



MCB FUNDS
Investments for Life

ANNUAL REPORT 2023

MCB Investment Management Limited
(Formerly: MCB-Arif Habib Savings and Investments Limited)



Note - Change in Name

The name of the Company was previously **MCB-Arif Habib Savings and Investments Limited**, which has been changed to **MCB Investment Management Limited**. On May 02, 2023, the Board of Directors of the Company resolved to change the name of the Company to **MCB Investment Management Limited**, pursuant to which an Extra-Ordinary General Meeting (EOGM) of the Shareholders was convened on July 7, 2023 and the Shareholders approved the new name of the Company by a special resolution. Thereafter, the Company applied to the Registrar of Companies, SECP, for approval of Change of Name under the provisions of the Companies Act, 2017, which was granted and a titled "**Certificate of Incorporation on Change of Name**" was issued by the Additional Registrar of Companies, Company Registration Office, SECP on August 15, 2023 and as such, the Change of Name became effective from that date.

نوٹ: نام کی تبدیلی

کمپنی کا سابق نام ایم سی بی عارف حبیب سیونگنڈ اینڈ انویسٹمنٹس لمیٹڈ تھا جو تبدیل کر کے ایم سی بی انویسٹمنٹ مینجمنٹ لمیٹڈ کر دیا گیا ہے۔ 02 مئی 2023ء کو کمپنی کے بورڈ آف ڈائریکٹرز نے کمپنی کا نام ایم سی بی انویسٹمنٹ مینجمنٹ لمیٹڈ کرنے کا فیصلہ کیا جس کے بعد 7 جولائی 2023ء کو ایک غیر معمولی عمومی اجلاس (ای او جی ایم) منعقد ہوا اور حاملین حصص نے خصوصی قرارداد کے ذریعے کمپنی کے نئے نام کی منظوری دی۔ بعد ازاں، کمپنی نے کمپنیز ایکٹ 2017ء کے تحت رجسٹر آف کمپنیز، ایس ای سی پی، کی منظوری کے لیے درخواست دائر کی جو منظور کر لی گئی اور 15 اگست 2023ء کو ایڈیشنل رجسٹر آف کمپنیز، کمپنیز رجسٹریشن آفس، ایس ای سی پی، کی طرف سے سرٹیفکیٹ بعنوان "سرٹیفکیٹ آف انکارپوریشن آن چینج آف نیم" جاری کیا گیا۔ چنانچہ نام کی تبدیلی مذکورہ تاریخ سے مؤثر ہو گئی ہے۔

TABLE OF CONTENTS

| | | |
|----|---|-----|
| 1 | Vision, Mission and Core Values | 03 |
| 2 | Company Information | 04 |
| 3 | Notice of Annual General Meeting | 05 |
| 4 | Conversion Of Physical Shares Into Book-Entry Form | 18 |
| 5 | Payment Of Cash Dividend Electronically (mandatory Requirement) | 19 |
| 6 | Chairman's Review Report | 20 |
| 7 | Directors' Report | 22 |
| 8 | Pattern of Shareholding | 44 |
| 9 | Financial and Business Highlights | 46 |
| 10 | Statement of Compliance with the Code of Corporate Governance | 47 |
| 11 | Review Report to the Members on the Statement of Compliance with the Code of Corporate Governance | 50 |
| 12 | Auditors' Report to the Members | 51 |
| 13 | Statement of Financial Position | 54 |
| 14 | Statement of Profit and Loss Account | 55 |
| 15 | Statement of Comprehensive Income | 56 |
| 16 | Statement of Changes in Equity | 57 |
| 17 | Statement of Cash Flow | 58 |
| 18 | Notes to the Financial Statements | 59 |
| 19 | Ballot Paper for Voting | 106 |
| 20 | Form of Proxy | 109 |
| 21 | E-Dividend Mandate Form | 113 |
| 22 | Consent Form for Video Conference Facility | 114 |

Vision

“To be the most coveted Savings and Investment company, while leading the effort to make the saving population and industry grow”

Mission

“To be the preferred Savings and Investment Manager in Pakistan by being best in class in customer services and maximizing stakeholders’ value”

Core Values

HONESTY

We ensure to build trust through responsible actions and honest relationships with our colleagues, customers and stakeholders

INTEGRITY

We work with integrity in everything we do, and embody our principles when working with stakeholders as well as internal and external customers. We assure to promote the integrity for the ultimate benefit for everyone

ETHICS

As a trusted custodian of customer funds, we are committed to conforming to the highest level of ethical standards in the workplace that involves putting customer interest first and maintaining our stakeholders trust in the Company

PROFESSIONALISM

We value everyone and treat our external and internal customers and our stakeholders with respect, dignity and professionalism

COMPANY INFORMATION

| | | |
|--|---|---|
| Board of Directors | Mr. Haroun Rashid Mr. Shoaib Mumtaz Mr. Muhammad Saqib Saleem Mr. Ahmed Jahangir Mr. Manzar Mushtaq Mr. Fahd Kamal Chinoy Syed Savail Meekal Hussain Ms. Mavra Adil Khan | Chairman Director Chief Executive Officer Director Director Director Director Director |
| Audit Committee | Syed Savail Meekal Hussain Mr. Ahmed Jahangir Mr. Manzar Mushtaq | Chairman Member Member |
| Human Resource & Remuneration Committee | Mr. Fahd Kamal Chinoy Mr. Ahmed Jahangir Mr. Shoaib Mumtaz Ms. Mavra Adil Khan Mr. Muhammad Saqib Saleem | Chairman Member Member Member Member |
| Credit Committee | Mr. Ahmed Jahangir Mr. Manzar Mushtaq Syed Savail Meekal Hussain Mr. Muhammad Saqib Saleem | Member Member Member Member |
| Chief Executive Officer Chief Operating & Financial Officer | Mr. Muhammad Saqib Saleem Mr. Muhammad Asif Mehdi Rizvi | |
| Company Secretary | Mr. Altaf Ahmad Faisal | |
| Share Registrar | CDC Share Registrar Services Limited CDC House, 99-B, Block 'B', S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcsrsl.com | |
| Bankers | MCB Bank Limited Bank Al-Falah Limited Faysal Bank Limited Bank Al-Habib Limited MCB Islamic Bank Limited Summit Bank Limited Askari Bank Limited | |
| Auditors | A. F. Ferguson & Co. Chartered Accountants (A Member Firm of PWC Network) State Life Building 1-C I.I. Chundrigar Road, Karachi. | |
| Legal Advisor | Akhund Forbes D-21, Block-4, Scheme-5 Clifton, Karachi Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi | |
| Rating | AM1 Asset Manager Rating assigned by PACRA | |
| Registered Office | MCB Investment Management Limited* (Formerly: MCB-Arif Habib Savings and Investments Limited) Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi. | |

*Note: On May 02, 2023, the Board of Directors resolved to change the name of the Company, pursuant to which on July 7, 2023 in Extra-Ordinary General Meeting (EOGM) the Shareholders approved the new name of the Company i.e. **MCB Investment Management Limited**. Thereafter, the Company applied to SECP, for approval of Change of Name, which was granted on August 15, 2023 and as such, the Change of Name became effective from that date.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that an Annual General Meeting (AGM) of MCB Investment Management Limited (Formerly: MCB-Arif Habib Savings and Investments Limited) will be held on **Monday, 23rd October, 2023 at 11:30 am at Sapphire Hall, Ramada Creek, Zulfiqar Street 1, DHA Phase VIII, Karachi, Pakistan**, as well as through Electronic means / Video link facility to transact the following businesses:

Ordinary Businesses:

1. To confirm the minutes of the last Extra Ordinary General Meeting held on July 07, 2023.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2023 together with Directors' and Auditors' Reports thereon.
3. To declare and approve final cash dividend of 55 percent i.e. Rs. 5.5 per ordinary share of Rs. 10/- each for the year ended June 30, 2023, as recommended by the Board of Directors.
4. To appoint external auditors of the Company for the year ending June 30, 2024 and fix their remuneration. The Board of Directors, on the recommendation of Audit Committee of the Company, has proposed the appointment of M/s. A.F. Ferguson & Co. Chartered Accountants, as external auditors of the Company for the year ending June 30, 2024.

Special Business:

5. To consider and, if thought fit, to pass with or without modification(s), the resolutions appearing below as ordinary resolutions to approve circulation of Annual Audited Financial Statements and Reports (Annual Reports) electronically through QR enabled code and web link.

"RESOLVED THAT

pursuant to section 223(6) of the Companies Act, 2017 read with SRO 389(I)/2023 dated March 21, 2023, the Company be and is hereby authorized to circulate annual report containing annual audited financial statements and reports (Annual Reports) to the members through QR enabled code and weblink.

Any Other Business

6. To transact any other business with the permission of the Chair.

Statement under Section 134(3) of the Companies Act, 2017 in respect of special business contained in Agenda Item Number 5 is annexed to the notice being sent to the members.

September 29, 2023
Karachi.

By Order of the Board



Altaf Ahmad Faisal
Company Secretary

NOTICE OF ANNUAL GENERAL MEETING

IMPORTANT NOTICES:

1. CHANGE OF NAME OF THE COMPANY

The name of the Company was previously **MCB-Arif Habib Savings and Investments Limited**, which has been changed to **MCB Investment Management Limited**. On May 02, 2023, the Board of Directors of the Company resolved to change the name of the Company to **MCB Investment Management Limited**, pursuant to which an Extra-Ordinary General Meeting (EOGM) of the Shareholders was convened on July 7, 2023 and the Shareholders approved the new name of the Company by a special resolution. Thereafter, the Company applied to the Registrar of Companies, SECP, for approval of Change of Name under the provisions of the Companies Act, 2017, which was granted and a titled "**Certificate of Incorporation on Change of Name**" was issued by the Additional Registrar of Companies, Company Registration Office, SECP on August 15, 2023 and as such, the Change of Name became effective from that date.

2. PARTICIPATION VIA PHYSICAL PRESENCE OR THROUGH VIDEO LINK FACILITY

The Company intend to convene this AGM with minimal physical interaction of members while ensuring compliance with the quorum requirements and requests the member to consolidate their attendance and voting at the AGM through proxies.

Members, interested to participate in the meeting via video link facility, are requested to email their Name, Folio Number / participant's ID number, Cell Number, CNIC / Passport Number with subject "**Registration for MCBIM AGM**" along with valid copy of both sides of Computerized National Identity Card (CNIC) at AGM@mcbfunds.com. Video link and login credentials will be shared with only those members whose emails, containing all the required particulars, are received at least forty-eight (48) hours before the time of AGM.

Members can also provide their comments and questions for the agenda items of the AGM at the email address agm@mcbfunds.com.

| Name of member | CNIC No. / Passport No. | Folio / CDS No. | Cell No. | Email address |
|----------------|----------------------------|-----------------|----------|---------------|
| | | | | |

Login facility will be opened thirty minutes before the meeting time to enable the participants to join the meeting after identification process. Members will be able to login and participate in AGM proceedings through their devices after completing all the formalities required for the identification and verification of the members and members will be encouraged to participate in the AGM to consolidate their attendance and participation through proxies.

3. NOTICE OF BOOK CLOSURE

The Share Transfer Books of the Company will remain closed from **Monday, October 16, 2023 to Monday, October 23, 2023** (both days inclusive). Transfers received in order at the office of our Share Registrar M/s. CDC Share Registrar Services Limited, CDC House, Block B, SMCHS, Main Shahrah-e-Faisal, Karachi – 74400, by the close of business (5:00 p.m.) on **Friday, October 13, 2023**, will be considered in time for the determination of the entitlement of the shareholders to attend and vote at the meeting.

4. APPOINTMENT OF PROXY AND PARTICIPATION IN THE AGM

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

The instrument appointing proxy, together with the power of attorney or other authority under which it is signed, as the case may be, or a notarially certified copy of the power or authority, must be deposited at the

NOTICE OF ANNUAL GENERAL MEETING

Registered Office of the Company at least 48 working hours before the time of the meeting. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company. Form of Proxy is enclosed in English and Urdu language.

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

The members are hereby notified that pursuant to Companies (Postal Ballot) Regulations, 2018 ("the Regulations") amended through Notification dated December 05, 2022, issued by the Securities and Exchange Commission of Pakistan ("SECP"), SECP has directed all the listed companies to provide the right to vote through electronic voting facility and voting by post to the members on all businesses classified as special business.

Accordingly, members of the Company will be allowed to exercise their right to vote through electronic voting facility or voting by post for the special business in its forthcoming Annual General Meeting to be held on **Monday, 23rd October, 2023 at 11:30 am at Sapphire Hall, Ramada Creek, Zulfiqar Street 1, DHA Phase VIII, Karachi, Pakistan.** in accordance with the requirements and subject to the conditions contained in the aforesaid Regulations.

For the convenience of the Members, Postal ballot paper is annexed to this notice and the same is also available on the Company's website at **www.mcbfunds.com** for download.

Member are requested to update their details together with Name, Folio/ CDC Account No., E-mail address, contact number to the share registrar of the company M/s. CDC Share Registrar Services Limited, CDC House, Block B, SMCHS, Main Shahrah-e-Faisal, Karachi – 74400.

5. PROCEDURE FOR E-VOTING:

(a) Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company by the close of business of **Friday, October 13, 2023.**

(b) The web address, login details, will be communicated to members via email. The security codes will be communicated to members through SMS from web portal of CDC Share Registrar Services Limited (being the e-voting service provider).

(c) Identity of the members intending to cast vote through e-Voting shall be authenticated through electronic signature or authentication for login.

(d) E-Voting lines will start from **October 19, 2023, 09:00 a.m.** and shall close on **October 22, 2023 at 5:00 p.m.** Members can cast their votes any time during this period. Once the vote on a resolution is cast by a Member, he / she shall not be allowed to change it subsequently.

6. PROCEDURE FOR VOTING THROUGH POSTAL BALLOT

The members shall ensure that duly filled and signed ballot paper, along with copy of Computerized National Identity Card (CNIC), should reach the Chairman of the meeting through post on the Company's registered address Adamjee House, 2nd Floor, I.I Chundrigar Road, Karachi or email at **chairman@mcbfunds.com** one day before the Annual General Meeting to be held on October 23, 2023, during working hours. The signature on the ballot paper shall match the signature on CNIC.

7. VIDEO-CONFERENCE FACILITY

If the members holding 10 percent (ten percent) of the total paid up capital, are resident in any other city, the Company shall provide the facility of video-conference to such members for attending Annual General Meeting of the Company, if so demanded by such members in writing to the Company at least seven (7) days before the date of the meeting.

NOTICE OF ANNUAL GENERAL MEETING

Consent for Video-Conference Facility

I/We, _____, being a member of **MCB Investment Management Limited** (Formerly: MCB - Arif Habib Savings & Investments Limited) holder of Ordinary Share(s) as per Register Folio/CDC Participant ID & Sub-Account/Investor Account No. _____ hereby opt for participation in the Annual General Meeting to be held on _____, 2023 or any adjourned meeting through video-conference facility at _____ (Please insert name of the City)

Date: _____

Signature of member _____

8. NOTICE OF SUBMISSION OF VALID CNIC COPIES (MANDATORY)

Members, who have not yet submitted attested photocopy of their valid CNIC, are requested to submit the same along with folio number, at the earliest, directly to the Company's Share Registrar.

9. CHANGE IN MEMBERS ADDRESSES

Members having physical shareholding are requested to immediately notify any change in their address to the Share Registrar M/s. CDC Share Registrar Services Limited. Whereas, members having their shareholding in electronic (book-entry form) are requested to notify to their respective CDC Participant/Broker/Investor Account Services.

10. CONVERSION OF PHYSICAL SHARES IN TO BOOK-ENTRY FORM

In compliance with section 72 of the Companies Act, 2017 and SECP's letter No. CSD/ED/Misc./2016-639-640 dated 26 March 2021, listed companies are required to replace existing physical shares issued by them into Book-Entry Form. In view of the above requirement, shareholders of the Company having physical folios/ share certificates are requested to convert their shares from physical form into Book-Entry Form as soon as possible.

Conversion of physical shares into Book-Entry Form would facilitate the shareholders in many ways i.e. safe custody of shares, readily available market for instant sale and purchase of shares, eliminate risk of loss & damage, easy & safe transfer with lesser formalities as compared to physical shares. The shareholders of the Company may contact Share Registrar of the Company [i.e. M/s. CDC Share Registrar Services Limited] for assistance in conversion of physical shares into Book-Entry Form.

11. PAYMENT OF CASH DIVIDEND ELECTRONICALLY (MANDATORY REQUIREMENT)

Under section 242 of Companies Act, 2017 (the Act) and the Companies (Distribution of Dividends) Regulations, 2017, every listed Company is required to pay dividend, if any, to their members compulsorily through electronic mode by directly crediting the same in their bank account provided by them. The Company shall be bound to withhold dividend of those members who do not provide their bank details.

Members are required to provide to the Company's Share Registrar, particulars relating to name, folio number, complete bank account number (IBAN), and title of bank account. CDC account holders should submit their request directly to their broker (participant)/CDC.

Those shareholders who have still not provided their IBAN are once again requested to fill in "Electronic Dividend Mandate Form" and send it duly signed along with a copy of valid CNIC to their respective CDC participant / CDC Investor account services (in case of shareholding in Book Entry Form) or to the Company's Share Registrar M/s. CDC Share Registrar Services Limited (CDCSRSL), CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 (in case of shareholding in Physical Form).

A Electronic Dividend Mandate Form is available at the Registered Office of the Company and can also be downloaded from the Company's website.

NOTICE OF ANNUAL GENERAL MEETING

12. DEDUCTION OF WITHHOLDING TAX ON THE AMOUNT OF DIVIDEND UNDER SECTION 150 THE INCOME TAX ORDINANCE, 2001 (MANDATORY)

Pursuant to section 150 of the Income Tax Ordinance, 2001, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance, 2001 are as follows:

- a) Rate of tax deduction for persons appearing in the Active Tax Payers List: 15 per cent
- b) Rate of tax deduction for persons not appearing in the Active Tax Payers List: 30 per cent

The tax deduction on the amount of cash dividend @ 15 per cent shall be made for the payment of dividend to shareholders whose names are entered in the Active Tax Payers List provided on the website of FBR, before close of business hour (5:00 p.m.) on Friday, October 13, 2023 otherwise tax on the cash dividend will be deducted @ 30 per cent. Active Tax Payers List is available at Federal Board of Revenue's (FBR) website: <http://www.fbr.gov.pk>

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

The required information must reach our Share Registrar M/s CDC Share Registrar Services Limited by the close of business (5:00 p.m.) on Friday, October 13, 2023; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

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

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

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

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

Company: **MCB Investment Management Limited**
(Formerly: MCB-Arif Habib Savings and Investments Limited)
UAN: 11-11-622-24 email: info@mcbfunds.com
Share Registrar: **CDC Share Registrar Services Limited**
Tel #: 0800-23275 email: info@cdcsrsl.com

13. UNCLAIMED DIVIDEND

Shareholders, who by any reason, could not claim their dividend, if any, are advised to contact our Share Registrar M/s CDC Share Registrar Services Limited to collect / enquire about their unclaimed dividend, if any. In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividends outstanding for a period of 3 years or more from the date due and payable shall be deposited by the Company to the Federal Government in case of unclaimed dividend.

14. PLACEMENT OF AUDITED FINANCIAL STATEMENTS ON THE WEBSITE

The Annual Report of the Company (comprising of annual Financial Statements) for the year ended June 30,

NOTICE OF ANNUAL GENERAL MEETING

2023 has been placed on the Company's website: www.mcbfunds.com.

15. CIRCULATION OF ANNUAL AUDITED FINANCIAL STATEMENTS AND NOTICE OF AGM

In terms of Section 223(6) of the Companies Act, 2017, the Company is allowed to send Financial Statements and Reports to its members electronically. Notice of AGM and Annual Report 2023 has been circulated through email to those shareholders whose email addresses are available with the Company and to other shareholders through registered post.

Shareholders who wish to receive Annual Reports and notices of general meetings through e-mails are requested to update their email address with the Share Registrar of the Company.

STATEMENT OF MATERIAL FACTS PERTAINING TO SPECIAL BUSINESS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

AGENDA NO. 5

CIRCULATION OF ANNUAL REPORTS THROUGH QR ENABLED CODE AND WEBLINK

The following statement sets out the material facts pertaining to the Special Business to be transacted at the Annual General Meeting of the Company on **Monday, 23rd October, 2023 at 11:30 am at Sapphire Hall, Ramada Creek, Zulfiqar Street 1, DHA Phase VIII, Karachi, Pakistan.**

The Securities and Exchange Commission of Pakistan vide SRO No. 389(I)/2023 dated March 21, 2023, has allowed listed companies to circulate their Annual Audited Financial Statements and reports (Annual Reports) to members under section 223(6) of the Companies Act, 2017 (the Act) through QR enabled code and web link subject to approval of the members in general meeting and compliance with other requirements regarding circulation of notice of general meeting at the registered address of all members, transmission of Annual Reports by email to all those members who have provided their email addresses and provision of a hard copy of the Annual Report within one week of receiving any demand from a member on the standard request form available on the company's website.

The approval is hereby sought from members by way of an ordinary resolution to authorize the company for the circulation of Annual Audited Financial Statements and Reports electronically through QR enabled code and web link.

The directors of the Company have no direct or indirect interest in this agenda.

