461
- National Clearing Company of Pakistan Limited	1,307,134	4,045,826
- LSE Financial Services Limited	12,331,941	12,761,941
- ISE Towers REIT Management Company Limited	150,000	150,000
 <i>Other security deposits</i>		
- Against leased assets	-	1,164,150
- Others	612,988	210,946
	<u>15,102,524</u>	<u>19,033,324</u>

## 10 DEFERRED TAX - net

### Deferred tax liabilities - Taxable temporary differences

- Accelerated depreciation	3,385,978	6,091,827
- Investments at fair value through profit and loss	13,033,862	15,068,038
- Investment property	44,832,675	60,935,289
- Accrued markup	2,117,600	-
	<u>63,370,115</u>	<u>82,095,154</u>

### Deferred tax assets - Deductible temporary differences

- Impairment of intangible assets	(5,820,000)	(6,288,704)
- Provision for doubtful debts and other receivables	(276,848,739)	(263,234,765)
- Liabilities against assets subject to finance lease	(403,780)	(544,924)
	<u>(283,072,519)</u>	<u>(270,068,393)</u>

### Deferred tax asset not recognised

	<u>(219,702,404)</u>	<u>(187,973,239)</u>
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**10.1** The Company, based on the future projections, has recognized deferred tax assets only to the extent of deferred tax liabilities amounting, in aggregate, to Rs 63.37 million. (2017: 82.09 million).

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

	2018	2017
	(Rupees)	
Quoted equity securities	2,484,103,828	3,062,286,213
Units of Mutual funds	7,000,000	-
	<u>2,491,103,828</u>	<u>3,062,286,213</u>
 Term finance / sukuk certificates	 187,681,776	 201,481,752
	<u>2,678,785,604</u>	<u>3,263,767,965</u>

**11.1 Unrealized gain on remeasurement of short term investments as of the reporting date**

2018  
2017  
(Rupees)

Market value of the investments	2,678,785,604	3,263,767,965
Cost of the investments	2,574,514,709	3,188,904,213
	<u>104,270,895</u>	<u>74,863,752</u>

**11.2 Movement in unrealized gain on remeasurement of short term investments**

At the beginning of the year	74,863,752	460,269,340
Net unrealized (loss) / gain in the value of investments for the year	29,407,143	(385,405,588)
At the end of the year	<u>104,270,895</u>	<u>74,863,752</u>

**11.3** Fair value of shares pledged with banking companies against various short term running finance facilities and bank guarantees as at June 30, 2018 amounted to Rs. 5,745.98 million (2017: Rs. 4,803.40 million). Total value of pledged securities with financial institutions indicating separately securities belonging to customers is as under:

	June 30, 2018		June 30, 2017	
	Number of securities	Amount (Rupees)	Number of securities	Amount (Rupees)
Client	136,000,000	4,414,016,000	126,100,000	4,280,985,000
House	74,942,000	1,331,963,863	27,668,000	791,933,923
Total	<u>210,942,000</u>	<u>5,745,979,863</u>	<u>153,768,000</u>	<u>5,072,918,923</u>

	Note	2018 (Rupees)	2017
<b>12 TRADE DEBTS</b>			
Considered good		24,479,552	74,783,140
Considered doubtful		863,471,916	874,618,000
		<u>887,951,468</u>	<u>949,401,140</u>
Less: provision for doubtful debts	12.1	(863,471,916)	(874,618,000)
	12.2	<u>24,479,552</u>	<u>74,783,140</u>
<b>12.1 Movement in Provision for doubtful debts</b>			
Balance at the beginning of the year		874,618,000	874,618,000
Charged during the year		-	-
Reversed during the year		(11,146,084)	-
Balance at the end of the year		<u>863,471,916</u>	<u>874,618,000</u>

**12.2** This includes Rs. 0.1 million (2017 : Rs. 0.5 million) due from related parties. The Company holds capital securities having fair value of Rs. 42,456 million (2017 : Rs. 33,780 million) owned by its clients, as collaterals against trade debts.

### 13 RECEIVABLE AGAINST MARGIN FINANCING

This represents receivable against Marginal financing amounting to Rs. 257.42 million (2017: Rs. 559.45 million). The same is provided to clients on markup basis ranging from 12% to 14% (2017: 12% to 14%) per annum.

	Note	2018 (Rupees)	2017
<b>14 SHORT TERM LOANS - secured</b>			
Executives		814,951	143,665
Staff		4,544,157	3,890,507
	14.1	<u>5,359,108</u>	<u>4,034,172</u>

**14.1** 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.

	Note	2018 (Rupees)	2017
<b>15 ADVANCES, DEPOSITS AND PREPAYMENTS</b>			
<b>Advances</b>			
Advance against purchase of investment property	15.1	-	100,000,000
Advance against equity	15.2	17,000,000	17,000,000
Advance against expenses		1,187,663	-
<b>Trade deposits</b>			
Exposure deposit with Pakistan Stock Exchange Limited	15.3	6,811,129	6,566,883
Exposure deposit with National Clearing Company of Pakistan Limited (NCCPL)	15.4	9,965,699	9,997,534
<b>Prepayments</b>			
Rent		1,233,341	110,000
Related Party		256,305	256,295
Others		126,747	3,284,378
		<u>36,580,884</u>	<u>137,215,090</u>

**15.1** During the previous year, the Company made an advance of Rs. 100 million to M/s. Javedan Corporation for the purchase of certain plots of land located at Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi. This advance was settled during the year.

**15.2** This represents advance against future issue of ordinary shares given to M/s. Arif Habib Commodities (Private) Limited.

**15.3** 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.

**15.4** This represents deposits held at the year end against exposure arising out of the trading in securities in accordance with the regulations of National Clearing Company Pakistan Limited.

	Note	2018 (Rupees)	2017
<b>16 OTHER RECEIVABLES</b>			
Receivable against Reverse Repo transactions		62,815,648	26,007,569
Dividend receivable		2,024,298	7,670,237
Other receivable		161,905,625	178,504,645
		<u>226,745,571</u>	<u>212,182,451</u>
Less: provision for doubtful debts		(59,357,212)	(2,831,216)
		<u>167,388,359</u>	<u>209,351,235</u>
<b>17 CASH AND BANK BALANCES</b>			
Cash in hand		70,843	1,399,005
<i>Cash at bank</i>			
- current accounts		217,807,882	114,406,304
- savings accounts	17.1	468,886,357	716,988,104
		<u>686,694,239</u>	<u>831,394,408</u>
		<u>686,765,082</u>	<u>832,793,413</u>

**17.1** The return on these balances is 4% to 5% (2017: 4% to 5%) per annum on daily product basis.

**17.2** Bank balances include customers' bank balances held in designated bank accounts amounting to Rs. 661.625 million (2017: Rs. 789.431 million).

## 18 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2018 (Rupees)	2017		2018 (Rupees)	2017
12,000,000	12,000,000	Ordinary shares of Rs.10/- each fully paid in cash	120,000,000	120,000,000
43,000,000	43,000,000	Ordinary shares of Rs.10/- each issued as fully paid bonus shares	430,000,000	430,000,000
<u>55,000,000</u>	<u>55,000,000</u>		<u>550,000,000</u>	<u>550,000,000</u>

**18.1** As of the reporting date, apart from the Parent Company, no other person holds more than 5% share of the Company.

## 19 SURPLUS ON REVALUATION OF PROPERTIES

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.

## 20 LIABILITIES AGAINST ASSET SUBJECT TO FINANCE LEASE

Present value of minimum lease payments  
Less : Current portion shown under current liabilities

2018  
2017  
(Rupees)

1,345,933	1,816,413
(1,345,933)	(1,345,933)
-	470,480

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 (2017: 8% to 9%) which are used as discounting factor.

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	
			2018	2017
			(Rupees)	
Not later than one year	1,365,350	19,417	1,345,933	1,345,933
Later than one year but not later than five years	-	-	-	470,480
	<u>1,365,350</u>	<u>19,417</u>	<u>1,345,933</u>	<u>1,816,413</u>

## 21 SHORT TERM BORROWINGS - secured

Short term running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 4,790 million (2017: Rs. 4,490 million). These facilities have various maturity dates up to March 2019. These arrangements are secured against pledge of marketable securities. These running finance facilities carry mark-up at various rates including 1 month KIBOR + 0.5%, 3 month KIBOR +1.0% to 2% and 6 month KIBOR + 1.25% (2017: 1 month KIBOR + 0.5%, 3 month KIBOR +1.5% to 2% and 6 month KIBOR + 1.25%). The markup is calculated on a daily product basis and is payable quarterly.



	Note	2018 (Rupees)	2017
<b>22 TRADE AND OTHER PAYABLES</b>			
Creditors	22.1	521,274,685	768,665,579
Commission payable	22.2	24,578,838	61,716,433
Accrued expenses		6,658,037	6,600,768
Payable to provident fund		46,694	-
Sindh sales tax payable		7,915,879	12,020,077
Other liabilities		2,285,740	1,095,594
		<b>562,759,873</b>	<b>850,098,451</b>

**22.1** This includes Rs. 0.5 million (2017: Rs. Nil) payable to related parties of the Company.

**22.2** This includes Rs. 20.8 million (2017: Rs. 53.2 million) payable to related parties of the Company on account of commission.

## 23 CONTINGENCIES AND COMMITMENTS

### 23.1 Contingency

The Company has been contesting a demand of Rs. 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.

	2018 (Rupees)	2017
<b>23.2 Commitments</b>		
Following commitments are outstanding as at the reporting date:		
- Outstanding settlements against Marginal Trading contracts	251,249,997	282,746,717
- Outstanding settlements against sale / purchase of securities in regular market.	150,852,380	381,424,500
- Financial guarantees given by commercial banks on behalf of the Company	250,000,000	250,000,000

	Note	2018 (Rupees)	2017
<b>24 OPERATING REVENUE</b>			
Brokerage and operating revenue		328,539,207	402,154,294
Advisory and consultancy fee		218,033,808	365,121,371
Dividend income		109,534,946	91,188,231
		<u>656,107,961</u>	<u>858,463,896</u>

## 25 ADMINISTRATIVE AND OPERATING EXPENSES

Salaries and other benefits	25.1 & 34	187,790,099	207,214,988
CDC and clearing house charges		23,477,708	22,623,403
Research costs		7,927,672	4,542,084
Legal and professional charges		7,877,476	3,866,580
Communication		11,970,301	9,667,799
Rent, rates and taxes		23,334,199	21,095,210
Depreciation and amortization	5 & 6	8,407,741	8,644,171
Building maintenance		14,257,689	12,788,724
Repairs and maintenance		2,590,224	2,893,236
Insurance		4,236,380	3,431,243
Advertisement and business promotion		2,012,417	3,373,792
Business representation		4,916,283	7,961,174
Motor vehicle and travelling expense		15,467,126	14,091,587
Printing and stationery		2,800,423	5,057,214
Conveyance and meals		379,288	418,992
Meeting expenses		785,089	1,106,691
Auditors' remuneration	25.2	1,650,000	1,650,000
Donation	25.3	-	50,450,000
Others		4,539,546	5,457,978
		<u>324,419,661</u>	<u>386,334,866</u>

### 25.1 Salaries, Commission and other benefits

Salaries and other benefits	25.1.1	106,628,382	93,523,179
Commission		81,161,717	113,691,809
		<u>187,790,099</u>	<u>207,214,988</u>

25.1.1 These include Rs. 6.04 million (2017: Rs. 4.79 million) in respect of provident fund contribution.

	2018 (Rupees)	2017
<b>25.2 Auditors' remuneration</b>		
Annual audit fee	1,000,000	1,000,000
Half yearly review	310,000	310,000
Review of compliance with the Code of Corporate Governance	200,000	200,000
Other certifications	140,000	140,000
	<u>1,650,000</u>	<u>1,650,000</u>

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

	Note	2018 (Rupees)	2017
<b>26 FINANCE COSTS</b>			
Finance cost on finance leases		50,579	114,787
Markup on short term borrowings from banking companies		174,857,761	115,942,803
Markup on financing under Margin Trading System		2,751,097	13,869,710
Bank charges and others		7,136,108	8,557,213
		<u>184,795,545</u>	<u>138,484,513</u>
<b>27 OTHER CHARGES</b>			
Impairment loss on Trading Right Entitlement Certificate (TREC)		-	7,500,000
Provision for doubtful receivables		56,525,996	-
Loss on disposal of property and equipment	5.1	20,395	43,701
Others		80,198	-
		<u>56,626,589</u>	<u>7,543,701</u>
<b>28 OTHER INCOME</b>			
<b>From financial assets</b>		4,076,856	60,155,705
Markup on reverse repo		71,581,965	29,139,818
Markup on margin financing		18,842,138	18,915,427
Profit on savings accounts		1,404,805	8,941,731
Profit on exposure deposit		-	30,236,570
Written off trade debts recovered		11,146,084	-
Reversal of provision for doubtful debt		13,522,762	8,392,486
Others		-	-
<b>From non-financial assets</b>		-	69,280,080
Reversal of provision for Workers' Welfare Fund		-	993,831
Rental income from investment property		46,876,750	36,598,931
Gain on disposal of Investment property		167,451,360	262,654,579
<b>29 TAXATION</b>			
Current tax - for the year		116,754,113	247,847,016
- for prior years		-	(8,967,062)
		<u>116,754,113</u>	<u>238,879,954</u>
Deferred	10.1	-	21,476,825
		<u>116,754,113</u>	<u>260,356,779</u>
<b>29.1 Relationship between tax expense and accounting profit</b>			
Profit before taxation		<u>653,010,209</u>	<u>1,140,892,227</u>
Tax at the applicable rate of 30% (2017: 31%)		195,903,063	353,676,590
Tax effect of income under Presumptive Tax Regime		21,840,415	(40,620,995)
Tax effect of income taxed at lower rate		(784,894)	(192,249,708)
Tax effect of prior year tax charge		-	(8,967,062)
Tax effect of non-deductible expenses		14,097,927	11,013,487
Tax effect of exempt income / permanent differences		(131,081,042)	95,011,556
Others		16,778,644	42,492,911
		<u>116,754,113</u>	<u>260,356,779</u>

**29.2** Income tax assessments of the Company are deemed to be finalized as per tax returns file up to tax year 2017. Tax returns are subject to further assessment under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for an audit by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select a deemed assessment order for audit.

**29.3** According to management, the tax provision made in the financial statements is sufficient. A comparison of last three years of income tax provision with tax assessed is presented below:

Provision for taxation	Tax year	Provision for taxation	Tax assessed (Rupees)
June 30, 2017	2017	247,847,016	207,956,790
June 30, 2016	2016	67,055,393	68,708,287
June 30, 2015	2015	224,605,675	165,167,078

**29.4** The Company has been contesting Civil Suit No. 284/2016 against levy of "Super Tax" u/s 4B of the Income Tax Ordinance, 2001 introduced 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. However, on prudent basis, a provision has been made in the financial statements.

**29.5** Section 5A of the Income Tax Ordinance, 2001 imposes tax at the rate of 7.5% on every public company other than a scheduled bank or modaraba, that derives profits for tax a year but does not distribute at least 40% of accounting profit either through cash dividend or issuance of bonus shares within six months of the end of said tax year.

The Board of Directors in their meeting held on July 28, 2018 has distributed sufficient cash & stock dividend for the year ended June 30, 2018 which complies with the above stated requirements. Accordingly, no provision for tax on undistributed profits has been recognised in these financial statements.