اطلاع برائے سالانہ اجلاس عام

14. آڈٹ شدہ مالیاتی گوشواروں کی ویب سائٹ میں شمولیت
30 جون 2023ء کو ختم ہونے والے سال کے لیے کمپنی کی سالانہ رپورٹ (بشمول سالانہ مالیاتی گوشوارے) کمپنی کی ویب سائٹ
www.mcbfunds.com میں شامل کر دی گئی ہے۔

15. سالانہ آڈٹ شدہ مالیاتی اسٹیٹمنٹس اور AGM کی اطلاع کی گردش
کمپنیز ایکٹ 2017ء کے سیکشن 223(6) کے ضمن میں کمپنی اپنے ارکان کو مالیاتی اسٹیٹمنٹس اور رپورٹس الیکٹرانک ذریعے سے بھیجنے کی اجازت ہے۔
جن حصص یافتگان کے ای میل ایڈرس کمپنی کے پاس دستیاب ہیں ان کو بذریعہ ای میل، اور دیگر حصص یافتگان کو بذریعہ رجسٹرڈ ڈاک، AGM کی اطلاع
اور سالانہ رپورٹ 2023ء روانہ کر دی گئی ہیں۔
جو حصص یافتگان سالانہ رپورٹس اور عمومی اجلاسوں کی اطلاعات بذریعہ ای میل حاصل کرنا چاہتے ہیں ان سے گزارش ہے کہ کمپنی کے شیئر رجسٹرار کے پاس
اپنے ای میل ایڈرس کی تصدیق کر دیں۔

کمپنیز ایکٹ 2017ء کے سیکشن 134(3) کے تحت خصوصی معاملات سے متعلق اہم حقائق کا بیان
ایجنڈا نمبر 5

QR سے چلنے والے کوڈ اور ویب لنک کے ذریعے سالانہ رپورٹس کی گردش
مندرجہ ذیل اسٹیٹمنٹ میں ان خصوصی معاملات سے متعلق اہم حقائق بیان کیے جا رہے ہیں جو سالانہ عمومی اجلاس بروز پیر، مورخہ 23 اکتوبر 2023ء
بوقت صبح 11:30 بجے بمقام سفاثر ہال، رمادا کریک، ذوالفقار سٹریٹ 1، ڈی ایچ اے فیز VIII، کراچی، پاکستان، میں زیر غور لائے جائیں گے۔

سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے اپنے SRO نمبر 389(1)/2023 مورخہ 21 مارچ 2023ء کے ذریعے لسنڈ کمپنیوں کو
اجازت دی ہے کہ وہ اپنے سالانہ آڈٹ شدہ مالیاتی گوشوارے اور رپورٹس (سالانہ رپورٹس) اپنے ارکان کو کمپنیز ایکٹ 2017ء کے سیکشن 223(6)
کے تحت QR سے چلنے والے کوڈ اور ویب لنک کے ذریعے بھیج سکتی ہیں، بشرطیکہ ارکان نے عمومی اجلاس میں اس کی منظوری دی ہو، اور ارکان کے
رجسٹرڈ پتے پر عمومی اجلاس کی اطلاع کی گردش سے متعلق دیگر شرائط پوری کی گئی ہوں، جن ارکان نے اپنے ای میل ایڈرس فراہم کیے ہیں ان کو سالانہ
رپورٹس کی ترسیل بذریعہ ای میل کی گئی ہو، اور جن ارکان نے کمپنی کی ویب سائٹ پر دستیاب مقررہ درخواست فارم کے ذریعے سالانہ رپورٹ کا چھپی ہوئی
شکل میں (بارڈ کا پی) مطالبہ کیا ہو ان کو وہ ایک ہفتے میں فراہم کر دیا گیا ہو۔

کمپنی کو الیکٹرانک یعنی QR سے چلنے والے کوڈ اور ویب لنک کے ذریعے سالانہ آڈٹ شدہ مالیاتی گوشواروں اور رپورٹس کی گردش کا مجاز بنانے کے لیے
ارکان سے بذریعہ ہذا ایک عمومی قرارداد کی شکل میں منظوری طلب کی جا رہی ہے۔

اس ایجنڈا میں کمپنی کے ڈائریکٹرز کی کوئی براہ راست یا بالواسطہ دلچسپی نہیں ہے۔

اطلاع برائے سالانہ اجلاس عام

کیا جائے گا۔

مطلوبہ معلومات ہمارے شیئر رجسٹرار M/s سی ڈی سی شیئر رجسٹرار سرور لمیٹڈ کو بروز جمعہ، 13 اکتوبر 2023ء اوقات کار کے اختتام (شام 5:00 بجے) تک موصول ہو جانی چاہیے ورنہ یہ سمجھا جائے گا کہ بنیادی حامل حصص اور مشترکہ حاملین نے مساوی طور پر حصص رکھے ہوئے ہیں۔ اس ضمن میں ایسے تمام حصص یافتگان جنہوں نے مشترکہ طور پر حصص رکھے ہوئے ہیں ان سے گزارش کی جاتی ہے کہ بنیادی حامل حصص اور مشترکہ حاملین حصص کے حصص یافتگی کی تناسب ہمارے شیئر رجسٹرار کو تحریری طور پر مندرجہ ذیل انداز میں جمع کرائیں:

| مشترکہ حاملین حصص | | Principal حاملین حصص | | حصص کی کل تعداد | فولیو / سی ڈی سی / اکاؤنٹ نمبر |
|------------------------------------|-------------------|------------------------------------|-------------------|-----------------|--------------------------------|
| حصص یافتگی کا تناسب (حصص کی تعداد) | نام اور CNIC نمبر | حصص یافتگی کا تناسب (حصص کی تعداد) | نام اور CNIC نمبر | | |
| | | | | | |

کارپوریٹ حصص یافتگان جو سی ڈی سی اکاؤنٹس کے حامل ہیں اپنے متعلقہ شرکاء کے پاس اپنے قومی ٹیکس نمبر (NTN) کی تصدیق کریں، جبکہ کارپوریٹ کاغذی حصص یافتگان کمپنی یا شیئر رجسٹرار کو اپنے NTN سرٹیفکیٹ کی کاپی بھیجیں۔ حصص یافتگان NTN یا NTN سرٹیفکیٹ (جو بھی صورت ہو) بھیجتے وقت کمپنی کے نام اور اپنے متعلقہ فولیو نمبر کی ضرورت نشاندہی کریں۔

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

کمپنی:

ایم سی بی انویسٹمنٹ لمیٹڈ

(سابقہ: ایم سی بی - عارف حبیب سیونگنز اینڈ انویسٹمنٹس لمیٹڈ)

UAN : 11-11-622-24

ای میل: info@mcbfunds.com

شیئر رجسٹرار: سی ڈی سی شیئر رجسٹرار سرور لمیٹڈ

فون نمبر: 0800-23275

ای میل: info@cdcsrsl.com

13. غیر دعویٰ شدہ ڈیویڈنڈ

جو حصص یافتگان کسی بھی وجہ سے اپنے ڈیویڈنڈ وصول نہیں کر سکے وہ ہمارے شیئر رجسٹرار M/s سی ڈی سی شیئر رجسٹرار سرور لمیٹڈ سے رابطہ کر کے اپنا غیر دعویٰ شدہ ڈیویڈنڈ حاصل کر سکتے ہیں یا اس کے بارے میں معلومات کر سکتے ہیں۔ کمپنیز ایکٹ 2017ء کے سیکشن 244 کی تعمیل میں مقررہ طریقہ کار مکمل ہو جانے کے بعد ایسے تمام ڈیویڈنڈ جو اپنی آخری تاریخ سے 3 سال کی مدت کے لیے غیر دعویٰ شدہ رہیں گے ان کو کمپنی وفاقی حکومت کے پاس جمع کرادے گی۔

10. فزیکل (کانڈی) حصص کی بگ اینٹری شکل میں تبدیلی

کمپنیز ایکٹ 2017ء کے سیکشن 72 اور SECP کے خط نمبر CSD/ED/Misc./2016-639-640 مؤرخہ 26 مارچ 2021ء کے مطابق لسٹڈ کمپنیوں کے لیے ضروری ہے کہ وہ اپنے جاری کردہ موجود فزیکل (کانڈی) حصص کو بگ اینٹری شکل میں تبدیل کریں۔ چنانچہ کمپنی کے وہ حصص یافتگان جو فزیکل (کانڈی) فزیو/شیر سرٹیفکیٹس کے حامل ہیں ان سے گزارش ہے کہ جلد از جلد اپنے حصص بگ اینٹری شکل میں تبدیل کرالیں۔ فزیکل (کانڈی) حصص کی بگ اینٹری میں تبدیلی سے حصص داران کو کئی لحاظ سے سہولت میسر آئے گی، جیسا کہ حصص کا محفوظ تھویل میں ہونا، فوری طور پر حصص کی خرید و فروخت کے لیے مارکیٹ کا بہم دستیاب ہونا، حصص کے کھوجانے یا ضائع ہوجانے کے خطرے کا ازالہ، اور فزیکل (کانڈی) حصص کے مقابلے میں قدرے کم رسمی کارروائی کے ذریعے حصص کی منتقلی۔ کمپنی کے تمام حصص داران سے گزارش کی جاتی ہے کہ فزیکل (کانڈی) حصص کی بگ اینٹری شکل میں تبدیلی کے لیے اگر کسی بھی قسم کی مدد درکار ہو تو کمپنی کے شیئر رجسٹرار (سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ) سے رابطہ کیا جاسکتا ہے۔

11. نقد ڈیویڈنڈ کی الیکٹرانک ذریعے سے ادائیگی (لازمی ضرورت)

کمپنیز ایکٹ 2017ء (ایکٹ) کے سیکشن 242 اور کمپنیز (ڈسٹریبیوشن آف ڈیویڈنڈز) ریگولیشنز 2017ء کے تحت ہر لسٹڈ کمپنی پر لازم ہے کہ وہ اپنے ارکان کو ڈیویڈنڈ (اگر ہے تو) الیکٹرانک ذریعے سے ان کے فراہم کردہ بینک اکاؤنٹ میں منتقل کر کے ادا کرے۔ جن ارکان نے اپنے بینک کی تفصیلات فراہم نہ کی ہوں ان کا ڈیویڈنڈ روکنے کی کمپنی مجاز ہوگی۔

ارکان کمپنی کے شیئر رجسٹرار کو مندرجہ ذیل کوائف فراہم کریں: نام، فزیو نمبر، بینک اکاؤنٹ کا مکمل نمبر (IBAN) بمع ٹائٹل۔ سی ڈی سی اکاؤنٹ حاملین اپنی درخواست براہ راست اپنے بروکر (پارٹنرسٹ) / سی ڈی سی کو جمع کرائیں۔

جن ارکان نے ابھی تک اپنے IBAN فراہم نہیں کیے ہیں ان سے دوبارہ گزارش کی جاتی ہے کہ "الیکٹرانک ڈیویڈنڈ مینڈیٹ فارم" ہسٹو کر کے اُس پر دستخط کر کے درست CNIC کی کاپی کے ساتھ اپنے متعلقہ سی ڈی سی پارٹنرسٹ / سی ڈی سی انویسٹر اکاؤنٹ سروسز کو (بگ اینٹری شکل میں حصص یا بگلی کی صورت میں) یا کمپنی کے شیئر رجسٹرار (M/s سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ (CDCSRSL)، سی ڈی سی ہاؤز، 99-B، بلاک B، ایس ایم سی ایچ ایس، مرکزی شاہراہ فیصل، کراچی -74400) کو (کانڈی شکل میں حصص یا بگلی کی صورت میں) روانہ کریں۔

الیکٹرانک ڈیویڈنڈ مینڈیٹ فارم کمپنی کے رجسٹرڈ دفتر میں دستیاب ہے اور کمپنی کی ویب سائٹ سے ڈاؤن لوڈ بھی کیا جاسکتا ہے۔

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

انکم ٹیکس آرڈیننس 2001ء کے سیکشن 150 کی تعمیل میں ڈیویڈنڈ پر وڈ ہولڈنگ ٹیکس کی شرحیں مندرجہ ذیل ہیں:

(الف) ایکٹیو نیکیس پیئرز لسٹ (متحرک ٹیکس ادا کنندہ کی فہرست) میں شامل افراد کے لیے شرح: 15 فیصد

(ب) جو افراد ایکٹیو نیکیس پیئرز لسٹ (متحرک ٹیکس ادا کنندہ کی فہرست) میں شامل نہیں ہیں ان کے لیے شرح: 30 فیصد

ایف بی آر کی ویب سائٹ (<http://www.fbr.gov.pk>) پر موجود ایکٹیو نیکیس پیئرز لسٹ میں 13 اکتوبر 2023ء کو اوقات کار کے اختتام (شام 5:00 بجے) تک شامل حصص یافتگان کو ادا کیے جانے والے ڈیویڈنڈ سے 15 فیصد جبکہ جو حصص یافتگان مذکورہ وقت تک اس فہرست میں شامل نہیں ہوں گے ان کو ادا کیے جانے والے ڈیویڈنڈ سے 30 فیصد ٹیکس منہا کیا جائے گا۔

مزید برآں، فیڈرل بورڈ آف ریونیو (ایف بی آر) کی جانب سے موصول شدہ وضاحت کے مطابق وڈ ہولڈنگ ٹیکس کا تعین بنیادی (principal) حامل حصص اور مشتکہ حاملین حصص کے فائلر ہونے یا نہ ہونے پر ان کی حصص یا بگلی کے تناسب کی بنیاد پر (مشتکہ اکاؤنٹس کی صورت میں) علیحدہ علیحدہ

اطلاع برائے سالانہ اجلاس عام

6. ووٹنگ بذریعہ پوسٹل بیلٹ کا طریق کار

ارکان اس بات کو یقینی بنائیں کہ پسر اور دستخط شدہ بیلٹ پیسور بیج کہیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی کاپی اجلاس کے چیئرمین کو بذریعہ ڈاک (کمپنی کے رجسٹر شدہ پتے: دوسری منزل، آدھی ہاؤز، آئی آئی چنسلری بنگلو، روڈ، کراچی) یا ای میل (chairman@mcbfunds.com) سالانہ عمومی اجلاس مورخہ 23 اکتوبر 2023ء سے ایک دن قبل دوران اوقات کار پہنچ جائے۔ بیلٹ پیسور پر موجود دستخط CNIC پر موجود دستخط جیسے ہونے چاہئیں۔

7. ویڈیو کانفرنس کی سہولت

جو ارکان شمل ادا شدہ کمیٹیل کے 10 فیصد کے حامل ہیں اور کراچی کے علاوہ کسی اور شہر میں مقیم ہیں ان کو کمپنی AGM میں شرکت کے لیے ویڈیو کانفرنس کی سہولت فراہم کرے گی۔ اس کے لیے ان کو اجلاس سے کم از کم سات (7) دن قبل تحریری طور پر مطالبہ کرنا ہوگا۔

ویڈیو کانفرنس سہولت کے لیے رضامندی

میں/ہم _____، بحیثیت رکن ایم سی بی انویسٹمنٹ مینجمنٹ لمیٹڈ
(سابقہ: ایم سی بی-عارف حبیب سیونگٹز اینڈ انویسٹمنٹس لمیٹڈ)، عمومی شیئر (ز) کا/کے حامل بمطابق رجسٹر فوئیو ا سی ڈی سی ہارٹسپنٹ
شناخت اور ذیلی اکاؤنٹ / انویسٹر اکاؤنٹ نمبر _____، سالانہ عمومی اجلاس مورخہ _____
2023ء میں یا کسی بھی ملتوی اجلاس میں _____ میں (شہر کا نام) بذریعہ ویڈیو کانفرنس سہولت شریک
ہونا چاہتا/چاہتی ہوں / چاہتے ہیں۔
تاریخ: _____ رکن کا نام: _____

8. دُرست CNIC کی کاپی جمع کرانے کی اطلاع (لازمی)

جن ارکان نے اب تک اپنے دُرست CNIC کی تصدیق شدہ کاپی جمع نہیں کرائی ہے ان سے گزارش ہے کہ فوئیو نمبر کے ساتھ براہ راست کمپنی کے شیئر رجسٹرار کے پاس جمع کرا دیں۔

9. ارکان کے ایڈرس (پتے) میں تبدیلی

کانڈی شیئر ہولڈنگ والے ممبران سے درخواست کی جاتی ہے کہ وہ اپنے پتے میں کسی بھی تبدیلی کو فوری طور پر شیئر رجسٹرار MIS ڈی سی شیئر رجسٹرار سے مطلع کریں جبکہ جن کی حصہ داری الیکٹرونک (بک انٹری فارم) میں ہے ان سے درخواست کی جاتی ہے کہ وہ اپنے مطلق ڈی سی شرکت کنندہ اور دیگر سرمایہ کار اکاؤنٹ سے مطلع کریں۔

4. پراکسی کی تقرری اور AGM میں شرکت

جوکن AGM میں شرکت کرنے، اظہار خیال کرنے اور ووٹ دینے کا مستحق ہے وہ کسی اور شخص کو اپنا پراکسی مقرر کر سکتا ہے جو اس کی جانب سے شرکت اور اظہار خیال کر سکتا ہے اور ووٹ دے سکتا ہے۔ پراکسی کے لیے کمپنی کا رکن ہونا ضروری نہیں ہے۔ پراکسی کو رائے شماری کا مطالبہ کرنے، مطالبہ کرنے میں شامل ہونے اور رائے شماری میں ووٹ دینے کا حق حاصل ہے۔

پراکسی کا تقرر کرنے والی دستاویز جمع پاور آف انارنی یا کوئی اور اختیار جس کے تحت اس پر دستخط ہوئے ہوں، جو بھی صورت ہو، یا پاور آف انارنی کی نوٹری سے تصدیق شدہ نقل اجلاس کے وقت سے کم از کم 48 کاروباری گھنٹوں قبل کمپنی کے رجسٹر شدہ دفتر میں جمع کرائی جائے۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف انارنی جمع نمونہ دستخط اور پراکسی فارم کمپنی میں جمع کرائی جائے (اگر پہلے نہ کرائی گئی ہو)۔ پراکسی فارم انگریزی اور اردو زبان میں منسلک ہے۔

فزیکل (کانڈی) حصص اور سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ (CDC) میں جمع کردہ حصص کے استفادہ مالکان اور ایان کے پراکسیوں کے لیے اجلاس میں شرکت کے وقت شناخت کے لیے اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا پاسپورٹ دکھانا ضروری ہوگا۔

ارکان کو مطلع کیا جاتا ہے کہ کمپنی (پوسٹل بیلٹ) ریگولیشنز 2018، (دی ریگولیشنز) ترمیم کردہ بذریعہ نوٹیفیکیشن بتاریخ 05 دسمبر 2022ء جاری کردہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی تعمیل میں SECP نے تمام لسٹڈ کمپنیز کو ہدایت کی ہے کہ وہ ایسے تمام معاملات میں جن کو خصوصی معاملات کے زمرے میں رکھا گیا ہو ارکان کو الیکٹرانک ووٹنگ اور ووٹنگ بذریعہ ڈاک کی سہولت فراہم کریں۔

چنانچہ اگلی آنے والی AGM بروز پيسو، 23 اکتوبر 2023ء بوقت صبح 11:30 بجے بمقام سفارت ہال، رماوا کریک، ڈیوالقار اسٹریٹ 1، ڈی ایچ اے فیئر IIIV، کراچی، پاکستان، میں کمپنی کے ارکان مذکورہ بالا ریگولیشنز میں موجود شرائط کے تحت خصوصی معاملات کے لیے الیکٹرانک ووٹنگ سہولت یا ووٹنگ بذریعہ ڈاک سے اپنے حق کا استعمال کرنے کے مجاز ہوں گے۔

ارکان کی سہولت کے لیے بیلٹ پيسو اس اطلاع کے ساتھ منسلک ہے اور کمپنی کی ویب سائٹ www.mcbfunds.com سے ڈاؤن لوڈ بھی کیا جاسکتا ہے۔

ارکان سے گزارش ہے کہ اپنی تفصیلات بشمول نام، فوئیو ای سی ڈی سی اکاؤنٹ نمبر، ای میل ایڈرس اور رابطہ نمبر میں کسی بھی تبدیلی سے کمپنی کے شیئرز رجسٹرار M/s سی ڈی سی شیئرز رجسٹرار سروسز لمیٹڈ، سی ڈی سی ہاؤس، بلاک B، ایس ایم سی ایچ ایس، مرکزی شاہراہ فیصل، کراچی - 74400 کو مطلع کریں۔

5. ای ووٹنگ کا طریق کار

(a) ای ووٹنگ سہولت کی تفصیلات سے بذریعہ ای میل کمپنی کے اُن ارکان کو مطلع کر دیا جائے گا جن کے درست CNIC نمبر، موبائل نمبر اور ای میل ایڈرس کمپنی ارکان کے رجسٹر میں جمعہ 13 اکتوبر 2023ء کو اوقات کار کے اختتام تک درج ہو چکے ہوں گے۔

(b) ویب ایڈرس اور log in تفصیلات سے بذریعہ ای میل ارکان کو مطلع کیا جائے گا۔ سیکورٹی کوڈ سی ڈی سی شیئرز رجسٹرار سروسز لمیٹڈ (ای ووٹنگ سہولت فراہم کار) کے ویب پورٹل سے ایس ایم ایس کے ذریعے ارکان کو فراہم کیے جائیں گے۔

(c) ای ووٹنگ کے خواہاں ارکان کی شناخت الیکٹرانک دستخط یا log in کے تصدیقی عمل کے ذریعے کی جائے گی۔

(d) ای ووٹنگ کا آغاز 19 اکتوبر 2023ء صبح 9:00 بجے ہوگا اور اختتام 22 اکتوبر 2023ء شام 5:00 بجے ہوگا۔ ارکان اس مدت کے دوران کبھی بھی ووٹ دے سکتے ہیں۔ ایک مرتبہ ووٹ دینے کے بعد اسے تبدیل نہیں کیا جاسکے گا۔

اطلاع برائے سالانہ اجلاس عام

اہم اطلاعات:

1۔ کمپنی کے نام کی تبدیلی

کمپنی کا سابقہ نام ایم سی بی عارف حبیب سیونگز اینڈ انویسٹمنٹس لمیٹڈ تھا جو تبدیل کر کے ایم سی بی انویسٹمنٹ مینجمنٹ لمیٹڈ کر دیا گیا ہے۔ 02 مئی 2023ء کو کمپنی کے بورڈ آف ڈائریکٹرز نے کمپنی کا نام ایم سی بی انویسٹمنٹ مینجمنٹ لمیٹڈ کرنے کا فیصلہ کیا جس کے بعد 7 جولائی 2023ء کو ایک غیر معمولی عمومی اجلاس (ای او جی ایم) منعقد ہوا اور حاملین حصص نے خصوصی قرارداد کے ذریعے کمپنی کے نئے نام کی منظوری دی۔ بعد ازاں، کمپنی نے کمپنیز ایکٹ 2017ء کے تحت رجسٹر آف کمپنیز، ایس ای سی پی، کی منظوری کے لیے درخواست دائر کی جو منظور کر لی گئی اور 15 اگست 2023ء کو ایڈیشنل رجسٹرار آف کمپنیز، کمپنیز رجسٹریشن آفس، ایس ای سی پی، کی طرف سے مسر لیفگیٹ بعنوان "سری لیفگیٹ آف انکارپوریشن آن چیج آف نیم" جاری کیا گیا۔ چنانچہ نام کی تبدیلی مذکورہ تاریخ سے مؤثر ہو گئی ہے۔

2. شرکت پالمشافہ یا بذریعہ ویڈیو لنک سہولت

کمپنی یہ اجلاس کورم کی شرائط کو پورا کرتے ہوئے ارکان کے درمیان کم سے کم پالمشافہ میل جول کے ساتھ منعقد کرنا چاہتی ہے، اور اس ضمن میں ارکان سے گزارش ہے کہ وہ اپنی حاضری اور ووٹنگ کو پراکسیوں کے ذریعے یکجا کریں۔

جو ارکان اجلاس میں بذریعہ ویڈیو لنک سہولت شریک ہونے میں دلچسپی رکھتے ہیں ان سے گزارش ہے کہ اپنا نام، فوئیو نمبر / شریک ہونے والے کا شناخت نمبر، موبائل نمبر، CNIC / پاسپورٹ نمبر، بیج کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کے دونوں جانب کی درست کاپی agm@mcbbfunds.com پر subject: "Registration for MCBIM AGM" کے ساتھ ای میل کریں۔ ویڈیو لنک اور log in کی تفصیلات سے صرف ان ارکان کو مطلع کیا جائے گا جن کی ای میل بیج تمام مطلوبہ کوائف AGM سے کم از کم 48 گھنٹوں قبل موصول ہو جائیں گی۔

ارکان agm@mcbbfunds.com پر اجلاس کے ایجنڈا معاملات کے حوالے سے آراء اور سوالات بھی بھیج سکتے ہیں۔

| رکن کا نام | CNIC نمبر / پاسپورٹ نمبر | فولیو / CDS نمبر | موبائل نمبر | ای میل ایڈریس |
|------------|--------------------------|------------------|-------------|---------------|
| | | | | |

Log in کی سہولت اجلاس سے تیس منٹ قبل میسر کی جائے گی تاکہ شرکاء شناخت کے عمل سے گزر کر اجلاس میں شامل ہو سکیں۔ ارکان شناخت اور تصدیق کے تمام زمی مراحل سے گزرنے کے بعد اپنے موبائل یا ایپ نمپ وغیرہ کے ذریعے log in ہو کر اجلاس کی کارروائیوں میں شامل ہو سکیں گے، اور ارکان کو ترغیب دی جاتی ہے کہ وہ پراکسیوں کے ذریعے اجلاس میں شریک ہو کر اپنی حاضری اور ووٹنگ کو یکجا کریں۔

3. ہنگ بند ہونے کی اطلاع

کمپنی کی منتقلی، حصص کی نمکس بروز پیر، 16 اکتوبر 2023ء سے 23 اکتوبر 2023ء تک (بشمول دونوں دن) بند رہیں گی۔ جو مستقلسیان ہمارے شیئر رجسٹرار M/s سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ کے دفتر بمقام سی ڈی سی ہاؤز، بلاک B، ایس ایم سی ایچ ایس، مرکزی شاہراہ فیصل، کراچی - 74400 میں بروز جمعہ، 13 اکتوبر 2023ء اوقات کار کے اختتام (شام 5:00 بجے) سے قبل موصول ہو جائیں گی وہی حصص یافتگان کی اجلاس میں شرکت اور ووٹنگ کے استحقاق کے تعین کے لیے شمار کی جائیں گی۔

اطلاع برائے سالانہ اجلاس عام

اطلاع دی جاتی ہے کہ ایم سی بی انویسٹمنٹ مینجمنٹ لمیٹڈ (سابقہ: ایم سی بی - عارف حبیب سیگلز اینڈ انویسٹمنٹس لمیٹڈ) کا سالانہ عمومی اجلاس (AGM) مورخہ 23 اکتوبر 2023ء بوقت صبح 11:30 بجے بمقام سفار ہال، رمادا کریک، ڈو الفکار اسٹریٹ 1، ڈی ایچ اے فیئر VIII، کراچی، پاکستان، ہال مشاف اور الیکٹرانک 1 ویڈیو لنک سہولت کے ذریعے منعقد ہوگا جس میں مندرجہ ذیل معاملات زیر غور لائے جائیں گے:

عمومی معاملات

1. گزشتہ غیر معمولی عمومی اجلاس منعقدہ 07 جولائی 2023ء کے اہم نکات (minutes) کی تصدیق؛
2. کمپنی کے سالانہ آڈٹ شدہ مالیاتی گوشواروں برائے سال مُختتمہ 30 جون 2023ء، بمع ان کی ڈائریکٹرز اور آڈیٹرز رپورٹ کی وصولی، ان پر غور و خوض اور ان کو اختیار کرنا؛
3. بورڈ آف ڈائریکٹرز کی طرف سے معجزہ حتمی نقد ڈیویڈنڈ برائے سال مُختتمہ 30 جون 2023ء کا اعلان اور اس کی منظوری، جو 55 فیصد یعنی 10 روپے کے فی عمومی شیئر پر 5.5 روپے ہے؛
4. کمپنی کے خارجی آڈیٹرز برائے سال مُختتمہ 30 جون 2024ء کی تقرری اور ان کے معاوضے کی تعیین؛ بورڈ آف ڈائریکٹرز نے کمپنی کی آڈٹ کمیٹی کی سفارش پر M/s ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی کمپنی کے خارجی آڈیٹرز کے طور پر تقرری کی تجویز پیش کی ہے۔

خصوصی معاملات

5. مندرجہ ذیل قراردادوں پر غور و خوض اور، اگر موزوں سمجھا جائے تو ان کو بمع یا بغیر ترمیم اترامیم کے، عمومی قراردادوں کے طور پر پاس کرنا تاکہ سالانہ آڈٹ شدہ مالیاتی گوشواروں اور رپورٹس (اینیول رپورٹس) کی الیکٹرانک یعنی QR سے چلنے والے کوڈ اور ویب لنک کے ذریعے گردش کی منظوری؛

قرارداد طے کی جاتی ہے کہ

کمپنیز ایکٹ 2017ء کے سیکشن 223(6) بمع ایس آر او 389(I)2023 مورخہ 21 مارچ 2023ء کے تحت کمپنی کو بذریعہ ہذا اختیار دیا جاتا ہے کہ وہ سالانہ رپورٹ کو، جو سالانہ آڈٹ شدہ مالیاتی گوشواروں اور رپورٹس (اینیول رپورٹس) پر مشتمل ہے، ارکان کو QR سے چلنے والے کوڈ اور ویب لنک کے ذریعے بھیج سکتی ہے۔

کوئی اور معاملہ

6. چیئرمین کی اجازت سے کوئی اور معاملہ زیر غور لانا؛

پانچویں نکتے میں شامل خصوصی معاملے کے ضمن میں کمپنیز ایکٹ 2017ء کے سیکشن 134(3) کے تحت اسٹینڈنٹ ارکان کو روانہ کی جانے والی اطلاع کے ساتھ منسلک ہے۔

بحکم بورڈ

الطاف احمد فیصل

کمپنی سیکریٹری

29 ستمبر 2023ء

کراچی

CONVERSION OF PHYSICAL SHARES INTO BOOK-ENTRY FORM

The SECP, through its letter No. CSD/ED/Misc/2016-639-640 dated March 26, 2021, has advised all Listed Companies to adhere to the provisions of Section 72 of the Companies Act, 2017 (the "Act"), which requires all companies to replace shares issued in physical form to book-entry form within four years of the promulgation of the Act.

Accordingly, all shareholders of the Company having physical folios/share certificates are requested to convert their shares from physical form into book-entry form at the earliest. Shareholders may contact a PSX Member, CDC Participant, or CDC Investor Account Service Provider for assistance in opening a CDS Account and subsequent conversion of the physical shares into book-entry form.

Maintaining shares in book-entry form has many advantages — safe custody of shares with the CDC, avoidance of formalities required for the issuance of duplicate shares, and readily available for sale and purchase in open market at better rates. The shareholders of the Company may contact the Company's Share Registrar M/s CDC Share Registrar Services Limited at the following address for the conversion of physical shares into book-entry form.

CDC House, 99-B,
Block B, S.M.C.H.S.,
Main Shahrah-e-Faisal, Karachi- 74400
Tel: 0800-23275
Email: info@cdcsrsl.com



Altaf Ahmed Faisal
Company Secretary

**PAYMENT OF CASH DIVIDEND ELECTRONICALLY
(MANDATORY REQUIREMENT)**

This is to inform you that in accordance with the Section 242 of the Companies Act, 2017, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder. 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 bank account, shareholders are requested to please update their International Bank Account Number (IBAN- 24 digits) with the Company's Share Registrar.

The shareholders of the Company may contact the Company's Share Registrar M/s CDC Share Registrar Services Limited at the following address for updating of IBAN.

CDC House, 99-B,
Block B, S.M.C.H.S.,
Main Shahrah-e-Faisal, Karachi – 74400
Tel: 0800-23275
Email: info@cdcsrsl.com



Altaf Ahmed Faisal
Company Secretary

CHAIRMAN'S REVIEW REPORT

Dear Shareholders,

I am privileged to present this Report to the members of MCB-Arif Habib Savings and Investments Limited for the period ended June 30, 2023. It is an opportunity for us to collectively reflect, reset and rejuvenate our mission to become a growth-oriented and sustainable Company.

I am pleased to share that on April 18, 2023, MCB Bank Limited (MCB), being the parent company of MCB-Arif Habib Savings and Investments Limited, has acquired 21,664,167 (30.09%) shares of MCB-Arif Habib Savings & Investment Limited (MCB-AH) from Arif Habib Corporation Limited (AHCL). By virtue of this transaction MCB Bank Limited's shareholding in MCB-AH has increased from 36,956,768 (51.33%) shares to 58,620,935 (81.42%) and AHCL no longer holds any shares in MCB-AH.

After the conclusion of above transaction; the Board of Directors and Board committees have been re-constituted due to resignation and appointment of new directors. Moreover, the change of name of the Company from MCB-Arif Habib Savings and Investments Limited to MCB Investment Management Limited was also approved by the Board and subsequently through EOGM held on 07 July, 2023 by the Shareholders. Further; other legal procedural formalities are in progress to effect the change of name.

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

| | June 30, 2023 | June 30, 2022 |
|--|----------------------------|---------------|
| | -----Amount in Rupees----- | |
| Management Fee / Investment Advisory Fee | 1,100,957,252 | 849,581,990 |
| Income from investments including profit on deposits | 145,162,871 | (30,455,889) |
| Profit before taxation | 613,921,946 | 293,571,570 |
| Profit after taxation | 378,218,186 | 173,361,645 |
| Earnings per share (EPS) | 5.25 | 2.41 |

At the forthcoming AGM we will be pleased to present before our shareholders a final cash dividend of Rs. 5.5 per share for the year ended June 30, 2023.

This year despite political and economic concerns the Company has witnessed significant growth. Higher inflation resulted in interest rates moving from 13.75% in FY 2022 to 22.00% in FY 2023 which resulted unit holders focusing towards money market and fixed income funds leading to healthy growth. The high interest rates and macroeconomic concerns have made unit holders shy away from equities which this year showed negative growth. However, external concerns have eased post agreement with IMF and the long term investors may look to add equity exposure at these highly attractive levels.

The Company is highly focused towards making continuous efforts in digitally transforming its operations and service delivery which is the future of the industry. In addition to 'iPayments' (real-time payments in own account and third party accounts) which was introduced last year, this year we have launched 'iBILL' - through which unit holders can make utility bill payment instantly. More innovative products are expected to be launched in near future which would help the Company to better serve our valued unit holders. The Company is striving to provide our stakeholders with agile, modern and innovative solutions that provide convenience and enhance user experience.

CHAIRMAN'S REVIEW REPORT

I would like to appreciate our board members who has always focused on the preservation of the best interests of both the Company's shareholders and unit holders of the Funds under its management. As part of this effort, the Board's properly structured Committees are in place, with each one having well-defined objectives and appropriate Terms of Reference; performing their respective roles effectively and efficiently. During the year, a total of twenty-five (25) meetings of the Board and the Committees of the Board were held which comprised of twelve (12) meetings of the Board of Directors, eight (8) meetings of the Audit Committee and five (5) meetings of the Human Resource and Remuneration Committee. I wish to record my appreciation to the Board Members for the active participation and continuing guidance provided to the Management.

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

I would also like to take this opportunity to thank our valued investors for their continuous faith in the Company, which has enabled the MCB Arif Habib Savings and Investments Limited to reach new heights year after year, many of whom have stayed alongside us from the inception of our journey and I sincerely hope that the bond we share continues to flourish in the years ahead.



Mr. Haroun Rashid
Chairman – Board of Directors
MCB-Arif Habib Savings and Investments Limited
Karachi, July 26, 2023

DIRECTORS' REPORT

DIRECTORS' REPORT FOR THE YEAR ENDED JUNE 30, 2023

The Board of Directors of MCB-Arif Habib Savings and Investments Limited (MCBAH) are pleased to present Report on the affairs of MCBAH for the year ended June 30, 2023.

PRINCIPAL BUSINESS

The Company is a Non-Banking Finance Company, licensed as Asset Management Company, Investment Advisor and Pension Fund Manager under the Securities and Exchange Commission of Pakistan's regulatory regime. The principal activities of the Company are floating and managing Collective Investment Schemes, Voluntary Pension Schemes and providing Investment Advisory Services.

THE BUSINESS ENVIRONMENT

Economy and Money Market Review

The fiscal year 2023 (FY23) remained a difficult year for Pakistan as it faced multiple macroeconomic challenges. The 2022 monsoon floods caused significant damage to infrastructure, crops, and livestock, as well as loss of precious lives. The global commodity prices and currency devaluation ushered a wave of inflation never seen since 1974, leading to all time high interest rates. The IMF program remained elusive throughout the latter half of fiscal year which became extremely challenging for the government facing both political and economic difficulties.

The country's external position remained precarious with SBP's foreign exchange reserves declining to USD 4.5 billion as of 30 Jun 23 (mere import cover of 3 weeks) compared to USD 9.8 billion at the start of the fiscal year. Albeit with some delay and reluctance, the government took several politically unpopular steps such as raising energy tariffs, letting PKR depreciate, slapping additional taxes and raising interest rates as per IMF's demands. However, IMF's Staff Level Agreement (SLA) of IMF 9th review eluded throughout the year as the IMF and government were unable to reach a consensus. The delay in the IMF program led to a slowdown in foreign flows from bilateral and multilateral partners leading to erosion in reserves. As a result, the currency remained under severe pressure, with dollar appreciating by 40% in FY23 to close at 286.0 near to its all-time high level.

The country posted a current account deficit (CAD) of USD 2.9 billion in first eleven months of the fiscal year 2023 (11MFY23) declining by 81% YoY compared to a deficit of USD 15.2 billion in the corresponding period last year. Narrowing trade deficit was the major contributor towards improving CAD as a 12.2% decrease in exports coupled with a 23.9% drop in imports led to a 33.8% contraction in the trade deficit. The government kept a lid on imports through administrative measures by imposing import quotas on selective imports. However, these steps led to an increase in smuggling activity which diverted remittances towards grey channels. Furthermore, the tight leash on imports caused shortages across various industries impacted overall economic growth.

Headline inflation represented by CPI averaged 29.0% during FY23 compared to 12.1% in the corresponding period last year. Higher food prices coupled with rising electricity, gas and petroleum prices were the major contributors towards the jump in CPI. The inflationary pressures were broad based, which is depicted by core inflation increasing to 21.2% compared to 12.3% at the end of last fiscal year. SBP has increased interest rates by 1.0% to 22% in an

DIRECTORS' REPORT

emergent MPS in Jun-23 to push the real interest rate in positive territory on a forward-looking basis and anchor inflation expectations.

The country's provisional GDP growth clocked at 0.29% in FY23 with Agricultural and Services sector increasing by 1.6% and 0.9%, respectively, while industrial sector witnessed a drop of 2.9%. Historic high interest rates coupled with import restrictions were the major culprits behind the fall in industrial output. On the fiscal side, FBR tax collection increased by 16.4% in FY23 to PKR 7,154 billion compared to PKR 6,149 billion in the same period last year but missed the target by PKR 486 billion.

Secondary markets yields increased in FY23 on account of monetary tightening and bout of inflationary pressures post a massive currency devaluation. The 3,6 and 12 Month T-Bills yield increased by 767, 772 and 763 basis points (bps) respectively while 3,5 and 10 Years Bond yields rose by 602, 315 and 240bps respectively during FY23.

Equity Market Review

The KSE-100 index closed on flattish note, declining by 88 points (-0.2%) in FY23 to close at 41,543 points. The initial exuberance on the account of the resumption of the IMF program and support from friendly countries soon washed away with catastrophic floods, which further deteriorated the already ailing economic conditions of the country. The period under review was marked with elevated inflation, depleting SBP Reserves, and the highest ever interest rates of 22.0%, which kept investors in a grim situation. Moreover, continuous delay in the completion of the 9th review of the IMF Program amid political turbulence in the country further dented investors' sentiments. Nonetheless, by the end of the year, the GoP reassessed its position and made necessary macro adjustments to realign itself with the IMF requirements which restored some confidence back into investors and helped recover mid-year losses.

Major selling during the year was witnessed from Mutual Funds and Insurance companies, which off-loaded equities worth USD 144.5 million and USD 124.3 million, respectively. This was largely absorbed by Companies, Individuals, and Banks with net buying of USD 99.7 million, USD 83.9 million and USD 73.7 million, respectively. Foreign investors also turned net buyers with an inflow of USD 23.9 million. During the FY23, average daily trading volumes saw a decline of 34% to 192 million shares compared to about 291 million shares in FY22. Similarly, the average trading value during FY23 saw a drop of 54% over the same period last year to near USD 25 million.

Pharma, Miscellaneous, Auto Assemblers, and Refinery sectors were the major contributors to the index decline, taking away -561/-435/-310/-159 points, respectively. Pharma sector struggled with the risk of exchange losses amid depreciating PKR against USD posing risk to near-term earnings. Automobile Assemblers struggled due to poor volumetric sales thanks to restrictions imposed by the SBP. On the flip side, Power sector added 554 points to the index as a result of better than expected dividends.

DIRECTORS' REPORT

Economy & Market – Future Outlook

International Monetary Fund (IMF) and Pakistan have struck a staff-level agreement for the provision of USD 3 billion in bailout funds under a stand-by arrangement (SBA). The program is set to span nine months, and the IMF board approval of the SBA will unlock an immediate disbursement of USD 1.2bn, with the remaining USD 1.8bn scheduled after reviews in Nov-23 and Feb-24.

The new program comes at a critical time when Pakistan is grappling with a severe balance of payments crisis. The successful resumption of the IMF program will help Pakistan to unlock funding from bilateral and multilateral sources helping in rebuilding foreign exchange reserves. Saudi Arabia and UAE have already pledged USD 2bn and USD 1bn respectively which were contingent on the resumption of IMF program, out of which USD 2 billion from KSA has already been received in July 2023. China is also expected to provide USD 2.0 billion with the Chinese commercial banks providing additional USD 1.5 billion. In addition, the IMF program will also help Pakistan to access concessionary financing from World Bank and other multilateral agencies. This has averted the risk of near term default and we expect currency to remain stable in the near term.

We expect Average FY24 inflation to ease to 19.3% compared to 29.0% in FY23 as the base effect will come into play. Inflation is expected to follow a downward trajectory and the buildup of forex reserves during the period may allow a monetary easing cycle in the quarter ending Dec-23. We expect a cumulative easing of around 6% in the next 12 months, however, its pace and timing would be determined by trend in FX reserves.