### 30 EARNINGS PER SHARE - BASIC AND DILUTED

2018  
2017  
(Rupees)

#### 30.1 Basic earnings per share

Profit after taxation	<u>536,256,096</u>	<u>880,535,448</u>
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#### Number of shares

Weighted average number of ordinary shares outstanding	<u>55,000,000</u>	<u>55,000,000</u>
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(Rupees)

Earnings per share	<u>9.75</u>	<u>16.01</u>
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#### 30.2 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, 2018 and June 30, 2017 which would have any effect on the earnings per share.

### 31 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 statement of financial position as follows:

	Note	2018 (Rupees)	2017
Cash and bank balances	17	686,765,082	832,793,413
Short term borrowings	21	(1,472,580,896)	(1,408,013,323)
		<u>(785,815,814)</u>	<u>(575,219,910)</u>

### 32 STAFF RETIREMENT BENEFITS

32.1 The Company operates a provident fund (the Fund) for its permanent employees. The following information is based on un-audited financial statements of the Fund for the year ended June 30, 2018:

	2018 Un-audited	2017 Un-Audited
<b>Defined contribution plan - staff provident fund</b>		
Size of the Fund	17,832,695	16,182,524
Cost of investments made	17,555,843	15,572,660
Percentage of investments made	98%	96%
Fair value of investments	17,772,614	16,124,750

32.2 The break-up of fair value of investments is as follow:

	2018		2017	
	Rupees	%	Rupees	%
Units of open - end mutual funds	3,134,835	18%	3,527,928	22%
Balance with banks in savings accounts	14,637,779	82%	12,596,822	78%
	<u>17,772,614</u>	<u>100%</u>	<u>16,124,750</u>	<u>100%</u>

32.3 The investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

### 33 RELATED PARTY TRANSACTIONS AND BALANCES

33.1 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 basis. 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 34 to the financial statements. Transactions with related parties during the year, other than those disclosed elsewhere in these financial statements, are as follows:

Name of the related party and relationship with company		2018	2017
		(Rupees)	
<b>Parent Company</b>	Brokerage commission earned during the year on sale and purchase of securities	7,836,192	3,396,864
	Balance Receivable at year end	53,332	74,188
<b>Subsidiaries</b>	Brokerage commission earned during the year on sale and purchase of securities	117,648	-
	Balance receivable at year end	-	117,418
	Balance payable at year end	573,152	-
<b>Key Management Personnel</b>	Brokerage commission earned during the year on sale and purchase of securities	17,740,179	6,277,786
	Balance receivable at year end	103,235	206,022
	Balance payable at year end	14,141,705	21,654,699
<b>AHL Provident Fund</b>	Contribution paid during the year	6,046,635	4,792,381

**33.2** Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place:

Company Name	Basis of association	Aggregate % of Shareholding
Arif Habib Corporation	Parent Company	65.52%
Arif Habib Commodities (Private) Limited	Subsidiary Company	100%
Arif Habib 1857 (Private) Limited	Subsidiary Company	100%

#### **34 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:

	Chief Executive		Directors		Other Executives	
	2018	2017	2018	2017	2018	2017
	(Rupees)					
Managerial remuneration	6,225,567	5,437,781	-	-	39,083,798	55,877,378
Contribution to provident fund	459,330	394,892	-	-	2,351,270	2,781,860
Medical allowance	367,464	315,913	-	-	1,881,016	2,225,488
Commission	10,000,000	31,816,175	525,000	550,000	7,001,637	1,956,497
	<b>17,052,343</b>	<b>37,964,761</b>	<b>525,000</b>	<b>550,000</b>	<b>50,317,721</b>	<b>62,841,223</b>
Number of persons	<b>1</b>	<b>1</b>	<b>6</b>	<b>6</b>	<b>14</b>	<b>24</b>

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

## 35 FINANCIAL RISK MANAGEMENT

### 35.1 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 material 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 Rs. 2,511 million (2017: Rs. 3,088 million) and also because 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.

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:

	2018		2017	
	Rupees	%	Rupees	%
Engineering	28,873,710	1.08	-	-
Chemical	4,100,200	0.15	884,850,226	27.11
Food & Personal Care Products	4,137,970	0.15	178,985,000	5.48
Oil & Gas	64,834,048	2.42	107,408,080	3.29
Inv. Banks / Inv. Cos. / Securities Cos.	31,927,872	1.19	-	-
Sugar & Allied Industries	10,876,530	0.41	20,636,000	0.63
Automobile	9,896,860	0.37	-	-
Transport & technology	9,522,800	0.36	19,509,000	0.60
Textile Composite	857,574	0.03	-	-
Fertilizer	744,629,100	27.80	-	-
Commercial Bank	1,195,775,049	44.64	650,701,339	19.94
Equity Investment Instruments	187,681,776	7.01	201,481,752	6.17
Construction & Material ( Cement )	104,674,883	3.91	814,671,996	24.96
Leasing Companies	278,288,506	10.39	385,524,572	11.81
Misc	2,708,726	0.10	-	-
	<u>2,678,785,604</u>	<u>100</u>	<u>3,263,767,965</u>	<u>100</u>

For the purpose of price risk sensitivity analysis it is observed that the benchmark PSX 100 Index has decreased by almost 10% (2017: increased by 23%) during the financial year.

The table below summarizes Company's equity price risk as of June 30, 2018 and 2017 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
<b>June 30, 2018</b>	<b>Rupees</b>	<b>2,698,572,063</b>	<b>10% increase</b>	<b>2,968,429,269</b>	<b>269,857,206</b>	<b>236,125,055</b>
			<b>10% decrease</b>	<b>2,428,714,857</b>	<b>(269,857,206)</b>	<b>(236,125,055)</b>
June 30, 2017	Rupees	3,263,767,965	10% increase	3,590,144,762	326,376,797	285,579,697
			10% decrease	2,937,391,169	(326,376,797)	(285,579,697)

### 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.



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

	2018	2017	2018	2017
	Effective interest rate (%)		(Rupees)	
<b>Financial assets</b>				
Bank deposits - pls account	4% to 5%	4% to 5%	<u>468,886,357</u>	716,988,104
Receivable against Reverse Repo	8% to 9%	8% to 9%	<u>62,815,648</u>	26,007,569
Receivable against margin financing	12% to 14%	12% to 14%	<u>257,416,270</u>	559,457,704
<b>Financial liabilities</b>				
Finance Lease liability	8% to 9%	8% to 9%	<u>1,345,933</u>	1,816,413
Short term borrowings	6.76% to 8.5%	6.77% to 8.12%	<u>1,472,580,896</u>	1,408,013,323

### 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 78 bps during the year.

The following information summarizes the estimated effects of 1% 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.

	Effect on Profit and loss	
	100 bp increase	100 bp decrease
<b>As at June 30, 2018</b>		
Cash flow sensitivity-Variable rate financial liabilities	<u>7,025,862</u>	<u>(7,025,862)</u>
<b>As at June 30, 2017</b>		
Cash flow sensitivity-Variable rate financial liabilities	<u>9,715,292</u>	<u>(9,715,292)</u>

### 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 35.1 which ultimately affects the recoverability of trade debts. Further, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

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	2018	2017
		(Rupees)	
Long-term deposits		15,102,524	19,033,324
Trade debts	34.1.1	24,479,552	74,783,140
Receivable against margin financing		257,416,270	559,457,704
Short term loans - secured	34.1.2	5,359,108	4,034,172
Advances and deposits		17,964,491	16,564,417
Other receivables		167,388,359	209,351,235
Bank balances		686,694,239	831,394,408
		<b>1,174,404,543</b>	<b>1,714,618,400</b>

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

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

**35.1.3** The Company holds equity securities having fair value of Rs. 40,166 million (2017: Rs 34,339 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:

	2018		2017	
	Gross	Impairment	Gross	Impairment
Not past due	257,416,270	-	559,457,704	-
Past due 1 day - 30 days	31,194,016	-	75,206,461	-
Past due 31 days - 180 days	4,031,550	-	9,118,206	-
Past due 181 days - 1 year	4,366,266	-	889,799	-
More than one year	848,359,636	863,471,916	864,186,674	874,618,000
	<b>1,145,367,738</b>	<b>863,471,916</b>	<b>1,508,858,844</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	2018	2017
	(Rupees)	
A-1+	20,203,742	78,859,924
A1+	208,024,126	45,551,926
A-1	458,466,371	706,982,558
	<b>686,694,239</b>	<b>831,394,408</b>

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 Rs. 686.76 million (2017: Rs. 832.79 million) unutilized credit lines Rs. 3,317 million (2017: Rs. 3,082 million) and liquid assets in the form of short term securities amounting to Rs. 2,678 million (2017: 3,263 million).

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

	2018			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
<b>Financial liabilities</b>				
Liabilities against assets subject to finance lease	1,345,933	1,365,350	1,345,933	-
Trade and other payables	554,843,994	554,843,994	554,843,994	-
Short term borrowings	1,472,580,896	1,472,580,896	1,472,580,896	-
Accrued markup	45,791,816	45,791,816	45,791,816	-
	<b>2,074,562,639</b>	<b>2,074,582,056</b>	<b>2,074,562,639</b>	<b>-</b>
	2017			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
<b>Financial liabilities</b>				
Liabilities against assets subject to finance lease	1,816,413	1,897,993	1,345,933	470,480
Trade and other payables	838,078,374	838,078,374	838,078,374	-
Short term borrowings	1,408,013,323	1,408,013,323	1,408,013,323	-
Accrued markup	9,640,501	9,640,501	9,640,501	-
	<b>2,257,548,611</b>	<b>2,257,630,191</b>	<b>2,257,078,131</b>	<b>470,480</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.

### 35.2 Fair value estimate

The Company measures fair value of its financial and non-financial assets that are measured at 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 assets that are traded in active markets are based on quoted market prices. For all other assets 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 assets 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:

	2018			
	Level 1	Level 2	Level 3	Total
	Amount in Rupees			
<i>Financial assets measured at fair value</i>				
Equity securities	<u>2,503,890,287</u>	<u>187,681,776</u>	<u>52,603,663</u>	<u>2,744,175,726</u>
<i>Non-Financial assets measured at fair value</i>				
Investment properties	<u>-</u>	<u>1,373,500,000</u>	<u>-</u>	<u>1,373,500,000</u>
	2017			
	Level 1	Level 2	Level 3	Total
	Amount in Rupees			
<i>Financial assets measured at fair value</i>				
Equity securities	<u>3,088,013,618</u>	<u>201,481,752</u>	<u>58,586,933</u>	<u>3,348,082,303</u>
<i>Non-Financial assets measured at fair value</i>				
Investment properties	<u>-</u>	<u>369,211,719</u>	<u>-</u>	<u>3,348,082,30</u>

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:

	2018 (Rupees)	2017
Balance as at July 01	<u>58,591,979</u>	121,342,551
Total gain/(losses) recognised in profit and loss account on remeasurement of investment	<u>(5,988,316)</u>	-
Shares transfer to Level-1 after listing	-	(62,750,572)
<b>Balance as at June 30</b>	<u><u>52,603,663</u></u>	<u><u>58,591,979</u></u>

### 35.3 Financial instruments by categories

		2018			
As at June 30, 2018		Asset at cost	Asset at fair value through profit and loss	Loans and receivables	Total
Financial assets as per balance sheet		(Rupees)			
Long Term Investment		88,000,000	72,390,122	-	160,390,122
Long term deposits		-	-	15,102,524	15,102,524
Short term investments		-	2,678,785,604	-	2,678,785,604
Trade debts		-	-	24,479,552	24,479,552
Receivable against margin financing		-	-	257,416,270	257,416,270
Short term loans		-	-	5,359,108	5,359,108
Advances and deposits		-	-	17,964,491	17,964,491
Other receivables		-	-	167,388,359	167,388,359
Bank balances		-	-	686,694,239	686,694,239
		<u>88,000,000</u>	<u>2,751,175,726</u>	<u>1,174,404,543</u>	<u>4,013,580,269</u>

As at June 30, 2018		Financial liabilities at amortized cost	
Financial liabilities as per balance sheet		(Rupees)	
Liabilities against assets subject to finance lease			1,345,933
Short term borrowings			1,472,580,896
Trade and other payables			554,843,994
Payable against purchase of securities - net			115,245,045
Accrued markup			45,791,816
			<u>2,189,807,684</u>

		2017			
As at June 30, 2017		Asset at cost	Asset at fair value through profit and loss	Loans and receivables	Total
Financial assets as per balance sheet		(Rupees)			
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 and deposits		-	-	16,564,417	16,564,417
Other receivables		-	-	209,351,235	209,351,235
Bank balances		-	-	832,793,413	832,793,413
		<u>88,000,000</u>	<u>3,348,082,303</u>	<u>1,716,017,405</u>	<u>5,152,099,708</u>

As at June 30, 2017	Financial liabilities at amortized cost
Financial liabilities as per balance sheet	(Rupees)
Liabilities against assets subject to finance lease	1,816,413
Short term borrowings	1,408,013,323
Trade and other payables	838,078,374
Payable against purchase of securities - net	34,414,007
Accrued markup	9,640,501
	<u>2,291,962,618</u>

### 36 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:

	2018	2017
	(Rupees)	
Total borrowings	1,473,926,829	1,409,829,736
Total equity	3,187,315,847	3,201,059,751
Total capital	<u>4,661,242,676</u>	<u>4,610,889,487</u>
Gearing ratio	<u>31.62%</u>	<u>30.58%</u>

### 37 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 June 30, 2018 are located in Pakistan.

### 38 EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors has proposed a final cash dividend of Rs. 3/- (2017: Rs. 10/-) per share amounting to Rs. 165 million (2017: 550 million) and bonus shares in the proportion of 1 ordinary share per 5 ordinary shares held amounting to Rs. 110 million (2017: Nil) at its meeting held on July 28, 2018 for the approval of the members at the annual general meeting to be held on **September 15, 2018**. The financial statements do not reflect this appropriation in the current financial statements.

### 39 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors in meeting held on July 28 , 2018.

### 40 CORRESPONDING FIGURES


The corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of the Companies Act, 2017 and for the purposes of comparison and better presentation. Following major reclassification has been made:

Reclassified from component	Reclassified to component	2017 (Rupees)
Trade and other payable	Unclaimed dividend Disclosed on the face of statement of financial position)	19,897,136

### 41 GENERAL

41.1 Figures have been rounded off to the nearest rupee.

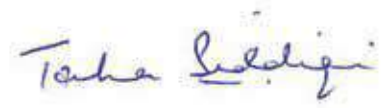
41.2 Number of persons employed by the Company as on the year end are 109 (2017: 100) and average number of employees during the year are 105 (2017: 90).



Chief Executive Officer



Director



Chief Financial Officer

# Notice of Fourteenth Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT THE FOURTEENTH ANNUAL GENERAL MEETING OF ARIF HABIB LIMITED WILL BE HELD ON SEPTEMBER 15, 2018 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 23, 2017.
- 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, 2018.
- 3) To consider and approve final dividend for the year ended June 30, 2018, in cash at Rs. 3 per share i.e. 30% and by way of issue of fully paid bonus shares in the proportion of 1 share for every 5 shares held by the members i.e. 20% as recommended by the Board of Directors.
- 4) To appoint auditors of the company and fix their remuneration for the financial year 2018-19.

## **SPECIAL BUSINESS**

- 5) To consider, subject to declaration of the final dividend as above, capitalization of a sum of Rs. 110,000,000 (Rupees One hundred ten million) by way of issue of 11,000,000 fully paid bonus shares of Rs. 10 each and if thought fit to pass an ordinary resolution in the matter.