From the capital market perspective particularly equities, the market is trading at cheap valuations. Market cap to GDP ratio has declined to 7.5%, a discount of 62% from its historical average of 19.7%. Similarly, Earning Yield minus Risk Free Rate is close to 6.0%, compared to the historical average of 2.7% signifying a deep discount at which the market is trading. The resolution of challenges on external account will help to unlock market potential. We believe a micro view of sectors and stocks will remain important and investment selection should focus on companies which trade at a deep discount to their intrinsic value. The market is currently trading at PER of 4.7x, while offering a dividend yield of 11.8%.

For debt holders, we expect Money Market Funds to continue to seamlessly mirror policy rates throughout the year. We would continue to monitor the data points and capitalize on opportunities to add government bonds in Income Funds at attractive rates to benefit from the expected monetary easing in the medium term.

Mutual Fund Industry Review

The Net Assets of the open end mutual funds industry increased by about 28.9% during FY23 to PKR 1,564 billion. Total money market funds grew by about 34.4% since June 2022. Within the money market sphere, conventional funds showed a growth of 6.1% to PKR 473 billion while Islamic funds increased by 90.4% to PKR 429 billion. In addition, the total fixed Income funds increased by about 23.7% since June 2022 to PKR 369 billion. Equity and related funds declined by 27% to PKR 168 billion as concern over macroeconomic factors kept investors at bay.

DIRECTORS' REPORT

In terms of the segment share, Money Market funds were the leader with a share of around 57.7%, followed by Income funds with 23.6% and Equity and Equity related funds having a share of 10.7% as at the end of FY23.

Mutual Fund Industry Outlook

The current interest rates would encourage higher flows in the money market funds as they are ideal for investors with a short term horizon and low risk profile. However, external concerns have eased post agreement with IMF and the long term investors may look to add equity exposure at these highly attractive levels. Our operations remained seamless and given our competitive edge in digital access and online customer experience, we are prepared to get benefits of the growing number of investors available online.

COMPANY'S PERFORMANCE REVIEW

During the year Pakistan's economy faced several challenges including loan sanction from International Monetary Fund (IMF) and high inflation. Domestic energy and metal prices rose significantly in line with the global trends aside with significant hike in interest rate. The impact of heavy flood and its destruction in the financial year 2022-2023 further stressed economic pressures. Owing to further developments globally and in local markets towards digitalization, the Company is required to reshape the AMC/ Investment services architecture in Pakistan; the transformation is imperative to support enhanced customer experiences deducible from the adoption of advanced e-investments avenues. The Company would continue to lead the market position through focused initiatives encompassing launch of innovative and customer centric solutions, penetration of emerging markets, adoption of digital avenues and instilling effective cost management techniques.

Driving customer centricity would continue to remain a key area of focus for the next year; We are committed in maintaining our unique positioning as a diversified financial institution with a robust heritage and strong reputation through enriched service offerings and products tailored to meet requirements of our esteemed customers; hence, enabling Company to grow its AUMs base manifold.

The Company uses Net Promoter Score (NPS) as a metric to gauge loyalty and satisfaction of valued customers. At the close of financial year ended June 30, 2023 our NPS stood at 58% compared to NPS of 45% at the start of year; an increase of 13% during the year is evident of the fact that our efforts are translating into improved customer experience.

During the year the Company's AUMs grew by 21% from Rs. 187 billion to Rs. 226 billion as of June 30, 2023. Increased AUMs resulted in increase in Company's core revenue by over Rs. 251 million and compared to Rs. 849 million in FY 2022, the Company recorded gross management/ investment advisory fee of Rs. 1,101 million in FY 2023. With interest yield at over 21% and expected better performance of the Stock Exchange in FY 2024, we expect the assets under management to grow further; resultantly going forward contributing to the revenue growth and profitability.

YTD June 2023 PSX showed negative return of about 0.21% compared to negative return of about 12.3% in the corresponding year. Despite negative returns in equity market, due to better fund management the Company earned investment income of Rs. 139.2 million compared to loss of Rs. 33.7 million in the same corresponding period.

DIRECTORS' REPORT

Due to higher AUMs and improved investment income, the Company earned profit after taxation of Rs. 378.2 million compare to Rs. 173.3 million in the corresponding year. The Earnings Per Share of current Financial Year ended June 30, 2023 is Rs. 5.25 per share as compared to Rs. 2.41 per share in the previous financial year ended June 30, 2022.

The Board has proposed a final dividend of 55 percent (Rs. 5.5 per share) for the year ended June 30, 2023 as compared to 30 per cent (Rs. 1 per share as final dividend and Rs. 2 per share as interim dividend for the year ended June 30, 2022).

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

The value of contribution of employees in pension funds is Rs. 35.44 million as on June 2023 (Rs. 31.77 million for the year ended June 30, 2022).

PRINCIPAL RISKS AND UNCERTAINTIES

Assets under management (AUM) which is the life blood of asset management industry showed promising growth in FY23 and crossed Rs. 1.55 trillion. This relates to business risk averseness of corporates due to uncertain economic conditions and unclear policy directions complimented by better returns offered and awareness created by Asset Management Companies. To attract new clients and facilitate existing clients in this highly competitive industry, Asset Management Companies (AMCs) continued to offer more and more online and Mobile based services. However, these web based services are prone to hacking and cyber-attacks. These solutions require substantial costs to develop, maintain and protect while the demand for delivery of superior returns is not allowing increment in management fee. Thus, this continues to put pressure on margins of Asset Management Companies (AMCs). To cover up expenses and being profitable, the only remedy is higher AUMs. Government has become cautious on issues relating to 'Know Your Customer' (KYC) requirements to cope up 'Anti Money Laundering' (AML) and 'Combating the Financing of Terrorism' (CFT). This puts high responsibility on Asset Management Companies (AMCs) to carefully perform Customer Due Diligence (CDD). This increases regulatory risk for Asset Management Companies (AMCs) and MCBAH is committed to ensuring compliance of these very demanding but necessary regulations.

CORPORATE SOCIAL RESPONSIBILITY AND IMPACT ON ENVIRONMENT

This year MCB-Arif Habib joined hands with "**Indus Hospital**", and conducted an insightful session on the early symptoms, self-examination as well as precautionary measures that can be undertaken to help prevent Breast Cancer. Breast Cancer is the most common cancer prevalent amongst Pakistani women, with one in nine at a risk of being diagnosed with it during their lifetime. The session was conducted for all the female employees of the company and paved to be a very educational and interactive session.

ASSET MANAGER RATING

The Company maintained highest Asset Manager Rating of AM1. This rating reflects the Company's position as one of the leading Asset Managers in the Asset Management Companies, strongly supported by strong control environment, structured investment processes, good governance framework and qualified management team. The Stability Ratings of the Collective Investment Schemes under management of the Company are as under:

DIRECTORS' REPORT

| | As at June 30, 2023 | As at June 30, 2022 | |
|-----------------------------------|----------------------------|---------------------|---------------|
| | -----Stability rating----- | | Rating agency |
| Pakistan Cash Management Fund | AA + (f) | AA + (f) | PACRA |
| Pakistan Income Fund | AA - (f) | AA - (f) | PACRA |
| MCB Pakistan Sovereign Fund | AA - (f) | AA - (f) | PACRA |
| Pakistan Income Enhancement Fund | A + (f) | A + (f) | PACRA |
| MCB DCF Income Fund | AA - (f) | AA - (f) | PACRA |
| MCB Cash Management Optimizer | AA + (f) | AA + (f) | PACRA |
| Alhamra Islamic Income Fund | AA- (f) | AA- (f) | PACRA |
| Alhamra Daily Dividend Fund | AA- (f) | AA- (f) | PACRA |
| Alhamra Islamic Money Market Fund | AA+ (f) | AA + (f) | PACRA |
| Alhamra Wada Fund | AA (f) | - | PACRA |
| MCB Pakistan Fixed Return Fund | AA + (f) | - | PACRA |
| Alhamra Cash Management Optimizer | AA + (f) | - | PACRA |

The Mutual Funds Association of Pakistan (MUFAP) is executing the Performance of the Mutual Funds on the basis of Mutual Funds' returns. MCBAH has assumed the performance ranking of MUFAP for its equity based Collective Investments Schemes.

HOLDING COMPANY

On April 18, 2023, MCB Bank Limited (MCB), being the parent company of MCB-Arif Habib Savings and Investments Limited, has acquired 21,664,167 (30.09%) shares of MCB-Arif Habib Savings & Investment Limited (MCB-AH) from Arif Habib Corporation Limited (AHCL). By virtue of this transaction MCB Bank Limited's shareholding in MCB-AH has increased from 36,956,768 (51.33%) shares to 58,620,935 (81.42%) and AHCL no longer holds any shares in MCB-AH.

Consequently, members of the Company in an Extra Ordinary General Meeting (EOGM) held on July 07, 2023 have resolved via special resolution that the name of the Company be changed from MCB-Arif Habib Savings and Investments Limited to MCB Investment Management Limited and a formal request for change of name has been forwarded to the Securities and Exchange Commission of Pakistan (SECP) for its approval.

CORPORATE GOVERNANCE

The Board comprises of eight (8) members including the Chief Executive Officer (CEO) and has a diverse mix of gender and knowledge. The Board consists of 1 female and 7 male directors, categorized as follows:

- 4 Non – Executive Directors;
- 3 Independent Directors; and
- 1 Executive Director (CEO).

DIRECTORS' REPORT

The details of above are as under:

| Sr. No. | Name | Status | Membership in other Board Committees |
|---------|----------------------------|------------------------|---------------------------------------|
| 1. | Mr. Haroun Rashid | Non-Executive Director | None |
| 2. | Mr. Shoaib Mumtaz | Non-Executive Director | HR&R* Committee |
| 3. | Mr. Ahmed Jahangir | Non-Executive Director | Audit Committee; and HR&R* Committee. |
| 4. | Mr. Manzar Mushtaq | Non-Executive Director | Audit Committee |
| 5. | Syed Savail Meekal Hussain | Independent Director | Audit Committee (Chairman) |
| 6. | Mr. Fahd Kamal Chinoy | Independent Director | HR&R* Committee (Chairman). |
| 7. | Ms. Mavra Adil Khan | Independent Director | HR&R* Committee |
| 8. | Mr. Muhammad Saqib Saleem | Executive Director | HR&R* Committee |

* HR&R stands for Human Resource and Remuneration

The Board of Directors review all significant matters of the Company. This includes, but not limited to, the Company's strategic direction, annual business plans and targets, decision on long-term investments. The Board of Directors is committed to maintaining high standards of corporate governance.

The Board of Directors is pleased to report that:

- a. The financial statements, present fairly the state of affairs, the results of operations, cash flows and changes in equity;
- b. Proper books of accounts of the Company have been maintained;
- c. Appropriate accounting policies as stated in the notes to the financial statements have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d. International Financial Reporting Standards have been followed in the preparation of financial statements and any departures there from have been adequately disclosed and explained;
- e. The system of internal control is sound in design and has been effectively implemented and monitored with ongoing efforts to improve it further;
- f. There are no significant doubts upon the Company's ability to continue as going concern;
- g. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations;
- h. Key operating and financial data of the last 6 years in summarized form is annexed;
- i. The outstanding taxes, statutory charges and duties, if any, have been fully disclosed in the audited financial statements;

DIRECTORS' REPORT

- j. The Board of Directors is ultimately responsible for Company's system of internal control and for reviewing its effectiveness. The Board, whilst maintaining its overall responsibility, has delegated the detailed design and operation of the system of internal controls to the Chief Executive. Company's system of internal controls comprises of clear governance structures, authority limits and accountabilities, well-understood policies and procedures. The Board meets quarterly to consider Company's financial performance, financial and operating budgets, business growth and developmental plans, capital expenditure proposals and other key performance indicators. The Audit Committee receives reports on the system of internal financial controls from the external and internal auditors and reviews the process for monitoring the effectiveness of internal controls;
- k. As at June 30, 2023, the Company is in compliance with the requirements of Directors' Training Program, as contained in Regulation No. 20 of the Code;
- l. The Directors' Remuneration Policy (The Policy) was approved by the Board of Directors in their 144th meeting held on September 14, 2018. During the year, the Policy was revised and was approved by the Board of Directors in their 182nd meeting held on October 21, 2022. The main features of the Policy are as under:
- (i) With effect from October 21, 2022 each non-executive director will be paid a sum of rupees one hundred and twenty-five thousand (125,000) for attending the Board meeting / committees of the Board;
 - (ii) Payment for any extra services shall not be made to any executive director. However, if a non-executive director performs any special services, the remuneration of the same will be pre-decided by the Board and in the absence of the quorum, by the general meeting of members of the Company;
 - (iii) Remuneration to executive director(s) shall be decided by the Board on recommendation of the Human Resource and Remuneration Committee based on the role and responsibilities of the executive director and shall reflect the individual's roles, experience and responsibilities; and
 - (iv) Non-executive directors are not covered under any post retirement scheme of the Company.
- m. The detailed pattern of shareholding as on June 30, 2023 is annexed;
- n. A formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of the Board and Committees of the Board;
- o. There are no other contracts or arrangement entered into with any of the Related Parties requiring disclosure under Section 208 of the Companies Act, 2017.

DIRECTORS' REPORT

p. Meeting of the Directors

During the year, twelve (12) meetings of the Board of Directors were held. The attendance of each Director is as follows:

| | Name of Persons | Number of meetings held | Number of meetings | | |
|-----|---------------------------------|-------------------------|---------------------|----------|---------------|
| | | | Attendance required | Attended | Leave granted |
| 1. | Mr. Haroun Rashid | 12 | 12 | 12 | - |
| 2. | Mr. Nasim Beg* | 12 | 12 | 12 | - |
| 3. | Mr. Ahmed Jahangir | 12 | 12 | 12 | - |
| 4. | Mirza Qamar Beg* | 12 | 12 | 12 | - |
| 5. | Syed Savail Meekal Hussain | 12 | 12 | 10 | 2 |
| 6. | Mr. Kashif A. Habib* | 12 | 12 | 8 | 4 |
| 7. | Ms. Mavra Adil Khan | 12 | 12 | 9 | 3 |
| 8. | Mr. Shoaib Mumtaz ** | 12 | 1 | 1 | - |
| 9. | Mr. Manzar Mushtaq** | 12 | 1 | 1 | - |
| 10. | Mr. Fahd Kamal Chinoy ** | 12 | 1 | 1 | - |
| 11. | Mr. Muhammad Saqib Saleem (CEO) | 12 | 12 | 12 | - |

* Resigned on May 02, 2023.

** Appointed on May 02, 2023.

q. Meeting of the Audit Committee.

During the year, eight (8) meetings of the Audit Committee were held. The attendance of each participant is as follows:

| | Name of Persons | Number of meetings held | Number of meetings | | |
|----|-----------------------------|-------------------------|---------------------|----------|---------------|
| | | | Attendance required | Attended | Leave granted |
| 1. | Mirza Qamar Beg (Chairman)* | 8 | 8 | 8 | - |
| 2. | Mr. Nasim Beg* | 8 | 8 | 7 | 1 |
| 3. | Mr. Ahmed Jahangir | 8 | 8 | 8 | - |
| 4. | Mr. Kashif A. Habib* | 8 | 8 | 6 | 2 |
| 5. | Syed Savail Meekal Hussain | 8 | 8 | 5 | 3 |

* Resigned on May 02, 2023.

r. Meeting of the Human Resource and Remuneration Committee.

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

| | Name of Persons | Number of meetings | Number of meetings | | |
|----|---------------------------------|--------------------|---------------------|----------|---------------|
| | | | Attendance required | Attended | Leave granted |
| 1. | Mirza Qamar Beg (Chairman)* | 5 | 5 | 5 | - |
| 2. | Mr. Ahmed Jahangir | 5 | 5 | 5 | - |
| 3. | Mr. Nasim Beg* | 5 | 5 | 5 | - |
| 4. | Ms. Mavra Adil Khan | 5 | 5 | 2 | 3 |
| 5. | Syed Savail Meekal Hussain | 5 | 5 | 5 | - |
| 6. | Mr. Muhammad Saqib Saleem (CEO) | 5 | 5 | 5 | - |

* Resigned on May 02, 2023.

DIRECTORS' REPORT

AUDITORS

The current auditors, **M/s A.F. Ferguson & Co. Chartered Accountants** have completed their engagement for the year ended June 30, 2023 and shall retire on the conclusion of the 23rd Annual General Meeting.

The Audit Committee considered and recommended the re-appointment of **M/s A.F. Ferguson & Co. Chartered Accountants** as statutory auditors of the Company for the year ending June 30, 2024 and the Board of Directors also endorsed the recommendation of the Audit Committee to comply with the requirements of Code of Corporate Governance.

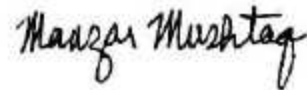
ACKNOWLEDGEMENT

The Directors would like to express their deep appreciation to our shareholders who have consistently demonstrated their confidence in the Company. We would also like to place on record our sincere appreciation for the commitment, dedication and innovative thinking put in by each individual of the Company and are confident that they will continue to do so in the future.

For and on behalf of Board



Muhammad Saqib Saleem
Chief Executive Officer
Karachi, July 26, 2023



Manzar Mushtaq
Director

آڈیٹرز

موجودہ آڈیٹرز M/s اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے 30 جون 2023ء کو ختم ہونے والے سال کے لیے اپنا کام مکمل کر لیا ہے اور وہ 23rd سالانہ عمومی اجلاس کے اختتام پر ریٹائر ہو جائیں گے۔

آڈٹ کمیٹی نے 30 جون 2024ء کو ختم ہونے والے سال کے لئے M/s اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی کمیٹی کے قانونی آڈیٹرز کے طور پر دوبارہ تقرری پر غور کیا ہے اور اس کی سفارش کی ہے، اور بورڈ آف ڈائریکٹرز نے بھی کوڈ آف کارپوریٹ گورننس کی ضروریات کی تعمیل کرتے ہوئے آڈٹ کمیٹی کی سفارش کی توثیق کی ہے۔

انظہار نظر

ڈائریکٹرز حصص یافتگان کو کمیٹی میں مسلسل اعتماد کے انظہار پر خراج تحسین پیش کرتے ہیں۔ علاوہ ازیں، ہم کمیٹی کے ہر فرد کو اس کے عزم، اخلاص اور جدت پسندانہ سوچ کے لیے سراہتے ہیں اور امید کرتے ہیں کہ وہ مستقبل میں بھی اسی طرح سرگرم عمل رہیں گے۔

من جانب ڈائریکٹرز،

Mansoor Mushtaq

منظر مشتاق
ڈائریکٹر

Muhammad Qasim

محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر
26 جولائی 2023ء

ڈائریکٹرز رپورٹ

| | | | | |
|---|----|----|----|------------------------------------|
| - | 1 | 1 | 12 | ۱۰۔ جناب فہد کمال چنائے ** |
| - | 12 | 12 | 12 | ۱۱۔ جناب محمد ثاقب سلیم (سی ای او) |

* 02 مئی 2023ء کو مستعفی ہو گئے تھے۔

** 02 مئی 2023ء کو مقرر کیے گئے۔

q. آڈٹ کمیٹی کی میٹنگز

دوران سال آڈٹ کمیٹی کی آٹھ (8) میٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

| میٹنگز کی تعداد | | | | |
|-----------------|-------|--------------|------------------------|--------------------------------|
| منظور شدہ رخصت | حاضری | مطلوبہ حاضری | منعقدہ میٹنگز کی تعداد | نام |
| - | 8 | 8 | 8 | ۱۔ مرزا محمد قریب (چیئر مین) * |
| 1 | 7 | 8 | 8 | ۲۔ جناب نسیم بیگ * |
| - | 8 | 8 | 8 | ۳۔ جناب احمد جہانگیر |
| 2 | 6 | 8 | 8 | ۴۔ جناب کاشف اے حبیب * |
| 3 | 5 | 8 | 8 | ۵۔ سید ساویل میکال حسین |

* 02 مئی 2023ء کو مستعفی ہو گئے تھے۔

r. ہیومن ریسورس اینڈ ریوژنیشن کمیٹی کی میٹنگ

دوران سال ہیومن ریسورس اینڈ ریوژنیشن کمیٹی کی پانچ (5) میٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

| میٹنگز کی تعداد | | | | |
|-----------------|-------|--------------|------------------------|-----------------------------------|
| منظور شدہ رخصت | حاضری | مطلوبہ حاضری | منعقدہ میٹنگز کی تعداد | نام |
| - | 5 | 5 | 5 | ۱۔ جناب مرزا قریب (چیئر مین) * |
| - | 5 | 5 | 5 | ۲۔ جناب احمد جہانگیر |
| - | 5 | 5 | 5 | ۳۔ جناب نسیم بیگ * |
| 3 | 2 | 5 | 5 | ۴۔ محترمہ ماوراء عادل خان |
| - | 5 | 5 | 5 | ۵۔ سید ساویل میکال حسین |
| - | 5 | 5 | 5 | ۶۔ جناب محمد ثاقب سلیم (سی ای او) |

ڈائریکٹرز رپورٹ

- (i) 21 اکتوبر 2022ء سے ہر غیر ایگزیکٹو ڈائریکٹر کو بورڈ یا بورڈ کی کمیٹیوں کے اجلاس میں شرکت کرنے کے عوض ایک سو پچیس ہزار (125,000) روپے دیئے جائیں گے؛
- (ii) کسی بھی ایگزیکٹو ڈائریکٹر کو کسی بھی اضافی خدمات کے لیے کوئی رقم ادا نہیں کی جائے گی۔ تاہم اگر کوئی غیر ایگزیکٹو ڈائریکٹر کوئی خصوصی خدمات ادا کرتا ہے تو اس کا معاوضہ بورڈ کی جانب سے، اور مکمل حاضری (کورم) نہ ہونے کی صورت میں کمپنی کے ارکان کے عمومی اجلاس میں، پہلے سے طے شدہ ہوگا؛
- (iii) ایگزیکٹو ڈائریکٹرز کا معاوضہ بورڈ طے کرے گا، جو ہیومن ریسورس اینڈ ریمونیشن کمیٹی کی سفارش پر، ایگزیکٹو ڈائریکٹر کے ادارہ جاتی کردار اور ذمہ داریوں کی بنیاد پر ہوگا، اور اس کے ادارہ جاتی کردار، تجربے اور ذمہ داریوں کی عکاسی کرے گا؛ اور
- (iv) غیر ایگزیکٹو ڈائریکٹرز کمپنی کی کسی بعد از ریٹائرمنٹ اسکیم کا حصہ نہیں ہوں گے۔
- m. 30 جون 2023ء کو حصص یا ہسٹگی کا تفصیلی خاکہ ملحق ہے؛
- n. بورڈ کی اپنی، بورڈ کے ارکان کی اور بورڈ کی کمیٹیوں کی سالانہ جانچ کے لیے ایک باقاعدہ رسمی اور موثر نظام نافذ کیا گیا ہے؛
- o. متعلقہ فریقوں (Related Parties) میں سے کسی سے بھی کوئی ایسا دیگر معاہدہ یا انتظام نہیں کیا گیا ہے جس کو کمپنیز ایکٹ 2017ء کے سیکشن 208 کے تحت ظاہر کرنا ضروری ہو۔

p. ڈائریکٹرز کی میٹنگز

دوران سال ڈائریکٹرز کی بارہ (12) میٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

| میٹنگز کی تعداد | | | | نام |
|-----------------|-------|--------------|------------------------|---------------------------|
| منظور شدہ رخصت | حاضری | مطلوبہ حاضری | منعقدہ میٹنگز کی تعداد | |
| - | 12 | 12 | 12 | ۱۔ جناب ہارون رشید |
| - | 12 | 12 | 12 | ۲۔ جناب نسیم بیگ * |
| - | 12 | 12 | 12 | ۳۔ جناب احمد جہانگیر |
| - | 12 | 12 | 12 | ۴۔ مرزا قمر بیگ * |
| 2 | 10 | 12 | 12 | ۵۔ سید ساویل می کال حسین |
| 4 | 8 | 12 | 12 | ۶۔ جناب کاشف اے حبیب * |
| 3 | 9 | 12 | 12 | ۷۔ محترمہ ماوراء عادل خان |
| - | 1 | 1 | 12 | ۸۔ جناب شعیب ممتاز ** |
| - | 1 | 1 | 12 | ۹۔ جناب منظر مشتاق ** |

ڈائریکٹرز رپورٹ

سالانہ کاروباری منصوبے اور اہداف، اور طویل المیعاد سرمایہ کاریوں کے فیصلے۔ بورڈ آف ڈائریکٹرز کارپوریٹ گورننس کے اعلیٰ معیار برقرار رکھنے کے لیے ہر عزم ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے مطلع کیا جاتا ہے کہ:

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

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

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

d. مالیاتی گوشواروں کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی تعمیل کی گئی ہے اور ان سے کسی بھی انحراف کو خاطر خواہ انداز میں ظاہر اور واضح کیا گیا ہے؛

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

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

g. بسٹنگ ریگیولیشنز میں واضح کردہ کارپوریٹ گورننس کی بہترین روایات سے کوئی قابل ذکر انحراف نہیں ہوا ہے؛

h. گزشتہ چھ سالوں کا اہم آپریٹنگ اور مالیاتی ڈیٹا مختصر انداز میں ملحق ہے؛

i. واجب الادا ٹیکس، قانونی چارجز اور ڈیویڈنڈز کو (اگر کوئی ہیں تو) آڈٹ شدہ مالیاتی گوشواروں میں مکمل طور پر ظاہر کیا گیا ہے؛

j. کمپنی کے اندرونی جانچ پڑتال (انٹرنل کنٹرول) کے نظام اور اس کی موثریت کا جائزہ لینے کی حتمی ذمہ داری بورڈ آف ڈائریکٹرز پر عائد ہوتی ہے۔ بورڈ نے مجموعی طور پر اپنی ذمہ داری اپنے پاس رکھتے ہوئے اندرونی جانچ پڑتال کے نظام کو تفصیلاً بنانے اور چلانے کی ذمہ داری چیف ایگزیکٹو کو تفویض کی ہے۔ کمپنی کا اندرونی جانچ پڑتال کا نظام قیادت کے واضح ڈھانچوں، اختیار کی حدود اور احتساب، اور ایسی پالیسیوں اور طریقوں پر مشتمل ہے جن کو سب نے اچھی طرح سمجھا ہوا ہے۔ بورڈ کا سہ ماہانہ بنیاد پر اجلاس ہوتا ہے جس میں کمپنی کی مالیاتی کارکردگی، مالی اور آپریٹنگ بجٹ، کاروباری مقاصد اور ترقیاتی منصوبوں، معجزہ کیپیٹل اخراجات اور دیگر اہم کارکردگی کے اشاریوں پر غور و خوض ہوتا ہے۔ آڈٹ کمیٹی خارجی اور اندرونی آڈیٹرز سے اندرونی جانچ پڑتال کے نظام پر رپورٹس وصول کرتی ہے اور اندرونی جانچ پڑتال کی موثریت کی نگرانی کے طریق کار کا جائزہ لیتی ہے؛

k. 30 جون 2023ء کو کمپنی، کوڈ کے ریگولیشن نمبر 20 کے مطابق، ڈائریکٹرز ٹریڈنگ پروگرام کی شرائط پر تعمیل پیرا ہے؛

l. ڈائریکٹرز کے معاوضے کی پالیسی (پالیسی) کو بورڈ آف ڈائریکٹرز نے اپنے 144th اجلاس منعقدہ 14 ستمبر 2018ء میں منظور کیا تھا۔ دوران سال پالیسی پر نظر ثانی کی گئی اور بورڈ آف ڈائریکٹرز نے اپنے 182nd اجلاس منعقدہ 21 اکتوبر 2022ء میں اسے منظور کیا۔ پالیسی کے چیدہ نکات درج ذیل ہیں:

ڈائریکٹرز رپورٹ

چنانچہ کمپنی کے ارکان نے ایک غیر معمولی عمومی اجلاس (ای او جی ایم) منعقدہ 07 جولائی 2023ء میں خصوصی قرارداد کے ذریعے فیصلہ کیا ہے کہ کمپنی کا نام ایم سی بی عارف حبیب سیونگز اینڈ انویسٹمنٹس لمیٹڈ سے تبدیل کر کے ایم سی بی انویسٹمنٹ مینجمنٹ لمیٹڈ کر دیا جائے، اور نام کی تبدیلی کی ایک رسمی درخواست سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کو اس کی منظوری کے لیے روانہ کر دی گئی ہے۔

کارپوریٹ گورننس

فہرست کارپوریٹ گورننس کے اعلیٰ ترین معیار نافذ کرنے کے لئے پُر عزم ہے۔ بورڈ آف ڈائریکٹرز (8) ارکان پر مشتمل ہے بشمول چیف ایگزیکٹو ڈائریکٹر (CEO) اور اس میں صنف اور علم کا متنوع امتزاج موجود ہے۔ بورڈ 1 خاتون اور 7 حضرات ڈائریکٹرز پر مشتمل ہے جن کو مندرجہ ذیل زمروں میں تقسیم کیا گیا ہے:

- * چار (4) غیر ایگزیکٹو ڈائریکٹرز
- * تین (3) خود مختار ڈائریکٹرز
- * ایک (1) ایگزیکٹو ڈائریکٹر (CEO)

مندرجہ بالا کی تفصیلات درج ذیل ہیں:

| نمبر شمار | نام | عہدہ | دیگر بورڈ کمیٹیوں میں رکنیت |
|-----------|---------------------------|-----------------------|-------------------------------------|
| 1. | جناب ہارون رشید | غیر ایگزیکٹو ڈائریکٹر | کوئی نہیں |
| 2. | جناب شعیب ممتاز | غیر ایگزیکٹو ڈائریکٹر | ایچ آراینڈ آر * کمیٹی |
| 3. | جناب احمد جہانگیر | غیر ایگزیکٹو ڈائریکٹر | آڈٹ کمیٹی اور ایچ آراینڈ آر * کمیٹی |
| 4. | جناب منظر مشتاق | غیر ایگزیکٹو ڈائریکٹر | آڈٹ کمیٹی |
| 5. | جناب سید ساویل میکان حسین | خود مختار ڈائریکٹر | آڈٹ کمیٹی (چیئر مین) |
| 6. | جناب فہد کمال چنائے | خود مختار ڈائریکٹر | ایچ آراینڈ آر * کمیٹی (چیئر مین) |
| 7. | محترمہ ماوراء عادل خان | خود مختار ڈائریکٹر | ایچ آراینڈ آر * کمیٹی |
| 8. | جناب محمد ثاقب سلیم | ایگزیکٹو ڈائریکٹر | ایچ آراینڈ آر * کمیٹی |

* ایچ آراینڈ آر کا مطلب ہے ہیومن ریسورس اینڈ ریورنیشن

بورڈ آف ڈائریکٹرز کمپنی کے تمام اہم معاملات کا جائزہ لیتے ہیں بشمول (لیکن ان معاملات تک محدود نہیں) کمپنی کے لائحہ عمل کا رخ،

ڈائریکٹرز رپورٹ

اٹھ جاتی انتظام کی درجہ بندی (ایسیٹ فیچر ریٹنگ)

کمپنی نے بلند ترین درجہ بندی AM1 برقرار رکھی۔ اس سے کمپنی کے صف اول کی AMC ہونے کی عکاسی ہوتی ہے، ایک ایسی کمپنی جو بھرپور جانچ پڑتال کے ماحول، سرمایہ کاری کے مضبوط طریقوں، مٹھ گورننس یعنی اچھی قیادت کی ساخت، اور اہل انتظامی ٹیم کی حامل ہے۔ کمپنی کے ذیہ انتظام اجتماعی سرمایہ کاری کی اسکیموں کے استحکام کی درجہ بندیاں درج ذیل ہیں:

| | 30 جون 2022ء | 30 جون 2023ء | |
|----------------------------|----------------------|--------------|-----------------------------------|
| درجہ بندی کرنے والی ایجنسی | استحکام کی درجہ بندی | | |
| پاکرا | AA + (f) | AA + (f) | پاکستان کیش مینجمنٹ فنڈ |
| پاکرا | AA - (f) | AA - (f) | پاکستان انکم فنڈ |
| پاکرا | AA - (f) | AA - (f) | ایم سی بی پاکستان Sovereign فنڈ |
| پاکرا | A + (f) | A + (f) | پاکستان انکم انہینسمنٹ فنڈ |
| پاکرا | AA - (f) | AA - (f) | ایم سی بی ڈی سی ایف انکم فنڈ |
| پاکرا | AA + (f) | AA + (f) | ایم سی بی کیش مینجمنٹ آپٹیمائزر |
| پاکرا | AA - (f) | AA - (f) | الحراء اسلامک انکم فنڈ |
| پاکرا | AA - (f) | AA - (f) | الحراء ڈیلی ڈیویڈنڈ فنڈ |
| پاکرا | AA + (f) | AA + (f) | الحراء اسلامک منی مارکیٹ فنڈ |
| پاکرا | - | AA (f) | الحراء وعدہ فنڈ |
| پاکرا | - | AA + (f) | ایم سی بی پاکستان فیکسڈ ریٹرن فنڈ |
| پاکرا | - | AA + (f) | الحراء کیش مینجمنٹ آپٹیمائزر |

میوچل فنڈ ز ایسوسی ایشن آف پاکستان (MUFAP) میوچل فنڈز کی کارکردگی کو منافعوں کی بنیاد پر جانچ رہا ہے۔ ایم سی بی اے ایچ نے اپنی ایکویٹی پر مبنی اجتماعی سرمایہ کاری اسکیموں کے لیے MUFAP کی کارکردگی کی درجہ بندی حاصل کی ہے۔

ہولڈنگ کمپنی

18 اپریل 2023ء کو ایم سی بی - عارف حبیب سیونگز اینڈ انویسٹمنٹس لمیٹڈ کی parent کمپنی ایم سی بی بینک لمیٹڈ (MCB) نے عارف حبیب کارپوریشن لمیٹڈ (AHCL) سے ایم سی بی - عارف حبیب سیونگز اینڈ انویسٹمنٹس لمیٹڈ کے 21,664,167 (30.09 فیصد) حصص حاصل کر لیے ہیں۔ اس پیش رفت کے بعد MCB کی MCB-AH میں حصص سہاقتگی 36,956,768 (51.33 فیصد) سے بڑھ کر 58,620,935 (81.42 فیصد) ہو گئی ہے اور AHCL اب MCB-AH میں حصص کا حامل نہیں ہے۔

30 جون 2023 کو ختم ہونے والے مالی سال کے لیے بورڈ کی طرف سے مسجوزہ حتمی ڈیویڈنڈ 55 فیصد (5.5 روپے فی شیئر) ہے، جو بالقابل 30 جون 2022 کو ختم ہونے والے مالی سال کے لیے 30 فیصد (1 روپے فی شیئر) حتمی ڈیویڈنڈ اور 2 روپے فی شیئر عبوری ڈیویڈنڈ تھا۔

کمپنی کے بورڈ آف ڈائریکٹرز کی مجموعی طور پر ذمہ داری ہے کہ اس بات کو یقینی بنائیں کہ اندرونی مالیاتی جانچ پڑتال کا نظام خاطر خواہ ہے اور موثر انداز میں چل رہا ہے۔

30 جون 2023 کو پینشن فنڈز میں ایمپلائیز کی شراکت کی قدر 35.44 ملین روپے ہے (30 جون 2022 کو ختم ہونے والے سال کے لیے 31.77 ملین روپے)۔

بنیادی خطرات اور غیر یقینی عوامل

اثاثہ جات تحت الانتظامیہ (AUMs) نے، جو اثاثہ جاتی انتظام کی صنعت کی شہ رگ ہے، مالی سال 2023ء میں امید افزا ترقی کی اور 1.55 ٹریلین روپے سے سبقت لے گئے۔ اس کا تعلق کارپوریٹ اداروں کی ناپسندیدگی برائے کاروباری خطرات سے ہے کیونکہ معاشی حالات غیر یقینی اور پالیسی کا رخ غیر واضح ہونے کے ساتھ ساتھ بہتر منافع جات پیش کیے جا رہے ہیں اور اثاثہ جاتی انتظام کی کمپنیوں (AMCs) نے آگاہی پیدا کی ہے۔ اس بے حد مسابقتی صنعت میں نئے صارفین اپنی طرف مائل کرنے اور موجودہ صارفین کو سہولت فراہم کرنے کے لیے AMCس نے زیادہ سے زیادہ آن لائن اور بذریعہ موبائل خدمات کی فراہمی جاری رکھی۔ تاہم اس نوعیت کی خدمات میں ہیکنگ اور سائبر حملوں کا خطرہ رہتا ہے۔ ان خدمات کو بنانے، چلانے اور بچانے میں خطیر لاگت آتی ہے، تاہم بہتر سے بہتر منافع کی مانگ انتظامی فیس میں اضافے کی اجازت نہیں دے رہی۔ چنانچہ AMCس کے منافع جات بدستور باؤ میں ہیں۔ اخراجات پورے کرنے اور منافع بخش ہونے کا واحد حل زیادہ AUMس ہیں۔ حکومت Know Your Customer (KYC) کی ضروریات سے متعلق مسائل کے حوالے سے محتاط ہو گئی ہے تاکہ Anti Money Laundering (AML) یعنی پیسہ غیر قانونی طریقے سے ملک سے باہر لے جانے کی روک تھام، اور Combating the Financing of Terrorism (CFT) یعنی دہشتگردی کے لیے رقم کی فراہمی کے خلاف جہاد پر کام کیا جاسکے۔ چنانچہ AMCس پر زیادہ ذمہ داری عائد ہوتی ہے کہ وہ توجہ سے Customer Due Diligence (CDD) کریں۔ اس کے نتیجے میں AMCس کے لیے قانونی خطرہ بڑھ جاتا ہے، اور ایم سی بی اے ایچ ان پیسیدہ لیکن ضروری قوانین کی تعمیل کو یقینی بنانے کے لیے پُر عزم ہے۔

کارپوریٹ سماجی ذمہ داری اور ماحول پر اثر

اس سال ایم سی بی - عارف حبیب نے انڈس ہسپتال کے ساتھ اشتراک کر کے چھاتی کے سرطان کے ابتدائی علامات، از خود ذاتی معائنے اور احتیاطی تدابیر برائے روک تھام پر ایک آگاہی نشست کا انعقاد کیا۔ چھاتی کا سرطان پاکستان میں خواتین میں سب سے زیادہ پایا جانے والا کینسر ہے۔ ہرنو (9) میں سے ایک عورت اپنی زندگی کے کسی مرحلے پر اس کا شکار ہوتی ہے۔ مذکورہ آگاہی نشست باہمی گفت و شنید پر مبنی تھی جو کمپنی کی تمام خواتین ایمپلائیز کے لیے منعقد کی گئی تھی اور بے حد معلوماتی و مفید ثابت ہوئی۔

کمپنی کی کارکردگی کا جائزہ

دوران سال پاکستان کی معیشت کو متعدد مشکلات کا سامنا کرنا پڑا، بشمول انٹرنیشنل مانیٹری فنڈ (ایم ایف) سے قرض کی منظوری اور مہنگائی کی بلند سطح۔ توانائی اور دھات کی مقامی قیمتوں میں عالمی رجحانات کے مطابق خطیر اضافہ ہوا اور اس کے ساتھ ساتھ سود کی شرحیں بھی بڑھ گئیں۔ مالی سال 2022-23ء میں بڑے پیمانے پر سیلابوں کی تباہی کے نتیجے میں معاشی دباؤ مزید سنگین ہو گیا۔ ڈیجیٹلائزیشن کے حوالے سے عالمی اور مقامی سطح پر پیش رفت کے باعث کمپنی کو پاکستان میں AMC (اثاثہ جاتی انتظام کی کمپنی) / سرمایہ کارانہ خدمات کی ساخت میں مطلوبہ تشکیل نو کی ضرورت ہے۔ یہ تبدیلی e-investments (آن لائن سرمایہ کاری) کے نئے اور موثر تر مواقع اختیار کر کے صارفین کو خدمت کے بہتر تجربات فراہم کرنے کے لیے ناگزیر ہے۔ کمپنی جدید اور صارف دوست اقدامات پر توجہ مرکوز کرنے، نئی ابھرنے والی مارکیٹوں میں سرایت کرنے، اور ڈیجیٹل مواقع اور لاگت کے انتظام کے موثر طریقے اختیار کرنے کے ذریعے مارکیٹ میں بدستور سب سے آگے رہنے کے لیے پرعزم ہے۔

صارف دوست اقدامات پر توجہ مرکوز کرنے کا سلسلہ اگلے سال بھی جاری رہے گا۔ ہم ایک متنوع مالیاتی ادارے کی اپنی منفرد حیثیت برقرار رکھنے کے لیے پرعزم ہیں، ایک ایسا ادارہ جو شاندار روٹے اور مضبوط ساکھ کا حامل ہے، جو اپنے معزز صارفین کی ضروریات کے عین مطابق بہتر مصنوعات اور خدمات فراہم کرتا ہے، اور اس طرح یہ کمپنی اپنے اثاثہ جات تحت الانتظامیہ (AUMs) دائرہ کار میں کئی گنا توسیع کرنے میں کامیاب ہوتی ہے۔

کمپنی اپنے قیمتی صارفین کی وفاداری اور اطمینان کی پیمائش کے لیے نیٹ پروموزسکور (NPS) استعمال کرتی ہے۔ 30 جون 2023ء کو ختم ہونے والے مالی سال کی تکمیل پر ہمارا NPS 58 فیصد تھا، بالمقابل 45 فیصد جو سال کے آغاز پر تھا۔ دوران سال 13 فیصد کا اضافہ اس بات کا ثبوت ہے کہ ہماری کوششیں صارفین کو خدمت کے بہتر تجربات فراہم کرنے میں کامیاب ہو رہی ہیں۔ دوران سال کمپنی کے اثاثہ جات تحت الانتظامیہ (AUMs) 21 فیصد بڑھ کر 187 بلین روپے سے 226 بلین روپے ہو گئے، اور اس کے نتیجے میں کمپنی کی اصل آمدنی میں 251 ملین روپے سے زائد کا اضافہ ہوا، جو مالی سال 2022ء میں 849 ملین روپے تھی۔ مجموعی انتظامیہ / سرمایہ کارانہ مشاورت کی فیس کی مدد میں مالی سال 2023ء میں 1,101 روپے آمدنی ہوئی۔ سود سے ہونے والے 21 فیصد منافع اور مالی سال 2024ء میں اسٹاک ایکسچینج کی متوقع بہتر کارکردگی کی بنیاد پر ہمیں امید ہے کہ AUMs میں مزید ترقی ہوگی جس کی بدولت آمدنی اور منافع میں اضافہ ہوگا۔