## **RESOLVED THAT:**

"RESOLVED THAT a sum of Rs. 110,000,000 (Rupees One Hundred Ten million) out of Reserves of the Company available for appropriation as at June 30, 2018, be capitalized and applied for issue of 11,000,000 (Eleven million) ordinary shares of Rs. 10/- each allotted as fully paid bonus shares to the members of the Company whose names appear on the register of members as at close of business on September 07, 2018 in the proportion of one shares of every five shares held (i.e. 20%) and that such shares shall rank pari passu in every respect with the existing ordinary shares of the company.

"FURTHER RESOLVED THAT the bonus shares so allotted shall not be entitled for final cash dividend for the year 2018."

"FURTHER RESOLVED THAT fractional entitlement of the members shall be consolidated into whole shares and sold on the Pakistan Stock Exchange and the sale proceeds thereof will be donated as deemed appropriate by the Board."

"FURTHER RESOLVED THAT the Company Secretary be and is hereby authorized and empowered to give effect to this resolution and to do or cause to do all acts, deeds and things that may be necessary or required for issue of allotment and distribution of bonus shares."

- 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:

"RESOLVED THAT the consent and approval be and is hereby accorded under Section 199 of the Companies Act, 2017 and "Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012" for the following limit of investments/ additional investments in associated companies and associated undertakings subject to the terms and conditions mentioned in the Annexure-A of Statement under Section 134(3)."

"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 of 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 meeting, 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	AMOUNT IN MILLION	
		Proposed Amount of Equity	Proposed Amount of Loan / Advance
01.	Safemix Concrete Products Limited (Renewal Requested)	158	250
02.	Arif Habib Corporation Limited (Proposed Fresh Investment)	-	1,500

"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, comprising of Annexure A and Annexure B pertaining to the special business is being sent to the shareholders along with this notice.

Karachi  
Friday, August 17, 2018



By order of the Board  
Muhammad Taha Siddiqui  
Company Secretary

# Notes

## A. BOOK CLOSURE:

- i. The share transfer books will remain closed from September 08, 2018 to September 15, 2018 (both days inclusive) for entitlement of 30% final cash dividend and 20% bonus shares. Transfers in good order, received at the office of Company's Share Registrar, Central Depository Company of Pakistan Limited, CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400 by close of the business on September 07, 2018 will be treated in time for the purpose of attending the annual general meeting and entitlement of cash dividend and stock dividend.
- ii. All members/shareholders are entitled to attend, speak and vote at the annual general meeting. A member/shareholder may appoint a proxy to attend, speak and vote on his/her behalf. The proxy need not be a member of the Company. Proxies in order to be effective must be received 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 Shahra-e-Faisal, Karachi-74400 not less than 48 hours before the meeting.
- iii. In pursuance of Circular No. 1. of 2000 of SECP dated January 26, 2000 the beneficial owners of the shares registered in the name of Central Depository Company (CDC) and/or their proxies are required to produce their Computerized National Identity Card (CNIC) or passport for identification purpose at the time of attending the meeting. The form of proxy must be submitted with the Company within the stipulated time, duly witnessed by two persons whose names, addresses and CNIC numbers must be mentioned on the form, along with attested copies of the CNIC or the passport of the beneficial owner and the proxy.

In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

- iv. Members are requested to intimate any changes in address immediately to Company's Share Registrar, Central Depository Company of Pakistan Limited, CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400.

## B. PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE:

In accordance with the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed company to pay cash dividend to its shareholder only through electronic mode directly into the bank account designated by the entitled shareholder. SECP through its circular # 18/2017 dated August 01, 2017, has granted listed companies one-time relaxation from the aforementioned requirements of the Act, for payment of cash dividend till October 31, 2017. Please note that giving bank mandate for dividend payments is mandatory and in order to comply with this regulatory requirement and to avail the facility of direct credit of dividend amount in your bank account, you are requested to please provide the following information to your respective CDC Participant / CDC Investor Account Services (in case your shareholding is in Book Entry Form) or to our Share Registrar M/s. Central Depository Company of Pakistan Limited, Share Registrar Department, CDC House, 99-B, Block B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi – 74400 (in case your shareholding is in Physical Form):

	<b>Details of Shareholder</b>
<b>Name of shareholder</b>	
<b>Folio/ CDS Account No.</b>	
<b>CNIC No.</b>	
<b>Cell number of shareholder</b>	
<b>Landline number of shareholder, if any</b>	
<b>Email</b>	

	<b>Details of Bank Account</b>
Title of Bank Account	
Account International Bank Account Number (IBAN) "Mandatory"	PK _____ (24 digits) (Kindly provide your accurate IBAN number after consulting with your respective bank branch since in case of any error or omission in given IBAN, the company will not be held responsible in any manner for any loss or delay in your cash dividend payment).
Bank's Name	
Branch Name and Address	
<p>It is stated that the above -mentioned information is correct and in case of any change therein, I / we will immediately intimate Participant / Share Registrar accordingly.</p> <p>_____</p> <p><b>Signature of shareholder</b></p>	

# Notes

## C. DEDUCTION OF INCOME TAX FROM DIVIDEND UNDER SECTION 150 OF THE INCOME TAX ORDINANCE, 2001:

a) Pursuant to the provisions of the Finance Act 2018 effective July 1, 2018, the rate of deduction of income tax from dividend payments has been revised as follows:

- i. Rate of tax deduction for filers of income tax return – 15%
- ii. Rate of tax deduction for non-filers of income tax return – 20%

Shareholders whose names are not entered into the Active Tax-payers List (ATL) available on the website of FBR, despite the fact that they are filers, are advised to immediately make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 20% instead of 15%.

b) Withholding Tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to Company's Share Registrar by the first day of book closure.

c) Further, according to clarification received from FBR, withholding tax will be determined separately on "Filer/Non-filer" status of principal shareholder as well as joint-holder(s) based on their shareholding proportions.

In this regard all shareholders who hold company's shares jointly are requested to provide shareholding proportions or principal shareholder and joint-holder(s) in respect of shares held by them (if not already provided) to Company's Share Registrar, in writing as follows:

			Principal Shareholder		Joint Shareholder	
Company Name	Folio/CDS Account #	Total Shares	Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

The required information must reach Company's Share Registrar within 10 days of this notice; otherwise it will be assumed that the shares are equally held by the principal shareholder and joint-holder(s).

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

#### D. VIDEO CONFERENCE FACILITY:

Members can also avail video conference facility at Lahore and Islamabad. In this regard, please fill the following form and submit to registered address of the company ten days before holding of the annual general meeting.

If the company receives consent from members holding in aggregate 16% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 day prior to day of meeting, the company will arrange a video conference facility in the city subject to availability of such facility in that city

I/We, _____ of _____ being member of Arif Habib Limited, holder of _____ ordinary shares as per registered folio # _____ hereby opt for video conference facility at _____.	_____ Signature of shareholder
---	-----------------------------------

The company will intimate members regarding venue of video conference facility at least five days before the date of annual general meeting along with the complete information necessary to enable them to access the facility.

#### E. E-VOTING

Member entitled to attend and vote at the meeting may opt to e-vote either by self to e-vote through intermediary or by way of instructions to appoint proxy/execution officer e-voting through intermediary.

#### F. AVAILABILITY OF ANNUAL AUDITED FINANCIAL STATEMENTS:

The audited financial statements of the Company for the year ended June 30, 2018 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.

Further, this is to inform that in accordance with SRO 470(I)/2016 dated May 31, 2016, through which SECP has allowed companies to circulate the annual audited accounts to its members through CD/DVD/USB instead of transmitting the hard copies at their registered addresses, subject to consent of shareholders and compliance with certain other conditions, the Company has obtained shareholders' approval in its Annual General Meeting held on September 24, 2016. Accordingly Annual Report of the Company for the year ended June 30, 2018 is dispatched to the shareholders through CD. However, if a shareholder, in addition, request for hard copy of Annual Audited Financial Statements, the same shall be provided free of cost within seven working days of receipt of such request. For convenience of shareholders, a "Standard Request Form for provision of Annual Audited Financial Accounts" have also been made available on the Company's website.

#### G. UNCLAIMED DIVIDEND / SHARES

Pursuant to Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company, which remain unclaimed or unpaid for a period of three years from the date it become due and payable shall vest with the Federal Government after compliance of procedures prescribed under the Company Act, 2017. Section 244(1)(a) of the ACT requires the Company to give a 90 days' notice to the members to file their claims with the Company. Further, SECP vide Direction No. 16 of 2017 issued on July 7, 2017 directed all listed companies issue such notices to the members and submit statement of unclaimed shares or dividend or any other instrument which remain unclaimed or unpaid for a period of three years from the date it is due and payable as of May 30, 2017.

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

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

# Annexure - A

## STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

Material facts concerning special business to be transacted at the Annual General Meeting are given below:

The Board of Directors' of the Company has approved the specific limits for equity investment and loans/advance along with other particulars for investment in its followings existing and planned associated companies undertaking subject to the contest of members under section 199 Companies Act, 2017 / Companies (Investment in Associated Companies or Associated Undertaking) Regulations, 2012. The Board of Directors do hereby undertake that necessary due diligence for the following proposed investment have been carried out. The principle purpose of this special resolution is to make the Company in a ready position capitalise on the investment opportunities as and when they arrive. It is prudent that the Company should be able to make the investment at the right time when the opportunity is available.

NO.	DESCRIPTION	INFORMATION
	<b>INVESTMENT IN SECURITIES</b>	
1.	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	<b>SAFE MIX CONCRETE PRODUCTS LIMITED</b> <b>An associated undertaking due to investments by the holding Company</b>
2.	Purpose, benefits and period of investment	For the benefit of the Company and to earn better returns in the long run on strategic investment by capturing the opportunities on the right time
3.	Maximum amount of investment	Fresh limit of PKR 157.72 million is requested for approval. This is in addition to Investment at cost of PKR 92.28 million already made upto 30 June, 2018
4.	Maximum price at which securities will be acquired	At par/premium/market/offered/negotiated price prevailing on the date of transaction/investment
5.	Maximum number of securities to be acquired	No of securities purchasable under approved limit in accordance with / based on Sr. Nos. 3 & 4 above
6.	Number of securities and percentage thereof held before and after the proposed investment	Before: 7.43 million shares held in the Company as on 30 June, 2018 After: Increase in securities / percentage in accordance with / based on Sr. No. 3, 4 & 5 above
7.	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired	PKR 10.73
8.	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6 (1)	Not Applicable
9.	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements	PKR 9.55
10.	Earning per share of the associated company or associated undertaking for the last three years	2017: PKR (0.67) 2016: PKR (1.49) 2015: PKR 1.04
11.	Sources of fund from which securities will be acquired	From company's own available liquidity and credit lines

NO.	DESCRIPTION	INFORMATION
	<b>INVESTEMENT IN SECURITIES</b>	
12.	Where the securities are intended to be acquired using borrowed funds	
i)	Justification for investment through borrowings	The Company foresee the return on this strategic investment higher than the borrowing cost
ii)	Detail of guarantees and assets pledged for obtaining such funds	Pledge of listed securities
13.	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	There is no agreement as this is a Long Term Strategic Investment
14.	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	No interest in the investee company in capacity as director / shareholder.
15.	Any other important details necessary for the members to understand the transaction	Not Applicable
16.	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely	
i)	Description of the project and its history since conceptualization	Not Applicable
ii)	Starting and expected dated of completion of work	Not Applicable
iii)	Time by which such project shall become commercially operational	Not Applicable
iv)	Expected time by which the project shall start paying return on investment	Not Applicable



NO.	DESCRIPTION	INFORMATION
<b>LOANS AND ADVANCES</b>		
1.	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	<b>SAFE MIX CONCRETE PRODUCTS LIMITED</b> <b>An associated undertaking due to investments by the holding Company</b>
2.	Amount of loans or advances	Fresh limit of PKR Nil is requested for approval. This is in addition to renewal requested separately for the previously sanctioned limit of loan amounting to PKR 250 million which was unutilised upto June 30, 2018.  Above facilities will be in the nature of running finance for a period of one year and shall be renewable in next general meeting for further period of one year.
3.	Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances	To support the functionality, operations and growth of the associate.
4.	In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof	During 2017-18, no loan was extended to the associate.
5.	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements	Total Equity, Total assets and total liability amounting to PKR 239 million, PKR 504 million and PKR 265 million respectively. Gross profit, Loss before tax and Loss after tax amounting to PKR 6.88 million, PKR (19.76) million and PKR (16.77) million respectively"
6.	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period	Average borrowing cost of the investing Company is 7.5% in 2017-18
7.	Rate of interest, mark up, profit, fees or commission etc. to be charged	Higher than the Companies' prevalent average borrowing cost.
8.	Sources of funds from where loans or advances will be given	From Company's own available liquidity and credit lines
9.	Where loans or advances are being granted using borrowed funds	
i)	Justification for granting loan or advance out of borrowed funds	To support the functionality, operations and growth of the associate.
ii)	Detail of guarantees / assets pledged for obtaining such funds, if any	Pledge of listed securities
iii)	Repayment schedules of borrowing of the investing company	Obtained facilities have different maturity dates upto June 30, 2018.

NO.	DESCRIPTION	INFORMATION
<b>LOANS AND ADVANCES</b>		
10.	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any	Will be decided with mutual consent at the time of extending the loan.
11.	If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	Not Applicable
12.	Repayment schedule and terms of loans or advances to be given to the investee company	Above facilities will be in the nature of running finance for a period of one year and shall be renewable in next general meeting for further period of one year.
13.	Salient features of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	Not Applicable
14.	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	The directors of the Company have no interest in the investee company except in their capacity as director / shareholder of the holding company.
15.	Any other important details necessary for the members to understand the transaction	Not Applicable
16.	In case of investment in a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information is required, namely	
i)	A description of the project and its history since conceptualization	Not Applicable
ii)	Start date and expected date of completion	Not Applicable
iii)	Time by which such project shall become commercially operational	Not Applicable
iv)	Expected return on total capital employed in the project	Not Applicable
v)	Funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts	Not Applicable

NO.	DESCRIPTION	INFORMATION
<b>LOANS AND ADVANCES</b>		
1.	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	<b>ARIF HABIB CORPORATION LIMITED</b>  An associated undertaking due to Parent Comapny.
2.	Amount of loans or advances	Fresh limit of PKR 1,500 million is requested for approval.  Above facilities will be in the nature of running finance for a period of one year and shall be renewable in next general meeting for further period of one year.
3.	Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances	To support the functionality , operations and growth of the associate.
4.	In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof	During 2017-18, no loan was extended to the associate.
5.	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements	Total Equity, Total assets and total liability amounting to PKR 30.469 million, PKR 37.735 million and PKR 7.266 million respectively. Gross profit, Profit before tax and Profit after tax amounting to PKR 2.17 million, PKR (2.38) million and PKR (2.39) million respectively"
6.	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period	Average borrowing cost of the investing Company is 7.5% in 2017-18
7.	Rate of interest, mark up, profit, fees or commission etc. to be charged	Higher than the Companys' prevalent average borrowing cost.
8.	Sources of funds from where loans or advances will be given	From Company's own available liquidity and credit lines
9.	Where loans or advances are being granted using borrowed funds	
i)	Justification for granting loan or advance out of borrowed funds	To support the functionality, operations and growth of the associate. Pledge of listed securities
ii)	Detail of guarantees / assets pledged for obtaining such funds, if any	Obtained facilities have different maturity dates upto June
iii)	Repayment schedules of borrowing of the investing company	30, 2018.

NO.	DESCRIPTION	INFORMATION
	<b>LOANS AND ADVANCES</b>	
10	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any	Will be decided with mutual consent at the time of extending the loan.
11	If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	Not Applicable
12	Repayment schedule and terms of loans or advances to be given to the investee company	Above facilities will be in the nature of running finance for a period of one year and shall be renewable in next general meeting for further period of one year.
13	Salient features of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	Not Applicable
14	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	The directors of the Company have no interest in the investee company except in their capacity as director / shareholder of the holding company.
15	Any other important details necessary for the members to understand the transaction	Not Applicable
16	In case of investment in a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information is required, namely	
(i)	A description of the project and its history since conceptualization	Not Applicable
(ii)	Start date and expected date of completion	Not Applicable
(iii)	Time by which such project shall become commercially operational	Not Applicable
(iv)	Expected return on total capital employed in the project	Not Applicable
(v)	Funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts	Not Applicable

# Annexure - B

**STATEMENT UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017 IN COMPLIANCE WITH REGULATION 4(2) OF COMPANIES (INVESTMENT IN ASSOCIATED COMPANIES ASSOCIATED UNDERTAKINGS) REGULATIONS, 2012, FOR DECISION TO MAKE INVESTMENT UNDER THE AUTHORITY OF A RESOLUTION PASSED EARLIER PURSUANT TO PROVISIONS OF SECTION 208 OF THE COMPANIES ORDINANCE, 1984 (REPEALED) IS NOT IMPLEMENTED EITHER FULLY OR PARTIALLY:**

The Company in its previous general meetings had sought approvals section 208 of the Companies' Ordinance, 1984 (repealed) for investments in the following Associated Company and Associated Undertaking in which investment has not been made so far, either fully or partially. Approval or renewal of unutilised portion of equity investment and sanctioned limit of loans and advances is also hereby sought for the companies, in which director of the Company have no interest except in their capacity as director / shareholder, as per following details:

**1. NAME OF ASSOCIATED COMPANY / UNDERTAKING : SAFE MIX CONCRETE PRODUCTS LIMITED**

NO.	DESCRIPTION	INVESTMENT IN SECURITIES		LOANS AND ADVANCES	
		2017	2016	2017	2016
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 per share	(0.67)	(1.49)	(0.67)	(1.49)
ii)	Net Profit	(16,767,581)	(37,250,757)	(16,767,581)	(37,250,757)
iii)	Shareholders Equity	238,694,210	256,441,019	238,694,210	256,441,019
iv)	Total Assets	503,902,449	453,987,266	503,902,449	453,987,266
v)	Break-up value	9.55	10.26	9.55	10.26
	<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>

## 2. NAME OF ASSOCIATED COMPANY / UNDERTAKING : ARIF HABIB CORPORATION LIMITED

NO.	DESCRIPTION	INVESTMENT IN SECURITIES		LOANS AND ADVANCES	
a)	total investment approved;		-		1,500,000,000
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"			"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>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
ij)	Earnings per share	5.27	2.82	5.27	2.82
ii)	Net Profit	2,391,373,017	1,281,123,988	2,391,373,017	1,281,123,988
iii)	Shareholders Equity	30,469,478,512	29,063,030,636	30,469,478,512	29,063,030,636
iv)	Total Assets	37,735,009,679	36,764,442,758	37,735,009,679	36,764,442,758
v)	Break-up value	67.15	64.05	67.15	64.05
	<b>RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E. :</b>	<b>UNUTILISED</b>	<b>-</b>	<b>SANCTIONED</b>	<b>1,500,000,000</b>

# Categories of Shareholders

YEAR ENDED JUNE 30, 2018

Categories of Shareholders	Shareholders	Shares Held	Percentage (%)
<b>Directors and their spouse(s) and minor children</b>			
MUHAMMAD HAROON	1	1,298	0.00
NIDA AHSAN	1	916	0.00
SHARMIN SHAHID	1	916	0.00
MUHAMMAD SHAHID ALI	1	732	0.00
ALI MURTAZA KAZMI	1	500	0.00
ZAFAR ALAM	1	500	0.00
MUHAMMAD SOHAIL SALAT	1	500	0.00
<b>Associated Companies, undertakings and related parties</b>			
ARIF HABIB CORPORATION LIMITED	2	36,038,237	65.52
<b>Public Sector Companies and Corporations</b>			
	1	46,184	0.08
<b>Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds</b>			
	3	1,784,045	3.24
<b>Mutual Funds</b>			
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	446,500	0.81
CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	1	330,000	0.60
MCBFSL TRUSTEE MCB PAKISTAN FREQUENT PAYOUT FUND	1	45,500	0.08
<b>General Public</b>			
a. Local	3311	14,831,403	26.97
b. Foreign	2	73,000	0.13
<b>Foreign Companies</b>			
	1	100,000	0.18
<b>Others</b>			
	45	1,299,769	2.36
<b>Totals</b>	<b>3375</b>	<b>55,000,000</b>	<b>100.00</b>

Share holders holding 5% or more	Shares Held	Percentage (%)
ARIF HABIB CORPORATION LIMITED	36,038,237	65.52

# Categories of Shareholders

YEAR ENDED JUNE 30, 2018

# Of Shareholders	Shareholdings' Slab			Total Shares Held
698	1	to	100	15,959
718	101	to	500	237,626
426	501	to	1000	375,410
1106	1001	to	5000	2,461,556
189	5001	to	10000	1,463,124
86	10001	to	15000	1,105,611
31	15001	to	20000	547,835
21	20001	to	25000	488,599
11	25001	to	30000	305,330
17	30001	to	35000	564,266
15	35001	to	40000	579,977
9	40001	to	45000	391,800
7	45001	to	50000	341,684
3	50001	to	55000	157,200
2	55001	to	60000	118,666
2	60001	to	65000	125,500
2	65001	to	70000	131,998
1	70001	to	75000	75,000
2	75001	to	80000	154,500
2	80001	to	85000	165,500
1	85001	to	90000	89,000
5	95001	to	100000	499,500
3	100001	to	105000	310,024
2	125001	to	130000	256,000
2	145001	to	150000	300,000
1	200001	to	205000	201,000
1	210001	to	215000	210,678
1	220001	to	225000	224,000
2	245001	to	250000	498,000
1	315001	to	320000	317,500
1	325001	to	330000	330,000
1	345001	to	350000	346,420
1	380001	to	385000	382,000
1	445001	to	450000	446,500
1	1400001	to	1405000	1,402,000
1	3340001	to	3345000	3,342,000
1	8535001	to	8540000	8,538,237
1	27495001	to	27500000	27,500,000
<b>3375</b>				<b>55,000,000</b>



# Proxy Form

# Form of Proxy

## 14<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 Fourteenth Annual General Meeting of the Company to be held on September 15, 2018 and /or any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018.

### WITNESSES:

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

Signature on  
Rs. 5/-  
Revenue Stamp

### NOTICE:

- 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.
- 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.
- 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.
- 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.
- 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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CORRECT  
POSTAGE

**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.

Fold : Here

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# Form of Proxy for E-Voting

## 14<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 Execution officer Mr./Mrs./Miss \_\_\_\_\_ 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 \_\_\_\_\_ 2018.

### WITNESSES:

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

Signature on  
Rs. 5/-  
Revenue Stamp

### NOTICE:

01. A member entitled to attend and vote at the meeting may appoint another member and non-members as his / her proxy.
02. 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 05, 2018), 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).
03. 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.
04. 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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**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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# الیکٹرونک ووٹنگ کیلئے پراکسی فارم

14 واں سالانہ اجلاس عام

کمپنی سیکریٹری

عارف حبیب لمیٹڈ

عارف حبیب سینٹر

23، ایم ٹی خان روڈ،

کراچی

کا تعلق

میں / ہم، \_\_\_\_\_، کے تحت \_\_\_\_\_ شیلرز 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، پاسورڈ اور الیکٹرانک دستخط اسی ایڈریس پر بھیجیں۔

دستخط

مورخہ \_\_\_\_\_

گواہان:

پانچ روپے کے اسٹامپ ٹکٹ پر دستخط
----------------------------------

2

نام: \_\_\_\_\_

پتہ: \_\_\_\_\_

شناختی کارڈ نمبر: \_\_\_\_\_

دستخط: \_\_\_\_\_

1

نام: \_\_\_\_\_

پتہ: \_\_\_\_\_

شناختی کارڈ نمبر: \_\_\_\_\_

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، پر اجلاس سے 10 روز قبل پہنچ جانا چاہئے (یعنی 05 ستمبر 2018 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@arifhabiblttd.com](mailto:evoting@arifhabiblttd.com) پر بھی ارسال کریں۔

۳۔ افراد کی صورت میں تین تین تین اوزر کے تصدیق شدہ 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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# پراکسی فارم

14 واں 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 شیئرز 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 15 ستمبر 2018 کو منعقد ہوا اور یا التوا کا شکار ہوا۔

2018

دستخط: \_\_\_\_\_ بروز/بتاریخ \_\_\_\_\_

گواہان:

پانچ روپے کے اسٹامپ ٹکٹ پر دستخط
----------------------------------

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

فارم برائے نمائندہ چودھواں سالانہ اجلاس عام 15 ستمبر 2018ء

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 فوٹیو نمبر بھی ہمراہ لائے گا/گی۔
- (3) نمائندہ خازن (پراکسی فارمز) مؤثر ہونے کی غرض سے ہمارے رجسٹرار میسرز سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ، شیئرز رجسٹرار ڈپارٹمنٹ، سی ڈی سی ہاؤس، 99-بی، ایس ایم سی ایچ ایس، شارع فیصل، کراچی پر واقع دفتر پر اچھی طرح دستخط اور ہر اور دو 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 (پراکسی فارم) کے ہمراہ قاہر کرنے ہو گئے اگر معاملہ افراد کی صورت میں ہے۔
- (5) اگر معاملہ ایک کاروباری ادارے کی جانب سے نمائندہ (پراکسی) کا ہے تو یو ڈی آف ڈائریکٹرز قرارداد/مختار نامہ (وکالت نامہ) اور نمائندہ کے کمپیوٹرائزڈ قومی شناختی کارڈ کی تصدیق شدہ نقول یا پاسپورٹ نمائندہ فارم (پراکسی فارم) کے ہمراہ لازمی طور پر جمع کرانا ہوگا۔

(د) کارپوریٹ شیئرز ہولڈرز جو سی ڈی سی (اکاؤنٹس رکھتے ہیں سے انکے متعلقہ شرکاء کے ساتھ ان کے اپ ڈیٹڈ این ٹی این درکار ہیں، جبکہ کارپوریٹ فزیکل شیئرز ہولڈرز سے درخواست ہے کہ وہ کمپنی کے شیئرز رجسٹر اراکوں کے این ٹی این حقیقت کی نقل بھیج دیں۔ شیئرز ہولڈرز چاہے این ٹی این یا این ٹی این سرٹیفکیٹس بھیج رہے ہوں۔ جو بھی صورتحال ہو کمپنی کا نام اور انکے متعلقہ فوئیو نمبرز لازماً درج کریں گے۔

#### د۔ ویڈیو کانفرنس سہولت:

ممبرز لاہور اور اسلام آباد میں ویڈیو کانفرنس سہولت بھی حاصل کر سکتے ہیں۔ اس سلسلے میں برائے مہربانی درج فارم پُر کیجئے اور سالانہ اجلاس عالم کے انعقاد سے 10 دنوں پہلے کمپنی کے رجسٹرڈ پتے پر جمع کرادیجئے۔

اگر کمپنی میسرز جو مجموعی طور پر 16% یا اس سے زائد کی شیئرز ہولڈنگ کے حامل ہیں ایسے جغرافیائی مقام کے رہائشی ہیں جو ویڈیو کانفرنس کے ذریعے اجلاس میں شریک ہونگے تو اجلاس سے کم سے کم 10 دن قبل ان کی جانب سے رضامندی حاصل کر لیتی ہے، تو کمپنی اس شہر میں ویڈیو کانفرنس کی سہولت کا انتظام کر دے گی جس پر اس شہر میں ایسی سہولت کی دستیابی کا اطلاق ہوگا۔ کمپنی ویڈیو کانفرنس کی جگہ سے متعلق ممبرز کو سالانہ اجلاس عالم کی تاریخ سے کم از کم 5 دن قبل مع انکو سہولت تک رسائی کے قابل بنانے کی غرض سے مکمل ضروری معلومات سے آگاہ کر دے گی۔

ای میل کے ذریعے سالانہ مالیاتی گوشواروں کی ترسیل: مورخہ 8 ستمبر 2014 بحوالہ ایس آر او نمبر 787/05/2014 جو کہ سیکورٹیز اینڈ ایکسچینج کمپنی آف پاکستان (ایس ای سی پی) کی جانب سے جاری کیا گیا کئی پیروی میں، وہ شیئرز ہولڈرز جو مستقبل میں سالانہ مالیاتی گوشوارے ای میل کے ذریعے حاصل کرنے کی خواہش مند ہیں وہ سالانہ رپورٹ 2017 سے منسلک فارم پُر کر سکتے ہیں اور اسے دوبارہ کے رجسٹر اراکوں کی سی ڈی سی کی نقل کے ہمراہ بھیج دیں۔

#### ہ۔ ان کلیڈ ڈیویڈنڈ شیئرز:

کمپنی ایکٹ 2017 کی شق 244 کی پیروی میں کمپنی کی جانب سے اعلان کردہ منافع منقسمہ یا جاری کردہ کوئی شیئرز جو اس تاریخ سے تین سالوں کے عرصے کے لئے ان کلیڈ یا ان پیڈ رہے ہیں یہ واجب الادا ہیں اور کمپنی ایکٹ 2017 کے تحت تجویز کردہ طریقہ کار کی پاسداری کے بعد وفاقی حکومت کے اختیار کے ساتھ قابل ادا ہوگی ہونگے۔ اس قانون کی شق 244(a) کمپنی سے مطالبہ کرتی ہے کہ وہ ممبرز کو 90 دنوں کا نوٹس دیں تاکہ وہ کمپنی سے انکے کلیئرز فائل کریں۔ مزید یہ ہے مورخہ 7 جولائی 2017 پر جاری کردہ ایس ای سی پی بحوالہ ڈائریکشن نمبر 16 تھی لٹھ کمپنیز کو ہدایت کر چکا ہے کہ ممبرز کو ایسے نوٹس جاری کریں اور ان کلیڈ شیئرز یا ڈیویڈنڈ یا دیگر کوئی اور انسٹرومنٹ جو اس تاریخ سے تین برسوں کے عرصے کے لئے ان کلیڈ یا پیڈ رہے ہیں وہ 30 مئی 2017 کے مطابق واجب الادا ہے اور ادائیگی کے قابل ہے۔

# ملاحظات (Notes)

ج۔ اگم ٹیکس آرڈیننس 2001 کی شق 150 کے تحت منافع منقہ سے اگم ٹیکس کی کٹوتی۔  
 (الف)۔ یکم جولائی 2017 سے موثر فنانس ایکٹ 2017 کے قوانین کی پیروی میں، منافع منقہ کی ادائیگیوں سے اگم ٹیکس کی کٹوتی کی شرح میں درج ذیل ترمیم کر دی گئی ہے۔  
 ا۔ اگم ٹیکس ریٹرن کے فائلرز کے لئے ٹیکس کٹوتی کی شرح 15%