YTD جون 2023ء PSX نے تقریباً 0.21 فیصد منفی منافع دکھایا، بالمقابل تقریباً 4.13 فیصد منفی منافع مماثل سال میں۔ ایکویٹی مارکیٹ میں منفی منافع جات کے باوجود فنڈ کے بہتر انتظام کی بدولت کمپنی کی سرمایہ کارانہ آمدنی 57.6 ملین روپے تھی، بالمقابل 4.7 ملین روپے مماثل مدت میں۔

زیادہ AUMs اور بہتر سرمایہ کارانہ آمدنی کی بدولت کمپنی کا منافع بعد از ٹیکس 378.2 ملین روپے تھا، جو بالمقابل 173.3 ملین روپے مماثل سال میں تھی۔ 30 جون 2023ء کو ختم ہونے والے موجودہ مالی سال کی آمدنی فی حصص 5.25 روپے تھی، جو بالمقابل 2.41 روپے 30 جون 2022ء کو ختم ہونے والے گزشتہ مالی سال میں تھا۔

ڈائریکٹرز رپورٹ

کیپٹل مارکیٹ، خصوصاً ایکویٹیز، کے نقطہ نظر سے مارکیٹ میں سستی valuations پر کاروبار ہو رہا ہے۔ مارکیٹ cap کا جی ڈی پی کے ساتھ تناسب کم ہو کر 7.5 فیصد ہو گیا ہے جو اس کے قدیم اوسط 19.7 فیصد سے 62 فیصد کمی ہے۔ اسی طرح Earning Yield (آمدنی کی پیداوار) میں سے Risk Free Rate (خطرے سے محفوظ شرح) منہا کرنے پر تقریباً 6.0 فیصد بنتا ہے، اور قدیم اوسط 2.7 فیصد سے موازنہ کرنے پر اس بھرپور کمی کا پتہ چلتا ہے جس پر مارکیٹ میں تجارت ہو رہی ہے۔ خارجی اکاؤنٹ کے مسائل حل کرنے سے مارکیٹ کی استعداد سے فائدہ اٹھانے میں مدد ملے گی۔ ہم سمجھتے ہیں کہ اسٹاک اور شعبہ جات کا مجموعی تناظر اہم رہے گا اور سرمایہ کاری کے انتخاب کے لیے ان کمپنیز پر توجہ مرکوز کی جانی چاہیے جو اپنی اندرونی قدر میں بھرپور کمی پر تجارت کرتی ہیں۔ موجودہ طور پر مارکیٹ میں 4.7x کے PER پر تجارت ہو رہی ہے جبکہ ڈیویڈنڈ کی سطح 11.8 فیصد پر ہے۔

حاملین قرض کے لیے ہم توقع کرتے ہیں کہ بازار زر کے فنڈ سال بھر بلا رکاوٹ پالیسی شرحوں کی عکاسی جاری رکھیں گے۔ ہم ڈیٹا پوائنٹس کی نگرانی اور پُرکَشش شرحوں پر اگلم فنڈز میں حکومتی بانڈز شامل کرنے کے مواقع سے استفادہ جاری رکھیں گے تاکہ درمیانی مدت میں متوقع مالیاتی تسہیل سے فائدہ اٹھایا جاسکے۔

میوچل فنڈ صنعت کا جائزہ

اوپن اینڈ میوچل فنڈ صنعت کے net اثاثہ جات دوران مالی سال 2023 تقریباً 28.9 فیصد بڑھ کر 1,564 بلین روپے ہو گئے۔ Money مارکیٹ کے مجموعی فنڈز میں جون 2022ء سے اب تک تقریباً 34.4 فیصد اضافہ ہوا۔ Money مارکیٹ کے دائرہ کار میں روایتی فنڈز تقریباً 6.1 فیصد بڑھ کر 473 بلین روپے ہو گئے، جبکہ اسلامک فنڈز 90.4 فیصد بڑھ کر 429 بلین روپے ہو گئے۔ مزید برآں، فیکسڈ انکم کے مجموعی فنڈز جون 2022ء سے اب تک تقریباً 23.7 فیصد بڑھ کر 369 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز 27 فیصد سے کم ہو کر 168 بلین روپے ہو گئے کیونکہ مجموعی معاشی عوامل سے متعلق خدشات سرمایہ کاروں کی حوصلہ شکنی کا سبب بنے۔

شعبہ جاتی اعتبار سے مالی سال 2023ء کے اختتام پر Money مارکیٹ فنڈز تقریباً 57.7 فیصد حصے کے ساتھ سب سے آگے تھے، جبکہ دوسرے نمبر پر اگلم فنڈز تھے جن کا 23.6 فیصد حصہ تھا، اور تیسرے نمبر پر ایکویٹی اور متعلقہ فنڈز تھے جن کا 10.7 فیصد حصہ تھا۔

میوچل فنڈ صنعت کی مستقبل کا منظر

سود کی موجودہ شرحوں سے Money مارکیٹ فنڈز میں زیادہ آمد و رفت کی حوصلہ افزائی ہوگی کیونکہ یہ مختصر المیعاد سرمایہ کاروں کے لیے موزوں ترین ہیں جو خطرے کی کم سطح پر رہنا چاہتے ہیں۔ تاہم آئی ایم ایف معاہدے کے بعد خارجی خدشات کم ہو گئے ہیں اور طویل المیعاد سرمایہ کار ان بے حد ہنس کَشش سطحوں پر ایکویٹی میں مزید پیسہ لگانا چاہیں گے۔ ہمارے آپریٹنگ بلا رکاوٹ جاری رہے، اور ڈیجیٹل رسائی اور آن لائن سہولیات میں بھرپور سرمایہ کاری کے نتیجے میں ہمیں جو سبقت حاصل ہے اس کی بدولت ہم آن لائن دستیاب سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کرنے کے لیے تیار ہیں۔

ڈائریکٹرز رپورٹ

ڈالر مالیت کی تھیں۔ سب سے بڑے خریدار کمپنیز، افراد اور بینک تھے جنہوں نے بالترتیب 99.7 ملین ڈالر، 83.9 ملین ڈالر اور 73.7 ملین ڈالر مالیت کی ایکویٹی خریدیں۔ غیر ملکی سرمایہ کار بھی net خریدار بن گئے اور 23.9 ملین ڈالر لانے کا سبب بنے۔ دوران مالی سال 2023، اوسط یومیہ تجارتی حجم 34 فیصد کم ہو کر 192 ملین حصص ہو گئے، بالقابل مالی سال 2022ء کے جب یہ اوسط تقریباً 291 ملین حصص تھا۔ اسی طرح دوران مالی سال 2023ء، اوسط یومیہ تجارتی قدر سال گزشتہ کے مقابلے میں 54 فیصد کم ہو کر 25 ملین ڈالر رہ گئی۔

انڈیکس کی گراوٹ میں سب سے بڑا ہاتھ دو اساز، دیگر، آٹو اسمبلرز، اور ریٹائٹری کے شعبوں کا تھا جو بالترتیب 561-، 435-، 310- اور 159- پوائنٹس کمی کا سبب بنے۔ دو اسازی کے شعبے کو درپیش سب سے بڑا مسئلہ روپے کی قدر میں ڈالر کے مقابلے میں کمی کے تناظر میں زرمبادلہ کے خساروں کا تھا جس سے قریب المیعا سرمایہ کار یوں کو خطرہ لاحق ہو گیا تھا۔ آٹو موٹیل اسمبلرز SBP کی عائد کردہ پابندیوں کے نتیجے میں پست حُجھماتی فروخت کی وجہ سے پریشانی کا شکار رہے۔ دوسری جانب توانائی کے شعبے نے متوقع سے بہتر ڈیویڈنڈز کی بدولت انڈیکس میں 554 پوائنٹس کا اضافہ کیا۔

معیشت اور بازار - مستقبل کا منظر نامہ

انٹرنیشنل مانیٹری فنڈ (آئی ایم ایف) اور پاکستان کے درمیان ایک اسٹاف لیول معاہدہ طے پایا ہے جس کے مطابق ایک اسٹینڈ بائی اگریمنٹ (SBA) کے تحت 3 بلین ڈالر فراہم کیے جائیں گے۔ یہ پروگرام نومبر 2023ء اور آئی ایم ایف کی طرف سے SBA کی منظوری سے 1.2 بلین ڈالر فوری طور پر فراہم کر دیے جائیں گے، جبکہ بقیہ 1.8 بلین ڈالر کی فراہمی نومبر 2023ء اور فروری 2024ء میں جائزوں کے بعد طے کی گئی ہے۔ یہ پروگرام ایک اہم موڑ پر طے پایا ہے جب پاکستان ادا بیگیوں کے توازن کے سنگین بحران سے نبرد آزما ہے۔ آئی ایم ایف پروگرام کی کامیاب بحالی سے پاکستان کو باہمی اور کثیر الجہتی ذرائع سے رقم کے حصول میں مدد ملے گی جس کی بدولت زرمبادلہ کے ذخائر بھی بحال ہوں گے۔ سعودی عرب نے 2 بلین ڈالر متحدہ عرب امارات نے 1 بلین ڈالر فراہم کرنے کا وعدہ کیا تھا جو آئی ایم ایف پروگرام کی بحالی پر مشروط تھا۔ اس میں سے سعودی عرب کی طرف سے 2 بلین ڈالر جولائی 2023ء میں موصول ہو چکے ہیں۔ چین کی طرف سے بھی 2.0 بلین ڈالر، اور چینی کمرشل بینکوں کی طرف سے اضافی 1.5 بلین ڈالر کی فراہمی متوقع ہے۔ مزید برآں، آئی ایم ایف پروگرام کی بحالی سے پاکستان کو ورلڈ بینک اور دیگر کثیر الجہتی ایجنسیوں سے رعایتی شرائط پر رقم کے حصول میں بھی مدد ملے گی۔ اس سے مستقبل قریب میں ڈیفالٹ کا خطرہ ٹل گیا ہے، اور ہمیں اُمید ہے کہ قریب المیعا میں روپے کی قدر مستحکم رہے گی۔

مالی سال 2024ء کی اوسط مہنگائی میں مالی سال 2023ء (29.0 فیصد) کے مقابلے میں 19.3 فیصد کمی متوقع ہے کیونکہ base effect اپنا کردار ادا کرے گا۔ مہنگائی میں بتدریج کمی متوقع ہے، اور دوران مدت زرمبادلہ کے ذخائر میں اضافے کی بدولت دسمبر 2023ء کو ختم ہونے والی سہ ماہی میں مالیاتی تسہیل کی گردش ممکن ہو سکتی ہے۔ مجموعی طور پر اگلے بارہ ماہ میں تقریباً 6 فیصد تسہیل متوقع ہے، تاہم اس کی رفتار اور اس کے وقت کا انحصار زرمبادلہ کے ذخائر کے رجحان پر ہوگا۔

اقدامات سے غیر قانونی درآمدات (اسٹیلنگ) میں اضافہ ہوا جس کے باعث ترسیلات زر مشتبہ ذرائع کی طرف مائل ہو گئیں۔ علاوہ ازیں، درآمدات پر مضبوط لگام کے نتیجے میں متعدد صنعتوں میں کمی واقع ہوئی اور مجموعی معاشی ترقی متاثر ہوئی۔

ہیڈ لائن مہنگائی، جس کی ترجمانی CPI یعنی صارفی قیمت کے انڈیکس سے ہوتی ہے، کا اوسط مالی سال 2023ء کے دوران 29.0 فیصد تھا جبکہ گزشتہ سال مماثل مدت میں 12.1 فیصد تھا۔ ایشیائی خورد و نوش کی قیمتوں میں اضافے کے ساتھ ساتھ بجلی، گیس اور پٹرول کی بڑھتی ہوئی قیمتیں CPI میں اضافے کے عوامل رہے۔ مہنگائی کے دباؤ وسیع پیمانے پر محیط تھے جس کا اظہار بنیادی مہنگائی میں 21.2 فیصد کی سطح تک اضافے سے ہوا جو گزشتہ مالی سال کے اختتام پر 12.3 فیصد تھا۔ ایس بی پی نے جون 2023ء کی تازہ ترین MPS میں سود کی شرحوں کو 1.0 فیصد بڑھا کر 22 فیصد کر دیا تاکہ سود کی حقیقی شرح کو ترقی پسند بنیاد پر مثبت علاقے میں لے جایا جائے اور مہنگائی کی توقعات پر قابو پایا جائے۔

عارضی مجموعی ملکی پیداوار (GDP) میں مالی سال 2023ء میں 0.29 فیصد ترقی ہوئی۔ اس ضمن میں زراعت اور خدمات کے شعبوں میں بالترتیب 1.6 فیصد اور 0.9 فیصد اضافہ ہوا جبکہ صنعتی شعبے میں 2.9 فیصد کمی ہوئی۔ سود کی اب تک کی بلند ترین شرحوں کے ساتھ ساتھ درآمداتی پابندیاں صنعتی ماحاصل میں کمی کے سب سے بڑے عوامل تھے۔ مالیاتی جہت میں ایف بی آر ٹیکس حصولی مالی سال 2023ء میں 16.4 فیصد بڑھ کر 7,154 بلین روپے ہو گئی، بالقابل گزشتہ سال مماثل مدت میں 6,149 بلین روپے، لیکن 486 بلین روپے کے ہدف تک نہ پہنچ سکی۔

ٹانومی مارکیٹوں کی پیداوار میں مالی سال 2023ء میں اضافہ ہوا جس کے اسباب مالیاتی سختی اور روپے کی قدر میں خطیر کمی کے بعد مہنگائی کے دباؤ کی نئی لہر ہیں۔ 3، 6 اور 12 ماہانہ ٹی۔ پلزو کے منافع جات میں بالترتیب 767، 772 اور 763 بیسیس پوائنٹس (بی پی ایس)، جبکہ 3، 5 اور 10 سالہ بانڈز کے منافع جات میں بالترتیب 602، 315 اور 240 بی پی ایس کا اضافہ ہوا۔

ایکویٹی مارکیٹ کا جائزہ

کراچی اسٹاک ایکسچینج (KSE)-100 انڈیکس مالی سال 2023ء کے دوران 88 پوائنٹس (-0.2 فیصد) کم ہو کر 41,543 پوائنٹس پر بند ہوا۔ آئی ایم ایف پروگرام کی بحالی اور دوست ممالک سے معاونت کی بدولت پیدا ہونے والا ابتدائی جوش و خروش جلد ہی تباہ کن سیلابوں میں بہہ گیا جس کے باعث پہلے سے کمزور معیشت مزید ابتری کا شکار ہو گئی۔ زیر جائزہ مدت کے دوران مہنگائی بلند بلند پر رہی، اسٹیٹ بینک آف پاکستان (SBP) کے ذخائر میں کمی آئی، اور سود کی شرح عروج پر 22 فیصد رہی، جس کے باعث سرمایہ کار مایوسی کا شکار رہے۔ علاوہ ازیں، ملک میں سیاسی افراتفری کے تناظر میں آئی ایم ایف پروگرام کے نویں جائزے کی تکمیل میں مسلسل تاخیر سے سرمایہ کاروں کی مزید حوصلہ شکنی ہوئی۔ بہر حال سال کے اختتام تک حکومت پاکستان نے اپنی صورت حال کا دوبارہ جائزہ لیا اور آئی ایم ایف پروگرام کے ساتھ ہم آہنگ ہونے کے لیے مجموعی سطح کی ترامیم کیں جس کی بدولت سرمایہ کاروں کا اعتماد کچھ حد تک بحال ہوا اور وسط سال کے خساروں کی تلافی کرنے میں مدد ملی۔

دوران سال زیادہ تر فروخت میوچل فنڈز اور بیمہ کمپنیوں کی طرف سے ہوئیں جو بالترتیب 144.5 ملین ڈالر اور 124.3 ملین

ڈائریکٹرز رپورٹ

ایم سی بی - عارف حبیب سیونگزا اینڈ انویسٹمنٹس لمیٹڈ (ایم سی بی اے ایچ) کے بورڈ آف ڈائریکٹرز کی جانب سے ایم سی بی اے ایچ کے معاملات برائے سال مُختتمہ 30 جون 2023ء کی رپورٹ پیش خدمت ہے۔

بنیادی کاروبار

کمپنی ایک غیر بینکاری مالیاتی ادارہ ہے جو اثاثہ جاتی انتظام کی کمپنی، مُشیر برائے سرمایہ کاری اور پینشن فنڈ کے مُنتظم کے طور پر سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے قانونی دائرہ کار کے تحت لائسنس یافتہ ہے۔

کاروبار کا ماحول

معیشت اور بازار کا جائزہ

مالی سال 2023ء پاکستان کے لیے مشکل سال تھا کیونکہ متعدد مجموعی معاشی مسائل درپیش رہے۔ 2022ء کے مون سون سیلابوں نے بنیادی ساخت، فصلوں اور مویشیوں کو بہت نقصان پہنچایا اور قیمتی جانیں بھی ضائع ہوئیں۔ عالمی سطح پر ایشیا کی قیمتوں میں اضافے اور کرنسی کی قدر میں کمی کے باعث مہنگائی کی ایسی لہر آئی جو 1974ء کے بعد سب سے بڑی تھی اور اس کے نتیجے میں سُوڈ کی شرحیں بلند ترین سطح پر پہنچ گئیں۔ آئی ایم ایف پروگرام کا آغاز مالی سال کے نصف آخر کے دوران غیر یقینی رہا جس کے باعث سیاسی اور معاشی مسائل سے دوچار حکومت کے لیے سنگین مشکلات پیدا ہو گئیں۔

ملک کی خارجی صورتحال غیر یقینی رہی کیونکہ ایس بی پی کے زرمبادلہ کے ذخائر کم ہو کر 30 جون 2023ء کو 4.5 بلین ڈالر رہ گئے (جو صرف 3 ہفتوں کا درآمداتی cover ہے) جبکہ مالی سال کے آغاز میں 9.8 بلین ڈالر تھے۔

حکومت نے متعدد سیاسی ناپسندیدہ اقدامات اٹھائے، اگرچہ کچھ تاخیر اور ہچکچاہٹ کے ساتھ، مثلاً بجلی اور گیس کی قیمتوں میں اضافہ کیا، روپے کی قدر میں کمی ہونے دی، اضافی ٹیکس عائد کیے اور سُوڈ کی شرحوں کو آئی ایم ایف کے مطالبات کے مطابق بڑھا دیا۔ تاہم آئی ایم ایف کے نوٹس (9th) جائزے کا اسٹاف لیول اگر سیمنٹ (SLA) سال بھر غیر یقینی رہا کیونکہ آئی ایم ایف اور حکومت کے درمیان اتفاق نہیں ہو سکا۔ آئی ایم ایف پروگرام میں تاخیر کے باعث باہمی اور کثیر الجہتی شراکت داروں سے غیر ملکی آمدورفت میں سُستی آئی جس کے باعث ذخائر کم ہوئے۔ اس کے نتیجے میں روپیہ سنگین دباؤ کا شکار رہا اور مالی سال 2023ء میں ڈالر کی قدر 40 فیصد بڑھ کر 286.0 روپے ہو گئی جو اس کی بلند ترین سطح کے قریب ہے۔

ملک کا کرنٹ اکاؤنٹ خسارہ (CAD) مالی سال 2023ء کے پہلے گیارہ ماہ میں 2.9 بلین ڈالر تھا، جبکہ گزشتہ سال مائل مدت میں 15.2 بلین ڈالر تھا، یعنی 81 فیصد سال در سال (YoY) کمی ہوئی۔ CAD میں کمی کی سب سے بڑی وجہ کاروباری خسارے میں کمی ہے۔ برآمدات میں 12.2 فیصد کمی اور درآمدات میں 23.9 فیصد کمی کی بدولت کاروباری خسارے میں 33.8 فیصد کمی ہوئی۔ حکومت نے منتخب درآمدات پر درآمداتی کوٹے عائد کر کے انتظامی اقدامات کے ذریعے درآمدات کو قابو میں رکھا۔ تاہم ان

**PATTERN OF SHAREHOLING
AS AT JUNE 30, 2023**

| Categories of Shareholders | Shareholders | Shares Held | Percentage |
|--|--------------|-------------------|---------------|
| Directors and their spouse(s) and minor children | | | |
| HAROUN RASHID | 1 | 500 | 0.00 |
| AHMED JAHANGIR | 1 | 500 | 0.00 |
| MR. SHOAIB MUMTAZ | 1 | 100 | 0.00 |
| MANZAR MUSHTAQ | 1 | 500 | 0.00 |
| FAHD KAMAL CHINOY | 1 | 500 | 0.00 |
| MRS. MAVRA ADIL KHAN | 1 | 100 | 0.00 |
| SYED SAVAIL MEEKAL HUSSAIN | 1 | 500 | 0.00 |
| MR. MUHAMMAD SAQIB SALEEM | 1 | 500 | 0.00 |
| Associated Companies, undertakings and related parties | | | |
| MCB BANK LIMITED - TREASURY | 1 | 58,620,935 | 81.42 |
| ADAMJEE INSURANCE COMPANY LIMITED | 1 | 5,462,000 | 7.59 |
| NIT and ICP | - | - | - |
| Banks Development Financial Institutions, Non-Banking Financial Institutions | 2 | 333,070 | 0.46 |
| Insurance Companies | - | - | - |
| Modarabas and Mutual Funds | 3 | 2,467,500 | 3.43 |
| General Public | | | |
| a. Local | 822 | 2,734,186 | 3.80 |
| b. Foreign | 8 | 4,580 | 0.01 |
| Foreign Companies | 1 | 2,016,500 | 2.80 |
| Others | 14 | 358,029 | 0.50 |
| Totals | 860 | 72,000,000 | 100.00 |

| Share holders holding 10% or more | Shares Held | Percentage |
|-----------------------------------|-------------|------------|
| MCB BANK LIMITED - TREASURY | 58,620,935 | 81.42 |