(۲) اگم ٹیکس ریٹرن کے نان۔ فائلرز کے لئے ٹیکس کٹوتی کی شرح۔ 20% شیئر ہولڈرز جنکے نام ایکٹیوٹی ہے۔ ارز (اے ٹی ایل) میں داخل ہیں۔ ایف بی آر کی ویب سائٹ پر دستیاب ہیں۔ اس کے باوجود کہ وہ فائلرز ہیں، انہیں مشورہ دیا جاتا ہے کہ وہ فوری طور پر اس بات کو یقینی بنائیں کہ انکے نام اے ٹی ایل میں داخل کر دیئے گئے ہیں بصورت دیگر انکے نقد منافع منقہ پر 15% کی بجائے 20% ٹیکس کاٹ لیا جائے گا۔

(ب) منافع منقہ کی آمدن سے ود ہولڈنگ ٹیکس کا استثناء صرف اُس صورت میں ہوگا جب جائز العمل ٹیکس سے مستثنیٰ کے ٹیوٹیکل کی نقل بک کلوزر کے پہلے دن تک کمپنی کے شیئر رجسٹرار کو دستیاب کر دی جائے گی۔

(ج) مزید برآں، ایف بی آر سے حاصل شدہ وضاحت کے مطابق، ود ہولڈنگ ٹیکس ”فائلر/نان فائلر“ پر پرنسپل شیئر ہولڈر کی حیثیت کے ساتھ ساتھ جوائنٹ ہولڈرز پر انکے شیئر ہولڈنگ کے تناسب کے مطابق علیحدہ علیحدہ دریافت کیا جائے گا۔

اس سلسلے میں تمام شیئر ہولڈرز جنکے پاس کمپنی کے شیئر مشٹر کہ طور پر موجود ہیں سے درخواست کی جاتی ہے کہ وہ اپنی طرف سے رکھے شیئر کے لحاظ سے شیئر ہولڈنگ تناسب یا پرنسپل شیئر ہولڈر اور جوائنٹ ہولڈرز کمپنی کے شیئر رجسٹرار کو تحریری طور پر درج ذیل کے مطابق فراہم کر دیں (اگر پہلے ہی فراہم نہیں کئے)

جوائنٹ ہولڈرز		پرنسپل شیئر ہولڈر				
نام اور سی این آئی سی نمبر (شیئر کی تعداد)	نام اور سی این آئی سی نمبر	شیئر ہولڈنگ تناسب	نام اور سی این آئی سی نمبر	کل شیئر	فولیو/سی ڈی سی اکاؤنٹ نمبر	کمپنی کا نام

درکار مخلوقات کمپنی کے شیئر رجسٹرار کو اس اطلاع کے 10 دنوں کے اندر لازمی مل جانی چاہیے، بصورت دیگر یہ سمجھا جائے گا کہ شیئرز پرنسپل شیئر ہولڈر اور جوائنٹ ہولڈرز کی جانب سے برابر رکھے ہوئے ہیں۔

	شیر ہولڈر کا نام
	فولیو / سی ڈی سی اکاؤنٹ نمبر
	سی این آئی سی نمبر
	شیر ہولڈر کا سیل نمبر
	ای میل

	بینک اکاؤنٹ کی تفصیل
PK _____	بینک اکاؤنٹ کا ٹائٹل
(24 ہندسے) (مہربانی فرما کر اپنے متعلقہ بینک برانچ کے ساتھ صلاح مشورے کے بعد آپ کا قطعی درست آئی بی اے این (IBAN) فراہم کیجئے کیونکہ دیئے گئے آئی بی اے این میں کوئی غلطی یا لغزش کی صورت میں کمپنی کسی بھی صورت میں آپ کے نقد منافع منقصہ کی ادائیگی میں کسی نقصان یا تاخیر کے لئے ذمہ دار نہیں ٹھہرائی جائے گی)۔	
	اکاؤنٹ انٹرنیشنل بینک اکاؤنٹ نمبر آئی جی اے این "لازمی"
	بینک کا نام
	برانچ کا نام اور پتہ
یہ بیان کر دیا گیا ہے کہ درج بالا معلومات درست ہے اور اس میں کسی تبدیلی کی صورت میں، ہم فوری طور پر شریک / شیر رجسٹرار کو اس کے مطابق آگاہ کر دیں گے۔	
----- شیر ہولڈر کے دستخط	

## ملاحظات (Notes)

(۱) شیئرز انٹرنیشنل بک 80% فی صد حتمی نقد منافع مذکورہ اور 20% بونس شیئرز کے استحقاق کے لئے مورخہ 21 اکتوبر 2017 تا 27 اکتوبر 2017 (بشمول دونوں دن) بند رہیں گی۔ درست ترتیب میں ٹرانسفر جو کہ کمپنی کے شیئرز رجسٹرار کے دفتر، سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ، سی ڈی ہاؤس B، بلاک B، ایس ایم سی ایم ایس، مین شارع فیصل کراچی 74400 پر 20 اکتوبر 2017 پر کاروبار کے اختتام تک حاصل کر لئے گئے انہیں سالانہ اجلاس عام میں شرکت اور نقد منافع مذکورہ اور اسٹاک منافع مذکورہ کی غرض سے بروقت تصور کیا جائے گا۔

(۲) تمام ممبران / شیئرز ہولڈرز سالانہ اجلاس عالم میں شریک ہونے، بولنے اور ووٹ کے اہل ہیں۔ ایک ممبر / شیئرز ہولڈر اپنی جگہ کسی اور کو بطور نمائندہ شریک ہونے، بات کرنے اور ووٹ ڈالنے کی غرض سے مقرر کر سکتا ہے۔ نمائندہ شریک ہونے، بات کرنے اور ووٹ ڈالنے کی غرض سے مقرر کر سکتا ہے۔ نمائندہ کا کپن کا ممبر ہونا ضروری نہیں۔ نمائندگان کو مؤثر ہونے کیلئے تقرری (نامزدگی) کا کمپنی کے رجسٹرڈ آفس، پہلی منزل، این آئی سی بلڈنگ، عباسی شہید روڈ، کراچی 75530 پر اجلاس سے 48 گھنٹے اُس سے نہیں سے قبل حاصل کیا جانا لازمی ہے۔

(۳) ایس ای سی پی کے 2000 کے سرکل نمبر 1 مورخہ 26 جنوری 2000 کی بیرونی میں، سنٹرل ڈپازٹری کمپنی (سی ڈی سی) کے نام پر رجسٹرڈ شیئرز اور ایسا نکلے نمائندے کے مستفید ہونے والے مکان سے درکار ہے کہ وہ اجلاس میں شرکت کے وقت شناخت مستفید ہونے والے مالکان سے درکار ہے کہ وہ اجلاس میں شرکت کے وقت شناخت کی غرض سے انکے کمپیوٹرائزڈ شناختی کارڈ (سی این آئی سی) یا پاسپورٹ پیش کریں۔

فارم آف پراسی (نمائندے کا فارم) مجوزہ وقت کے اندر کمپنی میں لازمی جمع ہونگے، جن پر دو گواہان کی جانب سے جن کے نام، پتے اور سی این آئی سی نمبر فارمز پر لازمی درج ہونگے جو مستفید ہونے والے اور اسکے نمائندے کے سی این آئی سی کی تصدیق شدہ نقول یا پاسپورٹ کی نقل بھی جمع ہونگے، مناسب طور پر گواہی دیں گے۔

کاروباری ادارے کی صورت میں اجلاس کے وقت بورڈ آف ڈائریکٹرز کی قرارداد اور کالت نامہ مع نمائندے کے نمونے کے دستخط پیش کرنے ہونگے۔

(ب) الیکٹرانک لوڈ کے ذریعے نقد منافع منقذ کی ادائیگی:

کمپنیز ایکٹ 2017 کی سیکشن 242 کے دفعات کے مطابق ایک لسٹڈ کمپنی کے لئے لازمی ہے کہ وہ اس کے شیئرز ہولڈرز کو بذریعہ الیکٹرانک طریقے سے اہل شیئرز ہولڈر کی جانب سے نامزد بینک اکاؤنٹ میں براہ راست نقد منافع منقذ ادا کرے۔ ایس ای سی پی نے مورخہ یکم اگست 2017 اپنے سرکل نمبر 18/2017 کے ذریعے، لسٹڈ کمپنیز کو 13 اکتوبر 2017 تک نقد منافع منقذ کی ادائیگی کے لئے درج بالا قانون کی شرائط سے ایک بار رخصت دی ہے۔ برائے کرم ذہن نشین کر لیجئے کہ منافع منقذ کی ادائیگی کے لئے بینک کو اختیار دینا لازمی ہے اور اس اضابطی شرط کی پاسداری کی غرض سے اور آپ کے بینک اکاؤنٹ میں منافع منقذ کی رقم کے براہ راست جمع کرائے جانے کی سہولت حاصل کرنے کی غرض سے، آپ سے درخواست کی جاتی ہے کہ ازراہ مہربانی آپ کے متعلقہ سی ڈی سی شریک / سی ڈی سی انویسٹرا کاؤنٹ سرورسز (بک انٹری فارم میں آپ کی شیئرز ہولڈنگ ہونے کی صورت میں) کو درج ذیل معلومات فراہم کر دیئے جائیں یا ہمارے شیئرز رجسٹرار میسرز سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ، شیئرز رجسٹرار ڈپارٹمنٹ سی ڈی سی ہاؤس 99 بی، بلاک B، ایس ایم سی ایم ایس، مین شارع فیصل کراچی 74400 (آپ کی شیئرز ہولڈنگ کا فزیکل فارم میں ہونے کی صورت میں) درج ذیل معلومات فراہم کر دیجئے۔

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 کرائی 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

کراچی مورخہ 28 جولائی 2018

# 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 شیئرز 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 ذمہ داریاں اور فرائض منسوس ٹیکنیز 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 2018 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 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 ریوژنیشن کمیٹی قائم کر دی ہے اور انکے متعلقہ او آر آر یعنی حوالہ جات کی شرائط کی منظوری دی ہے اور مناسب وسائل کی نامزدگی بھی کر دی ہے تاکہ کمیٹیاں انکی 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 تھبین و تفتیش کو بورڈ وقفے وقفے سے تشخیص اور از سر نو تخمین کرے گا۔
  - (☆) بورڈ نے یقین دہانی کرائی ہے کہ ڈائریکٹران کو اور اینڈیشن کورسز یعنی توجیہی 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 ٹریننگ پروگرام کے تحت اسناد حاصل کر چکے ہیں اور باقی ڈائریکٹران کو ڈیجیٹل ضابطے کی اہلیت اور تجربے کی کسٹومیٹی پر پورے اترتے ہیں۔
  - (☆) بورڈ نے یقین دہانی کرائی ہے کہ بورڈ کے اجلاس اور اس کمیٹی کے اجلاس درکار توہم یعنی حد نصاب کے ساتھ منعقد ہوئے، تمام فیصلے قرار در 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 پیشروانہ 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 اخیز 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 سماہی 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 علی (CEO) اور دیگر کلیدی افسران (بشمول چیف فنانشل آفیسر، کمپنی سکریٹری اور ہیڈ آف انٹرنل آڈٹ) کی تقرری، تخمین اور مشاہدوں 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 تفویض 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 اظہار عمل کے لحاظ سے ترجیح دی ہے اور انکے اختیارات اور فیصلہ سازی پر عمل کیا ہے۔

## آڈیٹرز:

سکدوش ہونے والے آڈیٹرز میسرز رحمان سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹس نے خود کو دوبارہ تقرری کے لئے پیش کر دیا ہے۔ بورڈ نے انکی دوبارہ تقرری کی سفارش کر دی ہے اور مالی سال 2018-19 کے لئے مسٹر رحمان سرفراز رحیم اقبال رفیق کو کمپنی کے آڈیٹرز کے طور پر تقرری کے لئے تجویز کرنے والی ایک قرارداد منظور کی کے لئے آئندہ سالانہ اجلاس عام میں جمع کرادی جائے گی۔

## اعتراف:

ہم کمپنی کے شیئر ہولڈرز کا نئے مسلسل اعتماد اور سرپرستی کے لئے شکریہ بجالائے ہیں۔ ہمیں ہمارے تمام اسٹیک ہولڈرز ہماری پیرنٹ کمپنی، بینک دولت پاکستان، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان آف پاکستان اور پاکستان اسٹاک ایکسچینج کی انتظامیہ کی مستقل اعانت اور رہنمائی کا پورے خلوص دل سے اعتراف ہے۔

ہم اس پورے عرصے میں ہمارے ملازمین کی جانب سے کی گئی انتھک محنت لا اعتراف کرتے ہیں اور اُسے سراہتے بھی ہیں۔ ہم بورڈ کمیٹی کے ممبران کی گرانقدر خدمات اور سرگرم کردار جو انہوں نے انتظامیہ انتہائی اہم امور پر اعانت اور رہنمائی کے سلسلے میں انجام دیا ہے۔ اس کیلئے بھی دل سے معترف ہیں

پرائے و منجانب بورڈ آف ڈائریکٹرز،

محمد شاہد علی حبیب

چیف ایگزیکٹو آفسر و ایگزیکٹو ڈائریکٹر



ظفر عالم

چیئر مین

کراچی مورخہ 28 جولائی 2018



# ڈائریکٹرز رپورٹ

انتظامیہ نیکی کی کمی اور ڈیٹا کی کمی کے لئے انویسٹمنٹ بینکنگ ڈویژن کو ملنے والے کاموں پر آراستہ ہے کی وجہ سے زیادہ سرگرمیوں کی توقع رکھتی ہے۔  
انتظامیہ پر اعتماد ہے کہ کمپنی کی ایکویٹی اور پراپرٹی انویسٹمنٹ پورٹ فولیو پر کشش نتائج ظاہر کرتی رہے گی جیسا کہ معیشت اور مارکیٹ تسلسل سے سرمایہ کاری کے منافع بخش مواقع پیش کرتا ہے۔

## آڈٹ کمیٹی:

بورڈ کی آڈٹ کمیٹی بورڈ کی جانب سے حسب منظوری اسکے ڈائریکٹرز آف ریفرنس کے مطابق موثر طور پر اپنے فرائض اور ذمہ داریاں ادا کرتی رہی ہے۔ کمیٹی کی تشکیل بھی اس رپورٹ کے ساتھ منسلک کی جارہی ہے۔

## کارپوریٹ اور سیکریٹریل کمپلائنس:

کمپنی سیکریٹری نے کمپنی رجسٹرڈ پرائیکٹس سیکریٹریل کمپلائنس سرٹیفکیٹس جمع کرادی ہے تاکہ تصدیق کر دی جائے کہ کمپنی آئی آر اینس 1984، میلو ریٹیم اینڈ آرگنائزیشن آف ایسوسی ایشن آف دی کمپنی اور لسٹنگ ریگولیشنز کی سیکریٹریل اور کارپوریٹ شرائط کی حسب ضرورت پاسداری کی گئی ہے۔

## اخلاقیات اور کاروباری طور طریقے:

کارپوریٹ گورننس گائیڈ لائنز کے مطابق، کمپنی نے پاسداری کے لئے "ضابطہ اخلاق" جاری کر دیا ہے۔ اسے کمپنی تمام ڈائریکٹرز اور ملازمین نے دستخط کرتے ہوئے ضابطے کی تفہیم اور قبولیت کو تسلیم کر لیا ہے۔

## پیٹرن آف شیئر ہولڈنگ (حصص رکھنے کا اسلوب):

کمپنی کا مفصل پیٹرن آف شیئر ہولڈنگ اور کیئرنگ آف شیئر ہولڈرز، برطانیہ 30 جون 2018، جیسا کہ لسٹنگ ریگولیشنز کے تحت درکار ہے، اس سالانہ رپورٹ میں منسلک کر دی گئی ہے۔

اسٹیک ہولڈرز کیلئے معلومات: پچھلے برسوں کی کلیدی اور مالیاتی معلومات ی صفحہ نمبر 43 پر خلاصہ کے ساتھ پیش کر دی گئی ہے۔

## پوسٹ بیلنس شیٹ ایونٹ / ڈیویڈنڈ:

28 جولائی 2018 کو منعقدہ بورڈ آف ڈائریکٹرز کے اجلاس میں، 30 جون 2018 کو ختم شدہ سال کے لئے 15 ستمبر 2018 کو منعقد ہونے والے سالانہ اجلاس عام میں، 30 جون 2018 کو ختم شدہ سال کے لئے 15 ستمبر 2018 کو منعقد ہونے والے سالانہ اجلاس عام میں ممبران کی منظوری کے لئے 3 روپے فی شیئر یعنی 30% اور رکھے ہوئے 5 آرڈینری شیئر کے تناسب سے بونس شیئر کی تجویز پیش کی گئی۔ اس مالیاتی گوشوارے میں اس مجوزہ ڈیویڈنڈ یعنی منافع منقس کی ترمیمی نہیں کی گئی ہے۔

## متعلقہ پارٹی ٹرانزیکشن:

لسٹنگ ریگولیشنز کی شرائط سے پاسداری کی غرض سے، کمپنی نے آڈٹ کمیٹی اور بورڈ کے سامنے نکلے ضائع اور منظوری کے لئے تمام متعلقہ پارٹی ٹرانزیکشن پیش کر دیئے ہیں۔ ان ٹرانزیکشنز کو آڈٹ کمیٹی اور بورڈ نے اپنے متعلقہ اجلاس میں منظور کر لیا ہے۔ تمام متعلقہ پارٹی ٹرانزیکشنز کی تفصیلات آڈٹ شدہ مالیاتی گوشواروں کے ضمیمہ کے نوٹ 33 اور 34 میں فراہم کر دیا گیا ہے۔

# ڈائریکٹرز رپورٹ

و: ایک جاری و ساری کاروبار کے طور پر کمپنی کے تسلسل کی صلاحیت پر کوئی قابل ذکر شک و شبہات نہیں ہیں۔  
 ز: ضابطوں کے اندراج میں جیسی تفصیل موجود ہے، ادارہ جاتی نظم کے بہترین طور طریقوں سے کوئی انحراف نہیں کیا گیا۔  
 ح: ٹیکسز، ڈیوٹیز، لیویز اور چارجز کی قانونی ادائیگی کے سلسلے میں کمپنی پر بتائے گئے شیڈول تاریخ کے مطابق کوئی واجبات بقایا نہیں ہیں۔  
 ط: اس سال کے دوران بروکر کی جانب سے کسی لین دین کا اندراج نہیں ہے جو کہ جھوٹ، غیر قانونی یا کسی سیکورٹیز مارکیٹ قوانین کے انحراف میں ہو۔  
 ی: کمپنی نے کمپنی کے ملازمین کے پروویڈنٹ فنڈ میں 6,046,634 روپے کی رقم ادا کی ہے اور کمپنی سال کے اختتام کے مطابق ایک علیحدہ ٹرسٹ کی جانب سے منظم کئے گئے پروویڈنٹ فنڈ کے طور پر کوئی واجبات الادا رقم نہیں رکھتی۔

بورڈ میں تبدیلیاں: زیر جائزہ سال کے دوران، بورڈ آف ڈائریکٹرز میں کوئی تبدیلی نہیں کی گئی ہے۔

## بورڈ آف ڈائریکٹرز کی کمیٹی اجلاس اور حاضری:

زیر جائزہ سال کے دوران، یکم جولائی 2017 سے 30 جون 2018 تک بورڈ آف ڈائریکٹرز کے پانچ اور آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے اور آڈٹ کمیٹی ممبران کی حاضری حسب ذیل ہے:

ڈائریکٹر کا نام	بورڈ اجلاس	آڈٹ کمیٹی اجلاس
جناب ظفر عالم	4	دستیاب نہیں
جناب شرمین شاہد	4	دستیاب نہیں
جناب ندا احسن	4	4
جناب ہارون عثمان	4	4
جناب علی مرتضیٰ کاظمی	1	1
جناب ایم۔ شاہد اے حبیب	4	دستیاب ہیں
جناب محمد صہیل سلاٹ	4	دستیاب ہیں

غیر حاضری کی رخصت ان ممبران کو دی گئی تھی جو بورڈ اور آڈٹ کمیٹی اجلاس میں شریک نہیں تھے۔

## ڈائریکٹرز اور ایگزیکٹوز کی جانب سے کمپنی کے حصص میں لین دین:

اس سال کے دوران کمپنی کے حصص میں ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکریٹری اور ان کے ازواج اور چھوٹے بچوں کی طرف سے کوئی لین دین نہیں کیا گیا۔

## مستقبل کے امکانات:

آپ کی کمپنی کے مستقبل کے امکانات کمپنی کے مارکیٹ شیئر کو بڑھانے کی جانب انتظامیہ کی کوششوں کے سبب سے مکمل طور پر امید افزا ہیں اور اسکے تمام کاروباری شعبہ جات میں وسیع تر شرکت کی وجہ سے مزید حوصلہ افزا بھی ہیں۔ کمپنی اپنے موجودہ اور ممکنہ غیر ملکی اور ملکی کلائنٹس کے ساتھ کمپنی کی خدمات کے عمدہ مجموعہ کے ذریعے ان کے ساتھ اپنے وسیع ہوتے اور پھلتے پھولتے تعلقات سے بہتر و ایلیوز کے حصول کے لئے کوشاں ہے۔ اس میں کمپنی کی اعلیٰ کوالٹی ریسرچ کو تقویٰ دیکر نئے پروڈکٹس اور سروسز کی فراہمی شامل ہے۔

# ڈائریکٹرز رپورٹ

میں نو دار ہوتا ہے۔ انتظامیہ ایک مکمل آہنگی میں ادارہ جانی اہداف کو ملازمین کے اغراض و مقاصد اور انکی افہام و تفہیم کی جانب مسلسل کوشا رہے گی۔

رسک مینجمنٹ: ہمارے کاروبار میں خطرات ناگزیر ہیں اور اس میں لیکویڈیٹی، مارکیٹ، کریڈٹ، پریشنل، لیگل، ریگولیٹری اور ریپوٹیشنل خطرات بھی شامل ہیں۔ اے ایچ ایل کی رسک مینجمنٹ گورننس یعنی خطرات کی نظم کاری کے انتظام اسکی منظوری میں بنیادی کردار ادا کرتا ہے۔

ہمارا رسک مینجمنٹ فریم ورک اور سسٹمز پائیدار، معیاری اور جاندار ہیں۔ ہمیں یقین ہے کہ موثر رسک مینجمنٹ ادارے کی کامیابی کے لئے بنیادی طور پر اہم ہے۔ اسی کے مطابق، ہم نے جامع رسک مینجمنٹ پروسیجر شروع کر رکھے ہیں جس کے ذریعے ہم ہماری سرگرمیوں کو جاری رکھنے میں تصور میں آنے والے خطرات کی نگرانی، اس کا اندازہ لگائے ہیں اور اسکی نظم کاری کرتے ہیں۔ حدود کا ایک سخت فریم ورک تمام کرائز، ایکسٹرنل، پروڈکٹس، بزنس اور مارکیٹس جن میں ہم ڈیل کرتے ہیں پر بروئے کار لائے جاتے ہیں۔ اس میں مختلف شطوں پر کریڈٹ اور مارکیٹ رسک لمٹس کا تعین اور باقاعدگی کی بنیاد پر ان حدود کی نگرانی بھی شامل ہیں۔

## ادارہ جاتی سماجی ذمہ داری (سی ایس آر):

آپ کی کمپنی تسلسل کے ساتھ سماجی اور کاروباری برداری میں کئی فلاحی و انسانی سرگرمیوں کے ذریعے ایک سماجی طور پر ذمہ دار ادارے کی حیثیت سے اپنا حصہ ڈالتی رہتی ہے۔ اے ایچ ایل اپنی ادارہ جاتی سماجی ذمہ داری کی تکمیل کی خاطر پر عزم ہے اور اپنی بھرپور توجہ صحت، تعلیمی ماحول اور سماجی بہبود کے منصوبوں میں اپنی شمولیت پر مرکوز کر رکھی ہے اور مستقبل میں بھی ایسے عمدہ مقاصد میں حصہ داری جاری رہی گی۔

کمپنی کی جانب سے کی گئی کوششوں کی تفصیل صفحہ نمبر 16 پر پیش کی گئی ہے۔

ادارہ جاتی نظموں کا ضابطہ: کمپنی کا پورڈ اور انتظامیہ اس بات کو یقینی بنانے کے لئے پر عزم ہے کہ ادارہ جاتی نظم کے ضابطہ کی مکمل تکمیل کی جائے۔ کمپنی نے مالیاتی و غیر مالیاتی معاملات کی درستگی، جامعیت اور شفافیت کو مزید بڑھانے کی غرض سے سخت ادارہ جاتی نظم کے طور طریقوں کو اپنا رکھا ہے۔

## ڈائریکٹرز کو یہ بتاتے ہوئے خوشی ہے کہ:

- الف: کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے اسکے معاملات کی صورت حال، اسکے افسال و سرگرمیوں کے نتائج، نقد بہاؤ اور حصص میں تبدیلیوں کو ایمانداری سے پیش کرتے ہیں۔
- ب: کمپنی کی پراپرٹس آف اکاؤنٹ (مناسب کتب حسابات) برقرار ہیں۔
- ج: مالیاتی گوشواروں اور حسابات کے تخمینوں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو مستقل طور پر بروئے کار لایا گیا ہے جو کہ معقول اور محتاط رائے پر مبنی ہیں۔
- د: انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز، جیسا کہ پاکستان میں لاگو ہیں، مالیاتی گوشواروں کی تیاری میں ان کی پیروی کی گئی ہے۔
- ه: اسکا شسٹم آف انٹرنل کنٹرول ڈیزائن کے اعتبار سے مستحکم اور درست ہے اور اسے موثر طور پر نافذ کیا گیا ہے اور اسکی نگرانی کی جاتی رہی ہے۔

# ڈائریکٹرز رپورٹ

## اعزازات اور اعترافات:

پچھلے سال سے آپ کی کمپنی کی مسلسل کوششوں اور کارکردگیوں نے اپنے سے بڑوں کی طرف سے اعترافات کے علاوہ کئی اعزازات بھی حاصل کئے ہیں۔ اس میں "بیسٹ پاکستان ڈیل" (فنانس ایسیا)، "بیسٹ بروکرینج اینڈ کارپوریٹ فنانس سروسز پرووائیڈر" (ایم ای اے برنس ایوارڈ)، "بیسٹ ڈومیسٹک ایکویٹی ہاؤس اور "بیسٹ کنٹری ڈیل" (ایشیائی)، "بیسٹ ایکویٹی ہاؤس" اور "بیسٹ ایکویٹی ڈیل۔ پی ایس ایکس شیریلمینٹ" "بیسٹ ایکویٹی ایڈوائزر"، "دی ایسٹ"، "بیسٹ کارپوریٹ ہاؤس آف دی ایئر" کے ساتھ ساتھ "ٹرانزیکشن آف دی ایئر" (منجانب سی ایف اے سوسائٹی پاکستان) شامل ہیں۔ "ٹاپ آئی پی او فنانشل ایڈوائزر" (ساتھ الٹیمین فیڈریشن آف انکسپیکٹرز) کا ایوارڈ بھی حاصل کر رکھا ہے۔ مزید یہ کہ ہم واحد سڈ سیکورٹیز بروکونج ادارہ ہیں جس نے "ٹاپ 25 سڈ سیکورٹیز آف پاکستان" میں جگہ بنائی ہے۔

## انکسپینس منجمنٹ کارکردگی:

اس سام نے دوران، پچھلے سال کے اسی عرصے کے مقابلے میں عملی اخراجات 16% تک کم ہو گئے اور وہ مجموعی طور پر 324 بلین روپے رہے۔ آپ کی کمپنی نے اپنی افرادی وسائل میں سرمایہ کاری کی اور اس کے کاروبار اور معاون ٹیمز کو وسعت دی، خاص طور پر ریٹیل سیکٹرز میں جس سے تنخواہوں اور اس سے متعلق اخراجات میں اضافہ ہوا۔ منجمنٹ ٹیم کے لئے کچھ مشاہیرے کمپنی کے لئے تشکیل محصولات سے بھی جڑے ہوئے ہیں، یہ متغیر مشاہیرہ محصولات میں کمی کے پیش نظر گھٹ گئے۔ ہماری مالی لاگتیں 33% تک بڑھ گئیں جس کی وجہ زیادہ نفع بخش مواقعوں میں کمپنی کی سرمایہ کاری کی رنگاری (تنوع) کے لئے قرض لینے کے خطوط کے استعمال میں اضافہ ہے۔ مزید یہ کہ انتظامیہ بینک کے ساتھ اپنے شرح ہائے قرض میں نمایاں کمی کر کے اُسے منظم کر چکی ہے جس کی وجہ ہماری مضبوط بیلنس شیٹ اور بلند تر کریڈٹ ریٹنگ ہے۔ مجموعی طور پر ہم رپورٹ سے خوش ہیں کہ اس سے کمپنی اور اسکے شیریلمینٹ ہولڈرز کے لئے بھرپور نتائج تشکیل ہوئے ہیں۔

## کریڈٹ ریٹنگ:

کمپنی کو جے سی آر۔ وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ (جے سی آر۔ وی آئی ایس) کی جانب سے AA-/A-1 (ڈبل اے مائنس / اے۔ مائنس ون) کی ایٹھٹی ریٹنگ کی توثیق کر دی گئی ہے۔ نامزد درجہ بندیوں کی توقع مستحکم یعنی اسٹیبل ہے۔ اس تصدیق سے مسلسل ترقی کیلئے انتظامیہ کے وژن کی مزید اہمیت اجاگر ہوئی ہے اور توقع ہے کہ اس سے "عارف حمیب" برانڈ پر بھروسے اور استحکام کے سلسلے میں کمپنی کے کلائنٹیل کو مزید اعتماد حاصل ہوئی۔

## منجمنٹ ریٹنگ:

کمپنی کو پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ کی جانب سے BMRB کی منجمنٹ ریٹنگ نامزد کی گئی ہے۔ نامزد ریٹنگ پر توقع یعنی آؤٹ لک "اسٹیبل" یعنی مستحکم ہے۔ اس تصدیق سے سرمایہ کاریوں کی سرگرمیوں سے زیادہ تر سیکورٹی اور مفاد کے تصادم کی جو اس سے پیدا ہوتا ہے کی محتاط نگرانی، اور کلائنٹ سروسنگ ٹول کی مسلسل تجدید، گورننس فریم ورک اور مضبوط کنٹرول قائم رکھنے میں کمپنی کی صلاحیت کی تصدیق ہوئی ہے۔

## انسانی وسائل:

کسی بھی ادارے کی ریڈھ کی بڑی اسکے لوگ ہوا کرتے ہیں۔ اے ایچ ایل اپنے ملازمین کی نشوونما، آن میں سرمایہ کاری اور ان کے فروغ پر مضبوط کو توجہ دینا یا جائے جو کہ صارف کے اطمینان کی صورت