**PATTERN OF SHAREHOLING
AS AT JUNE 30, 2023**

| # Of Shareholders | Shareholdings'Slab | | | Total Shares Held |
|-------------------|--------------------|----|----------|-------------------|
| 289 | 1 | To | 100 | 4,723 |
| 134 | 101 | To | 500 | 47,578 |
| 182 | 501 | To | 1000 | 126,087 |
| 170 | 1001 | To | 5000 | 371,697 |
| 32 | 5001 | To | 10000 | 254,338 |
| 17 | 10001 | To | 15000 | 213,700 |
| 4 | 15001 | To | 20000 | 70,772 |
| 8 | 20001 | To | 25000 | 179,484 |
| 4 | 25001 | To | 30000 | 117,106 |
| 1 | 30001 | To | 35000 | 30,500 |
| 2 | 45001 | To | 50000 | 99,000 |
| 2 | 50001 | To | 55000 | 104,900 |
| 2 | 55001 | To | 60000 | 116,800 |
| 1 | 60001 | To | 65000 | 61,000 |
| 1 | 75001 | To | 80000 | 77,880 |
| 1 | 145001 | To | 150000 | 147,500 |
| 1 | 170001 | To | 175000 | 170,500 |
| 1 | 250001 | To | 255000 | 255,000 |
| 1 | 305001 | To | 310000 | 308,000 |
| 1 | 330001 | To | 335000 | 333,000 |
| 1 | 345001 | To | 350000 | 350,000 |
| 1 | 895001 | To | 900000 | 900,000 |
| 1 | 1560001 | To | 1565000 | 1,561,000 |
| 1 | 2015001 | To | 2020000 | 2,016,500 |
| 1 | 5460001 | To | 5465000 | 5,462,000 |
| 1 | 58620001 | To | 58625000 | 58,620,935 |
| 860 | | | | 72,000,000 |

FINANCIAL & BUSINESS HIGHLIGHTS

| | | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|-------|--------|-------|-------|-------|-------|-------|
| Pre tax margins | % | 26 | 12 | 41 | 49 | 32 | 51 |
| Net Margins | % | 16 | 3 | 31 | 38 | 19 | 32 |
| Performance | | | | | | | |
| Return on assets | % | 6 | 1 | 11 | 16 | 8 | 14 |
| Return on equity | % | 8 | 2 | 17 | 23 | 12 | 22 |
| Leverage | | | | | | | |
| Gearing (Liabilities:Equity) | times | 0.43 | 0.40 | 0.46 | 0.48 | 0.56 | 0.56 |
| Interest Coverage Ratio | times | 406.21 | 20.75 | 42.91 | 66.12 | 50.56 | 56.00 |
| Liquidity | | | | | | | |
| Current Ratio | times | 2.07 | 2.15 | 2.11 | 1.98 | 1.00 | 1.09 |
| Valuation | | | | | | | |
| Earning per share | Rs. | 1.72 | 0.34 | 3.58 | 5.23 | 2.41 | 5.25 |
| No. of ordinary shares | mn | 72 | 72 | 72 | 72 | 72 | 72 |
| Historical trend | | | | | | | |
| Management Fee (Rs. in million) | | 702 | 731 | 674 | 752 | 850 | 1,101 |
| Operating Profit [PBIT] (Rs. in million) | | 197 | 89 | 353 | 492 | 299 | 625 |
| Profit before tax (Rs. in million) | | 197 | 85 | 345 | 485 | 294 | 614 |
| Profit after tax (Rs. in million) | | 124 | 24 | 258 | 376 | 173 | 378 |
| Share capital (Rs. in million) | | 720 | 720 | 720 | 720 | 720 | 720 |
| Shareholders equity (Rs. in million) | | 1,568 | 1,462 | 1,551 | 1,603 | 1,434 | 1,741 |
| Total assets (Rs. in million) | | 2,244 | 2,044 | 2,266 | 2,376 | 2,233 | 2,711 |

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

NAME OF COMPANY: MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED
YEAR ENDED: JUNE 30, 2023

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

1. The total number of Directors are eight including Chief Executive Officer as per following:
 - (a) Male: 7 (including the Chief Executive Officer)
 - (b) Female: 1
2. The composition of the Board is as follows:
 - (a) Independent Directors: 3 (including a female director)
 - (b) Non-executive Directors: 4
 - (c) Executive Director (CEO): 1
 - (d) Female Director: 1
3. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
4. The Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their dates of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board / shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board;
8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. The Board remained compliant with the provision of the Regulations pertaining to the Directors' training program. Out of eight directors, one (01) director i.e. Mr. Haroun Rashid is exempt from the training requirement by virtue of his education and his experience as mentioned in Regulation 19(2) of the Listed Companies (Code of Corporate Governance) Regulations, 2019. Further, below mentioned six (06) directors have already attended the Directors' Training program in prior years, whereas for remaining one (01) director i.e. Mr. Shoaib Mumtaz, the training is planned during the financial year 2023-24:

**STATEMENT OF COMPLIANCE WITH LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**

| Name of Director | Status |
|--------------------------------|-------------------------|
| Mr. Ahmed Jahangir | Non-Executive Director |
| Mr. Manzar Mushtaq | Non-Executive Director |
| Mr. Fahd Kamal Chinoy | Independent Director |
| Ms. Mavra Adil Khan | Independent Director |
| Mr. Muhammad Saqib Saleem | Chief Executive Officer |
| Mr. Syed Savail Meekal Hussain | Independent Director |

10. The Board has approved appointment of Chief Financial Officer, 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. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed Committees comprising of members given below:

(a) Audit Committee

| Name of Director | Status |
|----------------------------|----------|
| Syed Savail Meekal Hussain | Chairman |
| Mr. Ahmed Jahangir | Member |
| Mr. Manzar Mushtaq | Member |

(b) Human Resource and Remuneration Committee

| Name of Director | Status |
|---------------------------------|----------|
| Mr. Fahd Kamal Chinoy | Chairman |
| Mr. Shoaib Mumtaz | Member |
| Mr. Ahmed Jahangir | Member |
| Ms. Mavra Adil Khan | Member |
| Mr. Muhammad Saqib Saleem (CEO) | Member |

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings of the Committees was as per following:

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

| Sr. No. | Particulars of Meeting | Date of Meetings |
|---------|---|------------------|
| 1. | 1 st meeting of the Committee for the year | August 03, 2022 |
| 2. | 2 nd meeting of the Committee for the year | August 12, 2022 |
| 3. | 3 rd meeting of the Committee for the year | October 19, 2022 |
| 4. | 4 th meeting of the Committee for the year | October 20, 2022 |

**STATEMENT OF COMPLIANCE WITH LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**

| <u>Sr. No.</u> | <u>Particulars of Meeting</u> | <u>Date of Meetings</u> |
|----------------|---|-------------------------|
| 5. | 5 th meeting of the Committee for the year | February 01, 2023 |
| 6. | 6 th meeting of the Committee for the year | February 02, 2023 |
| 7. | 7 th meeting of the Committee for the year | April 12, 2023 |
| 8. | 8 th meeting of the Committee for the year | April 13, 2023 |

(b) Human Resource and Remuneration Committee: The HR&R Committee met on several occasions during the year, the details of which are as under:

| <u>Sr. No.</u> | <u>Particulars of Meeting</u> | <u>Date of Meetings</u> |
|----------------|---|-------------------------|
| 1. | 29 th meeting of the Committee | August 04, 2022 |
| 2. | 30 th meeting of the Committee | October 17, 2022 |
| 3. | 31 st meeting of the Committee | November 01, 2022 |
| 4. | 32 nd meeting of the Committee | December 13, 2022 |
| 5. | 33 rd meeting of the Committee | December 23, 2022 |

15. The Board has set up an effective Internal Audit function, the members of which are 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 Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not close relatives (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;
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 requirements of Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.



Mr. Haroun Rashid
Chairman – Board of Directors
MCB-Arif Habib Savings & Investments Limited

REVIEW REPORT TO THE MEMBERS STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019



A.F. FERGUSON & Co.

INDEPENDENT AUDITOR'S REVIEW REPORT

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

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of MCB-Arif Habib Savings and Investments Limited (the Company) for the year ended June 30, 2023 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. 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.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2023.

A.F. Ferguson & Co.

Chartered Accountants

Karachi

Dated: September 22, 2023

UDIN: CR202310611avURMnuh3

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

•KARACHI •LAHORE •ISLAMABAD

AUDITOR'S REPORT TO THE MEMBERS



A.F.FERGUSON & Co.

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of MCB-Arif Habib Savings and Investments Limited (the Company), which comprise the statement of financial position as at June 30, 2023, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and 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, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the 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 Company's affairs as at June 30, 2023 and of the profit 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 (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Following is the Key audit matters:

| S.No. | Key audit matter | How the matter was addressed in our audit |
|-------|---|---|
| 1 | Valuation of investments (Refer notes 3.4 and 6 of the annexed financial statements) | |
| | The investments of Rs. 1,353,002 million as at June 30, 2023 held by the Company constitute a significant component of total assets of the Company. These represent investment in units of mutual funds and pension funds under the management of the Company and are classified as 'investment in associate' which are | Our audit procedures included the following: <ul style="list-style-type: none">• Checked that the investments were valued appropriately in accordance with the requirements of the accounting and reporting standards as applicable in Pakistan.• Checked that the share of profit / (loss) from associates was appropriately accounted for in the financial statements. |

Aff:

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426721-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

• KARACHI • LAHORE • ISLAMABAD

AUDITOR'S REPORT TO THE MEMBERS



A·F·FERGUSON & CO.

| S.No. | Key audit matter | How the matter was addressed in our audit |
|-------|--|---|
| | <p>accounted for using the equity method of accounting.</p> <p>The proper valuation of the investments portfolio of the Company as at June 30, 2023 and the related share of profit / (loss) from associates during the year ended June 30, 2023 was considered a significant area and therefore we considered this as a key audit matter.</p> | <ul style="list-style-type: none"> • Obtained account statements for checking the existence of the investments portfolio as at June 30, 2023 and traced balances in these statements with the books and records of the Company. • Checked the relevant presentation and disclosures made in the financial statements to ascertain whether these are complied with the accounting and reporting standards as applicable in Pakistan. |

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

Management is responsible for the other information. The other information comprises the information included in the annual report, 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 the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of the 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 skepticism throughout the audit. We also:

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

Affix



- 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; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is **Junaid Mesia**.

A. F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: September 22, 2023
UDIN: AR202310611aZETBqSKC

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

| | Note | 2023 | 2022 | 2021 |
|---|------|-----------------------------|-----------------------------|-----------------------------|
| ----- Rupees ----- | | | | |
| ASSETS | | | | |
| Non-current assets | | | | |
| Property and equipment | 4 | 130,539,859 | 76,688,447 | 74,509,576 |
| Intangible assets | 5 | 297,398,843 | 312,168,996 | 284,280,323 |
| Investment in associates | 6 | 1,353,001,777 | 1,114,549,728 | 1,324,355,401 |
| Long term investment | 7 | 265,000 | 265,000 | - |
| Long term loans and prepayments | 8 | 28,994,766 | 23,896,199 | 14,161,597 |
| Long term deposits | | 6,816,103 | 5,523,103 | 4,994,903 |
| | | <u>1,817,016,348</u> | <u>1,533,091,473</u> | <u>1,702,301,800</u> |
| Current assets | | | | |
| Receivable from funds under management | 9 | 707,420,040 | 546,112,389 | 533,657,299 |
| Loans and advances | 10 | 5,699,966 | 7,663,910 | 2,377,576 |
| Prepayments and other receivables | 11 | 115,747,891 | 68,682,229 | 54,073,241 |
| Accrued profit on savings accounts | | 86,189 | 48,905 | 22,487 |
| Taxation - net | | - | 25,729,009 | 39,149,452 |
| Cash and bank balances | 12 | 65,478,577 | 51,523,257 | 43,929,106 |
| | | <u>894,432,663</u> | <u>699,759,699</u> | <u>673,209,161</u> |
| Total assets | | <u><u>2,711,449,011</u></u> | <u><u>2,232,851,172</u></u> | <u><u>2,375,510,961</u></u> |
| EQUITY AND LIABILITIES | | | | |
| Share capital and reserves | | | | |
| Authorised share capital 72,000,000 (2022: 72,000,000) ordinary shares of Rs. 10 each | 13.1 | <u>720,000,000</u> | <u>720,000,000</u> | <u>720,000,000</u> |
| Issued, subscribed and paid-up share capital | 13.2 | <u>720,000,000</u> | <u>720,000,000</u> | <u>720,000,000</u> |
| Reserves | | <u>1,020,709,420</u> | <u>714,491,234</u> | <u>883,129,589</u> |
| Total equity | | <u>1,740,709,420</u> | <u>1,434,491,234</u> | <u>1,603,129,589</u> |
| Non-current liabilities | | | | |
| Deferred taxation - net | 14 | 97,211,857 | 74,117,465 | 67,176,622 |
| Lease liability against right-of-use-assets | 15 | 56,628,776 | 24,762,567 | 18,001,467 |
| Current liabilities | | | | |
| Current portion of lease liability against right-of-use-assets | 15 | 30,947,036 | 20,073,011 | 32,347,100 |
| Trade and other payables | 16 | 744,192,086 | 674,196,391 | 650,183,189 |
| Taxation - net | | 36,463,538 | - | - |
| Unclaimed dividend | | 5,296,298 | 5,210,504 | 4,672,994 |
| | | <u>816,898,958</u> | <u>699,479,906</u> | <u>687,203,283</u> |
| Total liabilities | | <u>970,739,591</u> | <u>798,359,938</u> | <u>772,381,372</u> |
| Total equity and liabilities | | <u><u>2,711,449,011</u></u> | <u><u>2,232,851,172</u></u> | <u><u>2,375,510,961</u></u> |
| CONTINGENCIES AND COMMITMENTS | 17 | | | |

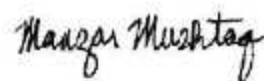
The annexed notes 1 to 39 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Director

**STATEMENT OF PROFIT OR LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2023**

| | Note | 2023 | 2022 (Restated) |
|--|------|----------------------|--------------------|
| | | ----- Rupees ----- | |
| REVENUE | | | |
| Management and investment advisory fee | 18 | 1,100,957,252 | 849,581,990 |
| Sales load and other related income | 19 | 93,781,638 | 62,785,780 |
| | | 1,194,738,890 | 912,367,770 |
| Profit on savings accounts with banks | | 5,924,516 | 2,156,554 |
| Income on government securities | | - | 508,583 |
| Gain on sale of investments - net | 20 | - | 569,473 |
| Total revenue | | <u>1,200,663,406</u> | <u>915,602,380</u> |
| EXPENSES | | | |
| Administrative expenses | 21 | 663,575,533 | 480,177,746 |
| Selling and distribution expenses | 22 | 36,414,668 | 93,773,219 |
| Total expenses | | 699,990,201 | 573,950,965 |
| Financial charges | 23 | 11,250,663 | 5,923,413 |
| Other expenses | 24 | 17,603,674 | 10,016,466 |
| | | 28,854,337 | 15,939,879 |
| Other income | 25 | 2,864,723 | 1,550,533 |
| Share of profit / (loss) from associates | 6 | 139,238,355 | (33,690,499) |
| Profit for the year before taxation | | <u>613,921,946</u> | <u>293,571,570</u> |
| Taxation - net | 26 | (235,703,760) | (120,209,925) |
| Profit for the year after taxation | | <u>378,218,186</u> | <u>173,361,645</u> |
| | | ----- Rupees ----- | |
| Earnings per share | 27 | <u>5.25</u> | <u>2.41</u> |

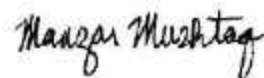
The annexed notes 1 to 39 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Director

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

| | 2023 | 2022 |
|--|--------------------|--------------------|
| | ----- Rupees ----- | |
| Profit for the year after taxation | 378,218,186 | 173,361,645 |
| Other comprehensive income for the year | - | - |
| Total comprehensive income for the year | <u>378,218,186</u> | <u>173,361,645</u> |

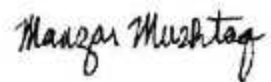
The annexed notes 1 to 39 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

| | Issued, subscribed and paid-up capital | Capital reserves | | | Revenue reserve | Total |
|--|---|--------------------|----------------------------|--------------------|--------------------------|----------------------|
| | | Share premium | Deficit on amalgamation | Sub-total | Unappropriated profit | |
| (Rupees) | | | | | | |
| Balance as at July 1, 2021 | 720,000,000 | 396,000,000 | (60,000,000) | 336,000,000 | 547,129,589 | 1,603,129,589 |
| Profit after taxation for the year | - | - | - | - | 173,361,645 | 173,361,645 |
| Other comprehensive income for the year | - | - | - | - | - | - |
| Total comprehensive income for the year ended June 30, 2022 | - | - | - | - | 173,361,645 | 173,361,645 |
| Transaction with owners recorded directly in equity | | | | | | |
| Final dividend for the year ended June 30, 2021 at Rs. 2.75 per share declared on October 26, 2021 | - | - | - | - | (198,000,000) | (198,000,000) |
| Interim dividend for the year ended June 30, 2022 at Rs. 2.00 per share declared on February 8, 2022 | - | - | - | - | (144,000,000) | (144,000,000) |
| Balance as at June 30, 2022 | 720,000,000 | 396,000,000 | (60,000,000) | 336,000,000 | 378,491,234 | 1,434,491,234 |
| Profit after taxation for the year | - | - | - | - | 378,218,186 | 378,218,186 |
| Other comprehensive income for the year | - | - | - | - | - | - |
| Total comprehensive income for the year ended June 30, 2023 | - | - | - | - | 378,218,186 | 378,218,186 |
| Transaction with owners recorded directly in equity | | | | | | |
| Final dividend for the year ended June 30, 2022 at Re. 1 per share declared on October 24, 2022 | - | - | - | - | (72,000,000) | (72,000,000) |
| Balance as at June 30, 2023 | <u>720,000,000</u> | <u>396,000,000</u> | <u>(60,000,000)</u> | <u>336,000,000</u> | <u>684,709,420</u> | <u>1,740,709,420</u> |

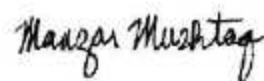
The annexed notes 1 to 39 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2023

| | Note | 2023 | 2022 (Restated) |
|--|-------|----------------------|----------------------|
| ----- Rupees ----- | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit for the year before taxation | | 613,921,946 | 293,571,570 |
| Adjustment for non-cash and other items: | | | |
| Depreciation | 4.1.1 | 57,589,897 | 47,860,645 |
| Amortisation | 5.1 | 15,557,524 | 10,740,827 |
| Interest expense on lease liability against right-of-use-assets | 23 | 10,954,777 | 5,476,998 |
| Share of (profit) / loss from associates | 6 | (139,238,355) | 33,690,499 |
| Gain on sale of investments - net | 20 | - | (569,473) |
| Gain on disposal of property and equipment | 25 | (69,750) | (21,167) |
| Profit on savings accounts with banks | | (5,924,516) | (2,156,554) |
| | | (61,130,423) | 95,021,775 |
| Operating cash inflow before working capital changes | | 552,791,523 | 388,593,345 |
| Movement in working capital | | | |
| (Increase) / decrease in current assets | | | |
| Receivable from funds under management | | (161,307,651) | (12,455,090) |
| Loans and advances | | 1,963,944 | (5,286,334) |
| Deposits, prepayments and other receivables | | (47,065,662) | (14,608,988) |
| | | (206,409,369) | (32,350,412) |
| Increase in current liabilities | | | |
| Trade and other payables | | 69,995,695 | 24,013,202 |
| Unclaimed dividend | | 85,794 | 537,510 |
| | | 70,081,489 | 24,550,712 |
| Net cash generated from operations | | 416,463,643 | 380,793,645 |
| Taxes paid | | | |
| Taxes paid | | (150,416,821) | (99,848,639) |
| Long term loans and prepayments | | (5,098,567) | (9,734,602) |
| Long term deposits | | (1,293,000) | (528,200) |
| | | (156,808,388) | (110,111,441) |
| Net cash generated from operating activities | | 259,655,255 | 270,682,204 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Fixed capital expenditure incurred | | (33,788,705) | (20,164,712) |
| Additions to intangible assets | | (787,371) | (38,629,500) |
| (Purchase) / sale of investments - net | | (108,929,859) | 171,010,298 |
| Profit received on savings accounts | | 5,887,232 | 2,130,136 |
| Dividend received | | 9,716,165 | 5,409,349 |
| Proceeds from disposal of property and equipment | | 308,238 | 80,000 |
| Net cash (used in) / generated from investing activities | | (127,594,300) | 119,835,571 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Dividend paid | | (72,000,000) | (342,000,000) |
| Lease rentals paid against right-of-use assets | 15.1 | (46,105,635) | (40,923,624) |
| Net cash used in financing activities | | (118,105,635) | (382,923,624) |
| Net increase in cash and cash equivalents during the year | | 13,955,320 | 7,594,151 |
| Cash and cash equivalents at the beginning of the year | | 51,523,257 | 43,929,106 |
| Cash and cash equivalents at the end of the year | 12 | 65,478,577 | 51,523,257 |