# ڈائریکٹرز رپورٹ

کمپنی فروغ پاکستان میں اپنا کردار جاری رکھے گی، اور اس سلسلے میں انتظامیہ، کمپنی کے انٹرنیشنل پارٹنر کی مدد سے، ریاست ہائے متحدہ امریکہ بھر میں روڈ شو کا انعقاد کرے گی۔ بڑے بڑے متحرک اور غیر متحرک اور غیر متحرک فنڈز کے ساتھ اجلاس ہو چکے ہیں، جو کہ ابھرتی ہوئی مارکیٹس میں سرمایہ کاری کرتے ہیں، جس کا نتیجہ بڑے انٹرنیشنل فنڈز میں سے ایک کے ساتھ دستیابی کی صورت میں ظاہر ہوا۔ ہم دہلی میں ایک علاقائی سرمایہ کار کانفرنس میں نمایاں بلیو چپ لسٹڈ کمپنیز کے ایک جتنے کو پیش کرنے کے عمل میں بھی شامل رہے۔ ایسے اقدامات نے نمایاں پاکستانی ٹیکو میرٹس کے ساتھ ہمارے مضبوط تعلقات کو مزید اجاگر کیا ہے۔ 70% سے زائد بہتر ہو گئی۔ ایکویٹی بروکرینج میں شاندار کارکردگی موجود موقعا می اور بیرونی کلائنٹس کے ساتھ ہمارے تعلقات میں نمایاں بہتری اور بیرون ملک بڑی تعداد میں نئے اکاؤنٹس کھولے جانے کی ذریعے حاصل کی گئی۔

اس عرصے کے دوران، آپ کی کمپنی نے اپنے غیر ملکی بروکر ڈیلر تعلقات میں وسعت حاصل کی اور بین الاقوامی بروکرینج اداروں میں سب سے بڑے میں سے ایک کے ساتھ مقامی پارٹنر بھی بن گئی۔ ٹریڈنگ ٹیم کو حال ہی میں پھر سے منظم کیا گیا ہے تاکہ وہ بڑے انٹرنیشنل بروکرز جو ہمارے پارٹنر ہیں کی ضروریات کی تکمیل کریں، جس سے ہمارے انٹرنیشنل بروکرینج مارکیٹ شیئر کو بہتر بنانے میں مدد ملے گی۔ آپ کی کمپنی نے کراچی اور لاہور میں اپنی ٹریڈنگ ٹیم میں توسیع کر دی ہے جس کا نتیجہ ایچ این ڈی بلیو آئی آر اور ریٹیل کلائنٹس کے ساتھ ہمارے مارکیٹ شیئر کی بہتری میں ظاہر ہوا۔ ہمیں یہ اعلان کرتے ہوئے مسرت ہے کہ ہم اپنی پر عزم ٹریڈنگ ٹیم کے ساتھ اسلام آباد میں بہت جلد ہماری برانچ کا آغاز کر رہے ہیں۔ ہم وسط مدت میں ہی اس آغاز سے پُر امید و حوصلہ افزا منافع جات کی توقع رکھتے ہیں۔

کمپنی فروغ پاکستان میں اپنا کردار جاری رکھے گی اور اس سلسلے میں انتظامیہ، کمپنی کے انٹرنیشنل پارٹنر کی مدد سے، ریاست ہائے متحدہ امریکہ بھر میں روڈ شو کا انعقاد کرے گی۔ بڑے بڑے متحرک اور غیر متحرک فنڈز کے ساتھ اجلاس ہو چکے ہیں جو کہ ابھرتی ہوئی مارکیٹس میں سرمایہ کاری کرتے ہیں، جس کا نتیجہ بڑے انٹرنیشنل فنڈز میں سے ایک کے ساتھ دستیابی کی صورت میں ظاہر ہوا۔ ہم دہلی میں ایک علاقائی سرمایہ کار کانفرنس میں نمایاں بلیو چپ لسٹڈ کمپنیز کے ایک جتنے کو پیش کرنے کے عمل میں بھی شامل رہے۔ ایسے اقدامات نے نمایاں پاکستانی ٹیکو میرٹس کے ساتھ ہمارے مضبوط تعلقات کو مزید اجاگر کیا ہے۔

## انویسٹمنٹ بینکنگ محصولات کارکردگی:

انویسٹمنٹ بینکنگ (آئی جی) ڈویژن نے محصولات کی مد میں 218 ملین روپے پیدا کئے جس میں آئی پی او، رائٹ شیئر، سکوک اور ٹی ایف سیزر پر مشاورت شامل ہیں۔ آپ کی کمپنی ایک بار پھر لگاتار پانچویں سال کے لئے پاکستان کی انیشل پبلک آفرنگ (آئی پی او) میں مارکیٹ لیڈر رہی اور سی ایف اے سوسائٹی پاکستان کی جانب سے سال کا بہترین کارپوریٹ فائنانس ہاؤس کا ایوارڈ جیت لیا۔ اس پچھلے سال میں کمپنی نے کامیابی سے بینک آف پنجاب، منیپل ایف سی، ایف سی ایف اور کوہ نور ٹیکسٹائل ملز لمیٹڈ کے رائٹ شیئر کی مالیاتی مشاورت سرانجام دی۔ میکٹو نوڈز لمیٹڈ، الطہور لمیٹڈ اور اورینٹل ریٹیل مضاربہ کے آئی پی او کی تعمیل بھی کر چکے ہیں۔ اس کے علاوہ، کمپنی نے بڑی کامیابی سے بینک الفلاح لمیٹڈ کے فرسٹ لسٹڈ ایڈیشنل ٹیڈ (اے ڈی ٹی 1) ٹی ایف سی، انٹرنیشنل برانڈز لمیٹڈ کے سکوک اور ٹی پی ایل کارپ لمیٹڈ کے پرائیویٹ پبلسڈ ٹرم فنانس سرٹیفیکٹ (ٹی ایف سی) کے آئی پی او کا انعقاد کیا۔

کمپنی کی انتہائی ایکویٹی (حصص) کے ساتھ منسلک ہونے کے ساتھ ساتھ آئندہ سال کے لئے ترتیب دیئے گئے ڈیٹ، کیپیٹل مارکیٹ ٹرانزیکشنز سے بھی وابستہ ہے، جس سے ہماری منافعوں کے استحکام میں لدرزما تسلسل ہونا چاہئے اور مارکیٹ میں ہماری رسائی اور پہنچ بھی مضبوط ہونی چاہئے۔

# ڈائریکٹرز رپورٹ

2017	2018	منافع بعد از ٹیکس
880,535,448	536,256,096	آگے لایا گیا غیر مگاز منافع
1,755,091,803	2,085,627,251	اختصاص کے لئے دستیاب منافع
2,635,627,251	2,621,883,347	اختصاصات
(550,000,000)	(165,000,000)	بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2018 کو ختم شدہ سال کے لئے -/3.00 روپے فی شیئر یعنی 30% حتمی نقد منافع کی تجویز (30 جون 2017 کو ختم شدہ سال کے لئے -/10 فی شیئر یعنی 100%)
-	(110,000,000)	رکھے ہوئے 5 آرڈینری شیئرز پر ایک آرڈینری شیئر کے تناسب سے بونس شیئرز
2,085,627,251	2,346,883,347	آگے بھیجا گیا غیر مجاز منافع
16.01	9.75	منافع فی شیئر - بنیادی اور تخفیف شدہ
(15 ستمبر 2018 کو منعقد ہونے والا سالانہ اجلاس عام میں ممبران کی جانب سے منظوری لاگو)		

## بروکرئج محصولات کا کردار:

اس عرصے کے دوران روزانہ تجارت کردہ کی اوسط مالیت (اے ڈی ٹی وی) میں 43% کی قابل ذکر کمی کے باوجود، آپ کی کمپنی کے بروکرئج محصولات نے 18% معمولی کمی کا مشاہدہ کیا جس کا اختتام 328 ملین روپے پر ہوا جس سے مجموعی مارکیٹ 20% سے زائد بہتر ہو گئی۔ ایکویٹی بروکرئج میں شاندار کارکردگی موجودہ مقامی اور بیرونی کلائنٹس کے ساتھ ہمارے تعلقات میں نمایاں بہتری اور بیرونی ملک بڑی تعداد میں نئے اکاؤنٹس کے کھولے جانے کی ذریعے حاصل کی گئی۔

اس عرصے کے دوران، آپ کی کمپنی نے اپنے غیر ملکی پروکریڈیلر تعلقات میں وسعت حاصل کی اور بین الاقوامی بروکرئج اداروں میں سب سے بڑے میں سے ایک کے ساتھ مقامی پارٹنر بھی بن گئی۔ انٹرنیشنل ٹریڈنگ ٹیم کو حاصل ہی میں بھر سے منظم کیا گیا ہے تاکہ وہ بڑے انٹرنیشنل بروکرز جو ہمارے پارٹنر میں کی ضروریات کی تکمیل کریں، جس سے ہمارے انٹرنیشنل بروکرئج مارکیٹ شیئر کو بہتر بنانے میں مدد ملے گی۔ آپ کی کمپنی نے کراچی اور لاہور میں اپنی ٹریڈنگ ٹیم میں توسیع کر دی ہے جس کا نتیجہ ایچ این ڈبلیو آئی آر اور ٹیبل کلائنٹس کے ساتھ ہمارے مارکیٹ شیئر کی بہتری میں ظاہر ہوا۔ ہمیں یہ اعلان کرتے ہوئے مسرت ہے کہ ہم اپنی پرعزم ٹریڈنگ ٹیم کے ساتھ اسلام آباد میں بہت جلد ہم ہماری برانچ کا آغاز کر رہے ہیں۔ ہم وسط مدت میں ہی اس آغاز سے پُر امید و حوصلہ افزا منافع جات کی توقع رکھتے ہیں۔

# ڈائریکٹرز رپورٹ

جگوتی ہوئی میکرو اکنامک صورتحال اور تیزی میں کمی کے بغیر ملکی آؤٹ فلوز (اخراج) نے سرمایہ کار پر اپنے اثرات مرتب کئے، جو ایکویٹی رسک پر بیمہ کا سبب بنا۔ اگرچہ مالی سال 18 کے دوران ہیڈ لائن افراط زر اور شرح رعایت میں قابل ذکر اضافہ نہیں ہوا، مگر اسی علامات کافی حد تک محسوس کی گئیں اور اسٹاک کئی قیمتوں میں جھکتی رہیں، مارکیٹ کیپٹیلائزیشن میں 91 ارب ڈالر سے 71 ارب ڈالر (30 جون 2017 سے 30 جون 2018 تک سال بہ سال -22%) پر مٹج ہوا۔ دیگر عوامل کے ساتھ، پیداواری لاگت میں اضافے (کونکے کی قیمت میں اضافہ) (رچرڈ زبے سال بہ سال 12%) اور خام تیل کی قیمتوں میں اضافے (عرب لائٹ سال بہ سال +29%) نے بھی انحطاط پزیر فنڈ امینٹلز (مبادیات) میں اہم کردار ادا کیا ہے۔

تخت سست رفتار شعبوں میں یہ شامل رہے:

(i) کیبل اور الیکٹریکل گڈز (-66%) (ii) بنا سیتی اور معاون صنعتیں (-64%) (iii) ٹیکسٹائل وی ونگ (-43%)

(iv) سینٹ (v) ٹرانسپورٹ

(1290)۔ دوسری طرف اس سال کے دوران سب سے زیادہ کمائی کرنے والے شعبے یہ رہے:

(i) آرای آئی ٹیڈ (31%) (ii) ای اینڈ پیڈ (27%)

(iii) ٹیکسٹائل اسپینگ 27% (iv) تمباکو (24%) اور (v) فریٹ لائیر (12%)

مالی سال دوران غیر ملکی ضرورت 289 ملین ڈالر ریکارڈ کی گئی جبکہ پچھلے سال اسکے مقابلے میں خالص فروخت 631 ملین ڈالر ریکارڈ کی گئی تھی۔ اس کے علاوہ، روزانہ اوسط حجم پچھلے سال کے اسی عرصے کے دوران 350 ملین شیئرز کے مقابلے میں مالی سال 2018 کے دوران 175 ملین شیئرز تک گرا گیا۔ سال بہ سال 50% کی کمی واقع ہوئی۔ اسی طرح اوسط لین دین کی مالیت مالی سال 2017 کے دوران 186 ملین ڈالر کے مقابلے میں 106 ملین ڈالر تک کم ہوئی گویا سال بہ سال 43% کم رہی۔

مالی کارکردگی:

اس سال کے لئے کمپنی کا منافع گزشتہ سال میں 887 ملین روپے کے مقابلے میں 536 ملین روپے رہا۔ یہ پچھلے سال کے 16.01 روپے کے مقابلے میں اس سال 9.75 روپے منافع فی حصص کی ترجمانی کرتا ہے۔ بیلنس شیٹ تاریخ کے مطابق کمپنی 9.75 روپے منافع فی حصص کی ترجمانی کرتا ہے۔ بیلنس شیٹ تاریخ کے مطابق کمپنی کی ایکویٹی (حصص) 3.18 ارب روپے (جون 2017: 58.20 روپے) ہے جس 57.95 روپے کی بگ ویلوفی شیئرز میں ظاہر کیا جاتا ہے (30 جون، 2017: 58.20 روپے)۔

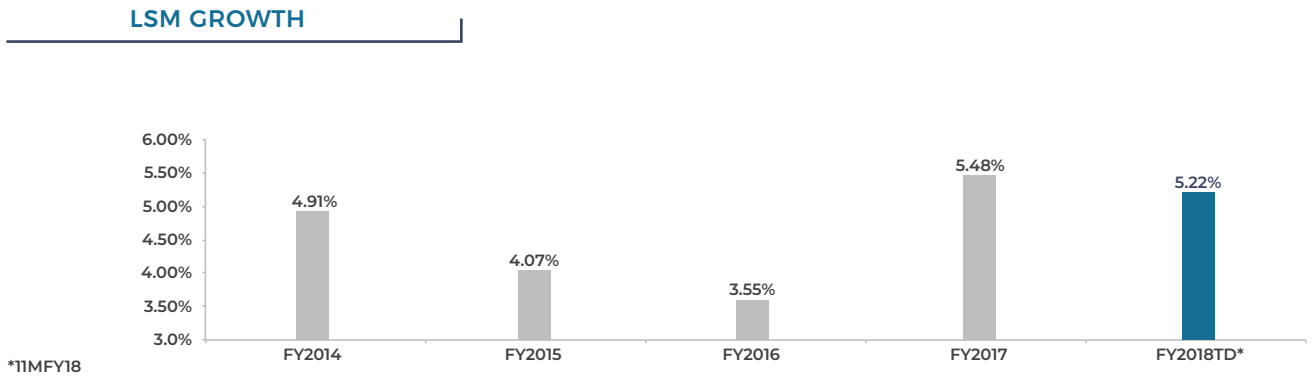
کمپنی کے مالی نتائج اسے تمام کاروباری شعبہ جات میں بڑھتے ہوئے مارکیٹ شیئرز کو ظاہر کرتے ہیں جس میں ایکویٹی بروکنج، انویسٹمنٹ بینکنگ اور منی مارکیٹ اینڈ فارکس شامل ہیں۔ انویسٹمنٹ پراپرٹی کا شعبہ بھی 385 ملین روپے کے غیر حقیقی منافع کے ساتھ لا جواب کارکردگی دکھا چکا ہے اور ایکویٹی پورٹ فولیو انویسٹمنٹس نے بھی قابل ذکر حد تک زبردست کارکردگی کا مظاہرہ کیا ہے۔

سال بھر کی کارکردگی کی بنیاد پر، بورڈ نے 3.00 روپے کے نقد منافع منقہ فی شیئر یعنی 30% اور 30 جون 2018 کو ختم شدہ سال کے لئے رکھے ہوئے 5 آرڈینری شیئرز پر 1 آرڈینری شیئرز کے تناسب سے بونس شیئرز یعنی 20% کی تجویز دی ہے۔ اس استحقاق کے حقدار وہ شیئرز ہوں گے جن کے فارم 7 ستمبر 2018 سے کاروبار کے اختتام پر مالی نتائج کا خلاصہ درج ذیل ہے:

# ڈائریکٹرز رپورٹ

ادائیگیوں کے توازن کے علاوہ، بیکر آکنامک انڈیکسز مثبت رہے کیونکہ توانائی کی بہتر فراہمی کی وجہ سے لارج اسکیل مینوفیکچرنگ میں سال بہ سال 6% کا اضافہ ہوا، اسکی دوسری وجہ امن وامان کی بہتر صورتحال بھی تھی۔ آئرن اور اسٹیل مصنوعات کی پیداوار (سال بہ سال +22%)، میں اضافے نے انڈیکس کی مجموعی طور پر معاونت کی۔ نجی شعبہ کا کریڈٹ 14.7% تک بڑھ گیا یا پچھلے سال 748 ارب روپے کے اضافی بہاؤ کے مقابلے میں اس سال 768 ارب روپے بڑھ گیا۔

LSM گروتھ کا باچارٹ، جوں کا تو درہنے دیں۔



## اسٹاک مارکیٹ:

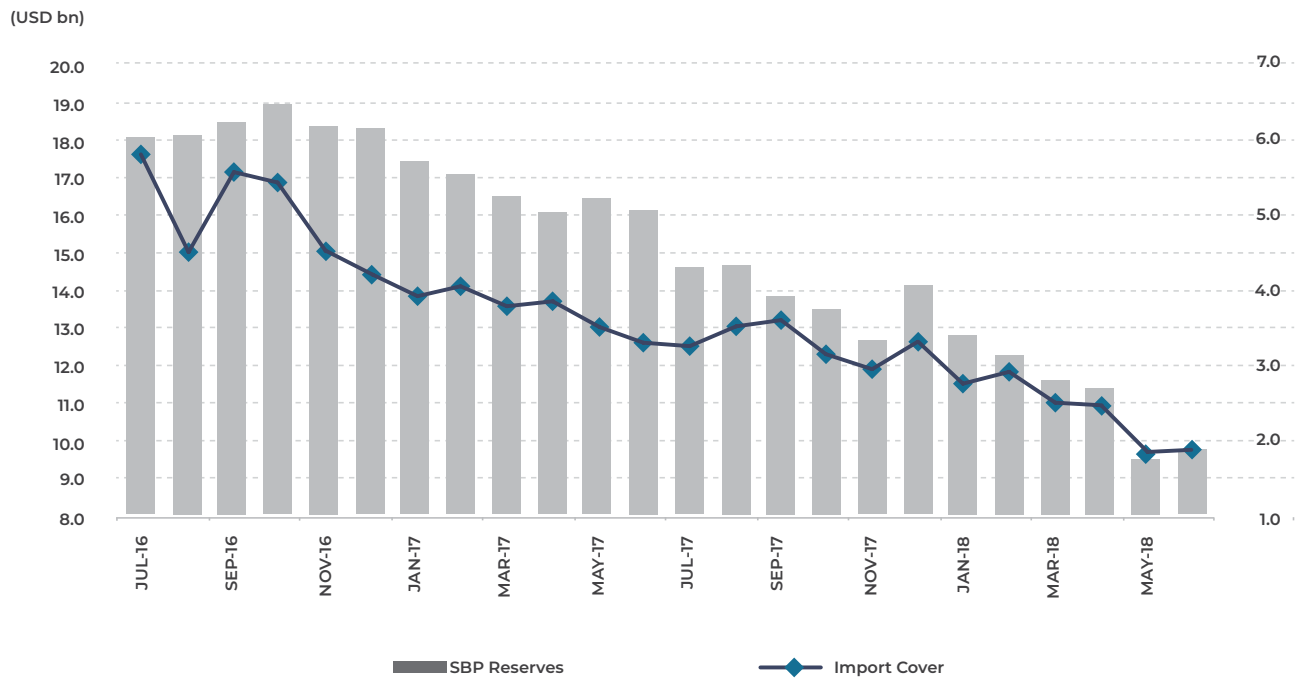
کے ایس ای انڈیکس۔ 100 مالی سال 2018 کے دوران سال بہ سال 10% کی تصحیح کرتے ہوئے پچھلے 10 مالی سال میں 8 سال کے لگاتار مثبت کارکردگی کے بعد 41,911 پوائنٹس پر بند ہوا۔ شیئنگ مارک انڈیکس نے 47,084 پوائنٹس کی بلندی کو چھوا اور 37,919 پوائنٹس کی کمی کا مشاہدہ کیا (9,165 پوائنٹس (+19%) کے کٹاؤ کا ترجمان)۔ جب سے مئی 2017 میں پاکستان ایم ایس سی آئی میں ایمرجنگ مارکیٹ کے مقام پر اپ گریڈ کر دیا گیا ہے، غیر ملکی آؤٹ فلوز کی افکار کافی بڑھ گئی ہے۔ مایوسی کن کارکردگی کو زیادہ تر ان سے منسوب کیا جاتا ہے:

- 1۔ ادائیگیوں کے توازن میں کمزوری اور بڑھتا ہوا حسابات جاریہ کا خسارہ (12.6 ارب ڈالر سے بڑھ کر 18 ارب ڈالر ہو گیا) (سال بہ سال +16%)۔
- 2۔ پانامہ پیپرز اور عام انتخابات کے آتے ہیں اسی سال کے دوران سیاسی غیر یقینی۔
- 3۔ غیر ملکی آؤٹ فلوز (اخراج)
- 4۔ روپے کی قدر میں کمی





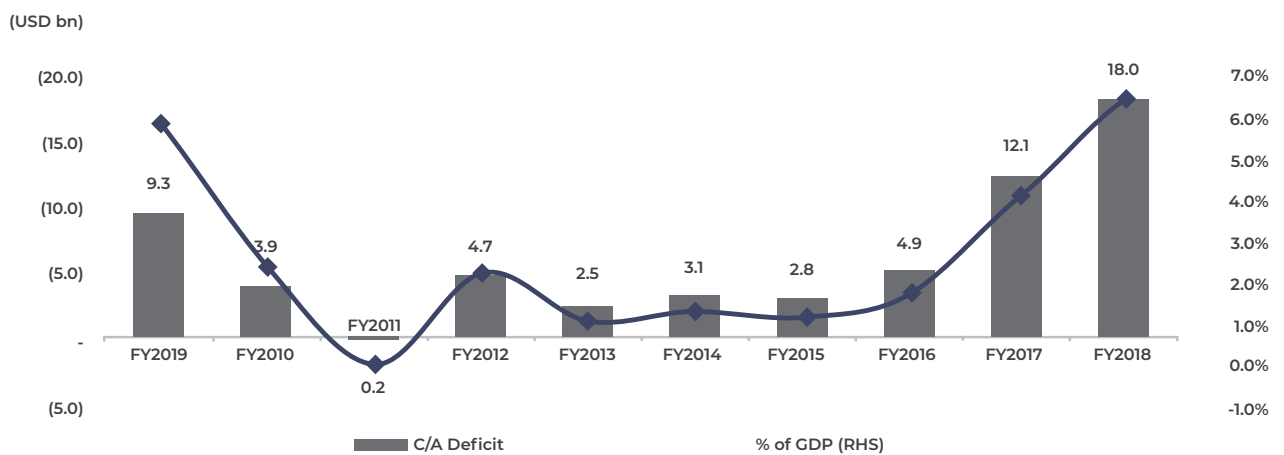
## IMPORT COVER



## PKR/USD



## CURRENT ACCOUNT DEFICIT



# ڈائریکٹرز رپورٹ

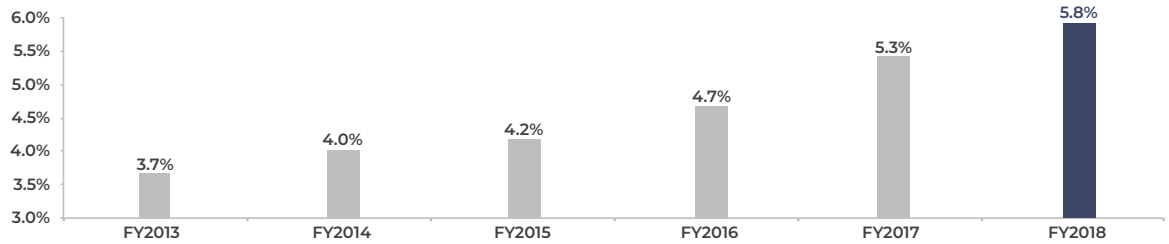
عارف حبیب لمیٹیڈ (اے ایچ ایل) کے معزز شیئرز ہولڈرز،

کمپنی کے بورڈ آف ڈائریکٹرز کی طرف سے، مجھے انتہائی خوشی ہے کہ اکاؤنٹنگ، ریگولیٹری اور لیگل اسٹینڈرڈ اور شرائط کے مطابق 30 جون 2018 کو ختم شدہ سال کے لئے کمپنی کی سالانہ رپورٹ مع اسی سال کے لئے آڈٹ شدہ مالیاتی گوشوارے آپ کی خدمت میں پیش کر رہا ہوں۔

## کاروباری ماحول:

مالی سال 2018 نے انتہائی سیاسی غیر یقینی کامشاہدہ کیا جو کہ مالی سال 18 تک تسلسل کے ساتھ انتخابات تک جاری رہی۔ معاشی ماحول جس نے اقدامات جیسے سی پیک (پاک چین اقتصادی راہداری) سے فائدہ حاصل کئے جو کہ مالی سال 2017 کے لئے 53% کے مقابلے میں مالی سال 2018 کے لئے 5.8% کی 12 سال میں بلند ترقی ڈی پی نمو پر منتج ہوا۔ یہ بہر حال دوہرے خساروں جاریہ اور مالی حسابات کے بڑھ جانے کی وجہ سے بیرونی شعبے میں کمزوری سے گھن زدہ ہو گیا۔ بینک دولت پاکستان کی جانب سے رکھے غیر ملکی زرمبادلہ میں سال بہ سال 65% کی کمی ہوئی یا 6.4 ارب ڈالر کی کمی یعنی 146 ارب ڈالر سے 9.8 ارب ڈالر، جس سے امداتی تحفظ کمزور ہو کر محض 2 مہینوں کا ہو گیا۔ نتیجاً پاکستانی روپے کا شرح مبادلہ امریکی ڈالر کے مقابلے میں سال بہ سال 16% تک گرتا گیا جو کہ مالی سال 17 میں 104.8 روپے فی امریکی ڈالر کے مقابلے میں 121.5 روپے فی امریکی ڈالر پر آ گیا۔ ادائیگیوں کے توازن میں کمزوری حسابات جاریہ کے خسارے کے بڑھنے سے واقع ہوئی جو کہ سال بہ سال 43% تک بڑھ گیا اور پچھلے سال کے 12.6 ڈالر کے مقابلے میں 18 ارب ڈالر تک پہنچ گیا۔ وجہ بلند تر تجارتی خسارہ ہے (سال بہ سال 16% بڑھ کر 37.6 ارب ڈالر تک پہنچ گیا) جو درآمدات میں اضافے کی وجہ سے اور بھی متحرک ہو گیا (سال بہ سال 15% + 60.8 ارب ڈالر تک جا پہنچا) جس نے بڑھتی ہوئی برآمدات کا قدر بھی چھوٹا کر دیا (سال بہ سال 14% + 23.2 ارب ڈالر تک پہنچ گیا)۔

## GDP GROWTH





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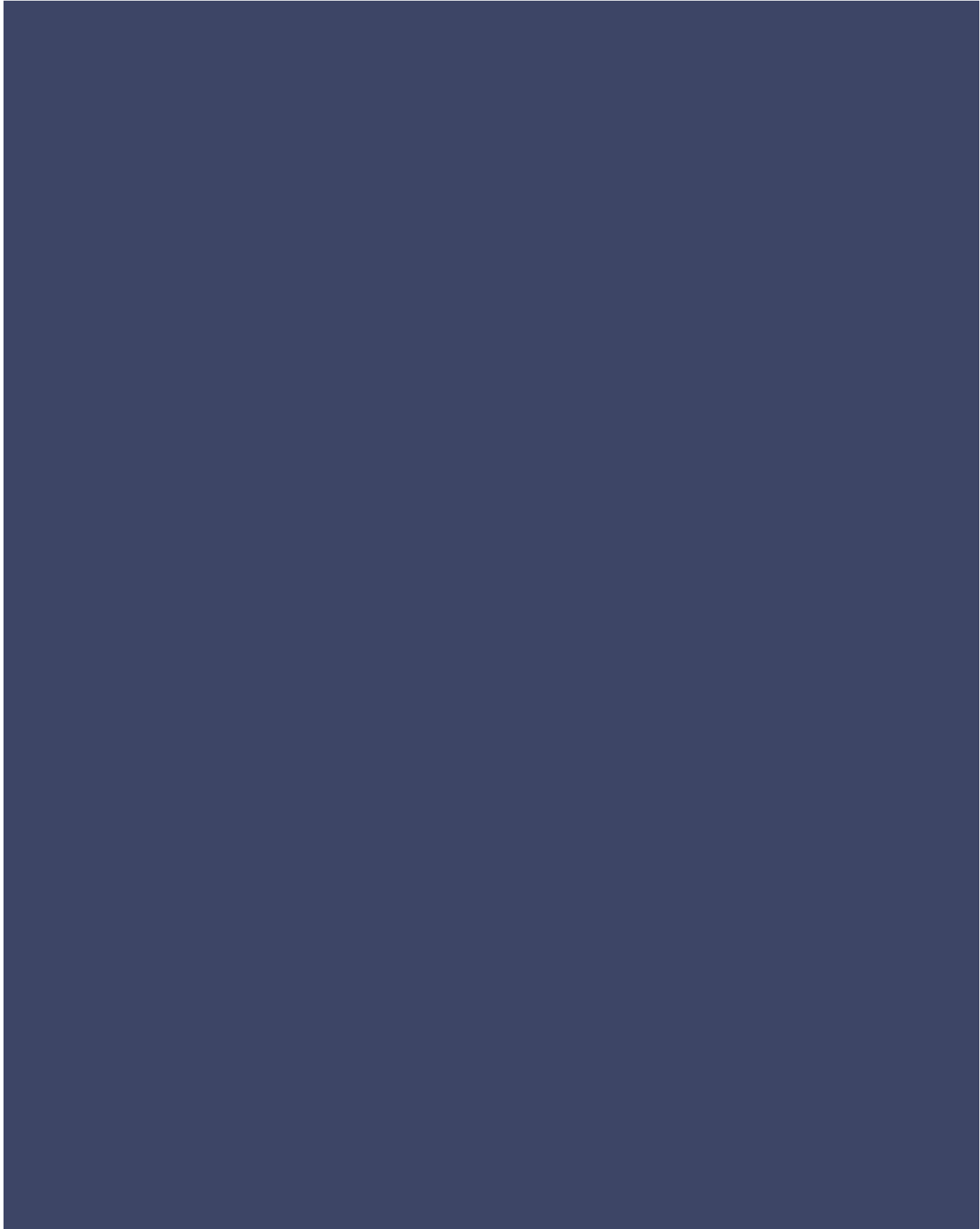
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