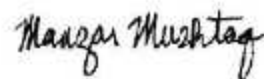
The annexed notes 1 to 39 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** MCB-Arif Habib Savings and Investments Limited (the Company) was incorporated in the name of Arif Habib Investment Management Limited (AHIML) on August 30, 2000 as an unquoted public limited company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). In the year 2008, AHIML was listed on the Karachi Stock Exchange Limited (now the Pakistan Stock Exchange Limited) by way of offer for sale of shares by few of its existing shareholders to the general public. In the same financial year, the name of AHIML was changed from "Arif Habib Investment Management Limited" to "Arif Habib Investments Limited" (AHIL). On January 19, 2011, a transfer agreement was signed between Arif Habib Corporation Limited (AHCL) [the then Parent Company of AHIL] and MCB Bank Limited (MCB Bank) [the then Parent Company of MCB Asset Management Company Limited (MCB AMC)] for the transfer of the entire business of MCB AMC to AHIL to achieve synergies in business operations and to have access to a wider distribution network. The scheme of amalgamation ("the Scheme") was approved by the shareholders of AHIL and MCB AMC in their respective extraordinary general meetings held on May 21, 2011. The Scheme was also approved by the Securities and Exchange Commission of Pakistan (SECP) on June 27, 2011 (the effective date). In accordance with the terms contained in the Scheme, the Company became a subsidiary of MCB Bank Limited from the year ended June 30, 2011, which then owned 51.33% share capital of the Company. Pursuant to the merger of MCB AMC with and into AHIL, the name of AHIL was changed to MCB - Arif Habib Savings and Investments Limited (MCB-AHSIL) with effect from May 23, 2013. During the current year, MCB Bank Limited acquired the entire shareholding of AHCL in MCB-AHSIL after which the shareholding of MCB Bank Limited has increased from 51.33% to 81.42% in the Company and AHCL no longer holds any shares in the Company. Consequently, members of the Company in an Extra Ordinary General Meeting (EOGM) held on July 7, 2023 resolved via special resolution that the name of the Company be changed from MCB-AHSIL to MCB Investment Management Limited. Thereafter, the Company applied to the Securities and Exchange Commission of Pakistan (SECP) for change of name under the provisions of the Companies Act, 2017 which was duly granted by the SECP and a certificate of incorporation on change of name was issued by the SECP on August 15, 2023, after which the change of name has become effective.
- 1.2** The principal activities of the Company are floating and managing Collective Investment Schemes, Voluntary Pension Schemes and providing investment advisory services. The registered office of the Company is situated at 2nd Floor, Adamjee House, I.I Chundrigar Road, Karachi, Pakistan. The Company is a subsidiary of MCB Bank Limited (Parent Company) which owns 81.42% (2022: 51.33%) share capital of the Company. The Parent Company's registered office is situated at MCB Building, 15-Main Gulberg, Jail Road, Lahore, Pakistan. The Company operates various branches all over Pakistan.
- 1.3** The Company is registered as a Non-Banking Finance Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) to carry on the business of investment advisor and asset management under the said rules. Further, the Company is registered as a Pension Fund Manager under the Voluntary Pension System Rules, 2005.
- 1.4** The Company has been assigned an Asset Manager rating of 'AM1' by the Pakistan Credit Rating Agency Limited (PACRA) dated October 6, 2022 (2022: 'AM1' dated October 6, 2021).
- 1.5** The Company currently manages the following collective investment schemes and voluntary pension schemes:

| | Net asset value as at | |
|--|------------------------|------------------------|
| | June 30, 2023 | June 30, 2022 |
| ----- Rupees ----- | | |
| Open-end Collective Investment Schemes (CISs) | | |
| Pakistan Income Fund | 2,723,845,068 | 3,210,024,732 |
| MCB Pakistan Stock Market Fund | 4,820,727,885 | 8,875,332,211 |
| MCB Pakistan Sovereign Fund | 673,620,873 | 610,370,828 |
| Pakistan Capital Market Fund | 332,994,771 | 381,608,943 |
| Pakistan Cash Management Fund | 17,479,941,176 | 5,705,266,175 |
| Pakistan Income Enhancement Fund | 1,200,980,048 | 870,358,432 |
| MCB Pakistan Asset Allocation Fund | 610,650,003 | 837,982,501 |
| MCB DCF Income Fund | 7,706,469,389 | 4,617,314,828 |
| MCB Cash Management Optimizer | 58,153,430,555 | 64,153,167,773 |
| Alhamra Islamic Money Market Fund | 25,504,762,351 | 11,894,221,247 |
| Alhamra Islamic Asset Allocation Fund | 1,288,951,782 | 1,689,070,592 |
| Alhamra Islamic Stock Fund | 2,479,327,821 | 2,430,343,452 |
| Alhamra Islamic Income Fund | 4,275,124,538 | 4,783,374,897 |
| Alhamra Daily Dividend Fund | 2,990,631,415 | 7,652,101,092 |
| Alhamra Islamic Active Allocation Fund (Alhamra Smart Portfolio) | 114,718,965 | 145,408,899 |
| Alhamra Wada Fund (Alhamra Wada Plan I) | - | 658,476,391 |
| Alhamra Wada Fund (Alhamra Wada Plan VII) | 2,021,170,937 | - |
| Balance carried forward | 132,377,347,577 | 118,514,422,993 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

| | Net asset value as at | |
|--|------------------------|------------------------|
| | June 30, 2023 | June 30, 2022 |
| | ----- Rupees ----- | |
| Balance brought forward | 132,377,347,577 | 118,514,422,993 |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan I) | - | 225,157,255 |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan XIII) | 4,759,238,091 | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan VII) | 225,019,452 | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan XII) | 6,407,870,130 | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan X) | 676,271,089 | - |
| MCB Pakistan Opportunity Fund (MCB Pakistan Dividend Yield Plan) | 208,937,784 | 109,655,821 |
| Alhamra Cash Management Optimizer Fund | 4,337,850,120 | - |
| Voluntary Pension Funds | | |
| Pakistan Pension Fund | 2,860,195,373 | 2,106,814,510 |
| Alhamra Islamic Pension Fund | 1,614,400,855 | 1,450,158,599 |
| | <u>153,467,130,471</u> | <u>122,406,209,178</u> |

1.6 The Company is also managing investments under discretionary portfolio management agreements, the details of which are given in note 18.3 to these financial statements.

1.7 In accordance with the requirements of Rule 9 of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, the Company has obtained sufficient insurance coverage from Jubilee General Insurance Company Limited against any losses that may be incurred as a result of employee's fraud or gross negligence. Jubilee General Insurance Company Limited has been assigned a credit rating of 'AA++ (ifs)' by Pakistan Credit Rating Agency Limited (PACRA) dated November 3, 2022 (2022: 'AA++ (ifs)' dated March 31, 2022).

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

Further, the Securities and Exchange Commission of Pakistan (SECP) has directed vide SRO 56(I)/2016 dated January 28, 2016 that the requirements of IFRS 10, 'Consolidated financial statements', are not applicable in case of investments made by companies in mutual funds established under the Trust structure. Accordingly, implications of IFRS 10 in respect of the Company's investment in mutual funds managed by it have not been considered in these financial statements.

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

2.2.1 There are certain amendments to the standards and new interpretations that are mandatory for the Company's accounting periods beginning on July 1, 2022 but are considered not to be relevant or do not have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

2.3 Standards, interpretations and amendments to the published accounting and reporting standards that are not yet effective:

2.3.1 The following amendments with respect to the accounting and reporting standards would be effective from the dates mentioned below against the respective amendments:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

| Amendments | Effective date (annual periods beginning on or after) |
|---|---|
| <ul style="list-style-type: none"> - IAS 1 - 'Presentation of financial statements' (amendments) - IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (amendments) - IFRS 16 - 'Leases' (amendments) - IAS 12, - 'Income taxes' (amendments) | <p>January 1, 2023 & January 1, 2024</p> <p>January 1, 2023</p> <p>January 1, 2024</p> <p>January 1, 2023</p> |

The management is currently in the process of assessing the impact of these amendments on the financial statements of the Company.

- 2.3.2** There are certain other standards, amendments and interpretations that are mandatory for the Company's accounting periods beginning on or after July 1, 2023 but are considered not to be relevant or will not have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

2.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates, and assumptions that affect the reported amounts of assets, liabilities, income and expenses. It also requires the management to exercise its judgment in application of its accounting policies. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years. Significant accounting estimates and areas where judgments were made by the management in the application of the accounting policies are as follows:

- estimation of useful lives and residual values of operating fixed assets (notes 3.1.1 and 4.1);
- estimation of useful lives of intangible assets (notes 3.2 and 5.1);
- impairment of non-financial assets (note 3.6);
- provision for taxation (notes 3.5, 14 and 26);
- lease liability and right-of-use assets (notes 3.17, 4.1 and 15);
- other provisions (notes 3.11 and 16); and
- classification, valuation and impairment of financial assets (notes 3.3.1.1, 3.3.1.2 and 11.3).

2.5 Basis of measurement

These financial statements have been prepared under the historical cost convention except for the following:

- Right-of-use assets and their related lease liability are carried at present value of future lease rentals adjusted for any lease payments made at or before the commencement date of the lease; and
- Investments are carried at fair value as disclosed in notes 3.3 and 6 to these financial statements.

- 2.6** During the current year, the Company has reclassified its investments in units of funds under management from financial assets at fair value through profit or loss to investment in associates. The above reclassification has been made as the management believes that the Company has significant influence over the funds being managed by it. The reclassification has no impact on the total amount of investments reflected in the statement of financial position, however the "investments" previously shown under current assets have been reclassified to "investments" under non-current assets. The impact of the reclassification on the statement of financial position has been disclosed in note 39.2 to these financial statements. Moreover, the impacts of restatement on the statement of profit or loss and the statement of cash flows are given as follows:

| Statement of profit or loss | (Rupees) |
|--|--------------|
| Decrease in unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net | (43,219,728) |
| Decrease in gain on sale of investments - net | (4,119,880) |
| Decrease in dividend income | (5,409,349) |
| Increase in share of loss from associates | 33,690,499 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

| Statement of cash flows | (Rupees) |
|--|-----------------|
| Decrease in unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net | (43,219,728) |
| Decrease in gain on sale of investments - net | (4,119,880) |
| Decrease in dividend income | (5,409,349) |
| Increase in share of loss from associates | 33,690,499 |

The additional disclosures in respect of investment in associates have been given in note 6 to these financial statements.

Furthermore, there is no impact on the earnings per share, the statement of comprehensive income and the statement of changes in equity as a result of the above reclassification.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Fixed assets

3.1.1 Property and equipment

3.1.1.1 Owned

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Subsequent costs are included in the assets' carrying amounts or recognised as separate assets, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the items can be measured reliably. Depreciation is charged at the rates specified in note 4.1 using the straight line method. Depreciation on additions is charged from the month when the asset becomes available for use while on disposals no depreciation is charged in the month of disposal. The residual values and useful lives are reviewed and adjusted, if significant, at each reporting date to reflect the current best estimate.

Normal repairs and maintenance are charged to income as and when incurred. However, major repairs and renewals are capitalised. Gains and losses on disposals of assets, if any, are included in the statement of profit or loss in the year / period in which the disposal is made.

Depreciation related to right-of-use assets is charged over the period of the lease term.

3.1.2 Capital work-in-progress

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to the relevant category of property and equipment as and when these become available for use.

3.2 Intangible assets

Intangible assets are measured initially at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses, if any.

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

3.2.1 Intangible assets with indefinite useful life

Intangible assets with indefinite useful life are stated at cost less accumulated impairment losses, if any.

3.2.2 Intangible assets with definite useful life

Intangible assets with definite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised at the rates specified in note 5.1 using the straight line method. Amortisation is charged from the month when the asset is available for use while no amortisation is charged in the month of disposal. The useful life and amortisation method is reviewed and adjusted, if appropriate, at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Gains or losses on disposal of assets, if any, are included in the statement of profit or loss in the year / period in which they arise.

3.3 Financial instruments

3.3.1 Financial assets

3.3.1.1 Classification and subsequent measurement

The Company has applied IFRS 9 and classifies its financial assets in the following measurement categories:

- at amortised cost;
- at fair value through other comprehensive income (FVOCI); and
- at fair value through profit or loss (FVPL).

The classification requirements for debt and equity instruments are described below:

(i) Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and puttable instruments like units of open-end mutual funds.

Classification and subsequent measurement of debt instruments depend on:

- the Company's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the Company classifies its debt instruments in one of the following three measurement categories:

a) At amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated as FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 3.3.1.2.

b) Fair value through other comprehensive income (FVOCI):

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated as FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, recognised and measured as described in note 3.3.1.2, interest revenue and foreign exchange gains and losses on the instrument's amortised cost, which are recognised in the statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the statement of profit or loss.

c) Fair value through profit or loss (FVPL):

Assets that do not meet the criteria for classification at amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the statement of profit or loss in the period in which it arises.

(ii) Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

All equity investments are required to be measured in the statement of financial position at fair value, with gains and losses recognised in the statement of profit or loss, except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI.

The dividend income for equity securities classified under FVOCI are to be recognised in the statement of profit or loss. However, any surplus / (deficit) arising as a result of subsequent movement in the fair value of equity securities classified as FVOCI is to be recognised in other comprehensive income and is not recycled to the statement of profit or loss on derecognition.

3.3.1.2 Impairment

The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instrument assets carried at amortised cost and FVOCI. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company considers that a financial asset is in default when the counterparty fails to make contractual payments within 90 days of when they fall due. Further, financial assets are written off by the Company, in whole or part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery.

3.3.1.3 Derecognition

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either:

- (i) the Company transfers substantially all the risks and rewards of ownership; or
- (ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

When the Company enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards, these transactions are accounted for as 'pass through' transfers that result in derecognition if the Company:

- (i) has no obligation to make payments unless it collects equivalent amounts from the assets;
- (ii) is prohibited from selling or pledging the assets; and
- (iii) has an obligation to remit any cash it collects from the assets without material delay.

3.3.1.4 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Company commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

3.3.2 Financial liabilities

Financial liabilities are measured at fair value upon initial recognition and subsequently measured at amortised cost except for:

- Financial liabilities at fair value through profit or loss; and
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer.

3.3.2.1 Derecognition

Financial liabilities are derecognised at the time when these are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of financial liabilities is taken to the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

3.3.3 Initial recognition

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

3.3.4 Offsetting of financial assets and liabilities

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

3.3.5 Business model

The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

3.3.6 Solely payment of principal and interest

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

3.3.7 Reclassifications

The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the year.

3.4 Investment in associated undertakings

An associate is an entity in which the Company has a significant influence and which is neither a subsidiary nor a joint venture. Associates are accounted for using equity method of accounting after initially being recognised at cost.

These financial statements include the Company's share of total recognised gains and losses of associates on the equity accounting basis, from the date significant influence commences until the date that significant influence ceases. The Company's share of the associates profit or loss is recognised in the statement of profit or loss. Distributions received from an associate reduce the carrying amount of the investment. When the Company's share of losses exceeds its interest in an associate, the investment's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Company has incurred legal or constructive obligation. Moreover, the Company is not exposed to any significant risk on its investment in associated undertakings.

3.5 Taxation

Current

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

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. Deferred tax liabilities are recognised on all taxable temporary differences.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Deferred tax asset is recognised for all deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax is charged or credited to the statement of profit or loss if the tax relates to items that are charged or credited to the statement of profit or loss and to other comprehensive income if the tax relates to items that are charged or credited to other comprehensive income.

Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been substantively enacted at the reporting date.

3.6 Impairment of non-financial assets

The carrying amount of the assets is reviewed at each reporting date to determine whether there is any indication of impairment loss. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment charge is recognised in the statement of profit or loss.

3.7 Deposits and other receivables

Deposits and other receivables are carried at amortised cost, less expected credit loss allowance determined in accordance with the accounting policy as mentioned in note 3.3.1.2. Bad debts are written off when identified.

3.8 Staff retirement benefits

The Company operates an approved funded contributory provident fund for all its permanent employees to which equal monthly contributions are made both by the Company and the employees at the rate of 8.33% of basic salary.

3.9 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand and balances with banks in current and savings accounts.

3.10 Trade and other payables

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

3.11 Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. The amount recognised represents the best estimate of the expenditure required to settle the obligation at the reporting date. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate. Provisions are not recognised for future operating losses.

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognised until the inflow of economic benefits is virtually certain.

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

3.12 Revenue recognition

Revenue is recognised when the services have been rendered by the Company and received by the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the service. Revenue of different streams is recognised as follows:

- Management fee from collective investment schemes and voluntary pension schemes is calculated by charging the specified rates within the limit allowed under the NBFC Regulations to the net assets of such schemes as at the close of business of each calendar day. The performance obligation is satisfied at the close of business day for each scheme and payment is generally due at the end of each month;

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

- Investment advisory fee from the discretionary portfolios is calculated on a daily basis by charging specified rates to the net assets of the portfolios as stated in the respective agreements with the clients. The performance obligation is satisfied at the close of business day for each portfolio and payment is generally due either at the end of each quarter or six months based on the agreement terms;
- Performance based remuneration for investment advisory services and management of discretionary portfolio are accrued once the terms of the contract are honoured and the Company achieves the performance condition at the end of the period. The performance obligation is, therefore, satisfied at the end of agreement period or at the time of termination of agreement and payment becomes due at the end of the aforementioned period;
- Capital gains / losses arising on sale of investments is recognised in the statement of profit or loss on the date at which transaction takes place;
- Load income is recognised once the services are provided to the unit holders in connection with their investments in collective investment schemes managed by the Company. The performance obligation is satisfied at the time of providing the service to the unit holders and payment becomes due at the end of each month;
- Dividend income is recorded when the right to receive the dividend is established;
- Profit on bank deposits and investments is recognised on an accrual basis;
- Mark-up on loans to employees is recognised on an accrual basis; and
- Other income is recognised on an accrual basis.

3.13 Earnings per share

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

3.14 Proposed dividend and transfer between reserves

Dividends declared and transfers between reserves made subsequent to the reporting date are considered as non-adjusting events and are not recognised in the financial statements in the period in which such dividends are declared / transfers are made.

3.15 Functional and presentation currency

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

3.16 Foreign currency transactions and translation

Transactions in foreign currencies are translated into Pakistani Rupees at the foreign exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the rates of exchange approximating those at the statement of financial position date. Exchange gains / losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to the statement of profit or loss.

3.17 Lease liability and right-of-use assets

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease liability is initially measured at the present value of the lease payments over the period of lease term and that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Lease payments include fixed payments less any lease incentive receivable, variable lease payment that are based on an index or a rate which are initially measured using the index or rate as at the commencement date, amounts expected to be payable by the Company under residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease if the lease term reflects that the lessee will exercise that option. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payment.

The lease liability is remeasured when the Company reassesses the reasonable certainty to exercise extension or termination option upon occurrence of either a significant event or a significant change in circumstances, or when there is a change in assessment of an option to purchase an underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payments. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of profit or loss if the carrying amount of right of use asset has been reduced to zero.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions, the same is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the standalone price for the increase in scope adjusted to reflect the circumstances of the particular contract, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

The right-of-use asset is initially measured at an amount equal to the initial measurement of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which the asset is located.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any. The right-of-use asset is depreciated using the straight line method in accordance with the rates specified in note 4.1 to these financial statements and after taking into account residual values, if any. The useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date. The right-of-use asset is adjusted for certain remeasurements of the lease liability.

3.18 Segment reporting

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

Operating segments are reported in a manner consistent with the internal reporting structure. The management monitors the operating results of its business units separately for the purpose of making decisions regarding resources allocation and performance assessment. Segment results, assets and liabilities include items directly attributable to the segment as well as those that can be allocated on a reasonable basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated assets and liabilities. The Board of Directors and Chief Executive Officer have been identified as the chief operating decision makers who are responsible for allocating resources and assessing the performance of the operating segments. Currently, the Company is functioning as a single operating segment.

3.18.1 Geographical segments

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

| 4 | PROPERTY AND EQUIPMENT | Note | 2023 | 2022 |
|---|--------------------------|------|--------------------|------------|
| | | | ----- Rupees ----- | |
| | Operating fixed assets | 4.1 | 128,081,651 | 69,650,447 |
| | Capital work-in-progress | 4.2 | 2,458,208 | 7,038,000 |
| | | | 130,539,859 | 76,688,447 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

4.1 Operating fixed assets

The following is the statement of operating fixed assets:

| | 2023 | | | | | | |
|--|--------------------|------------------|------------------------|------------------------|------------------|---|--------------------|
| | Computer equipment | Office equipment | Furniture and fixtures | Leasehold improvements | Vehicles | Right-of-use assets - Leasehold buildings | Total |
| | (Rupees) | | | | | | |
| As at July 1, 2022 | | | | | | | |
| Cost | 66,335,011 | 21,860,420 | 10,131,415 | 17,196,518 | 4,237,270 | 135,033,401 | 254,794,035 |
| Accumulated depreciation | (52,237,415) | (17,468,549) | (6,994,735) | (7,278,265) | (3,370,103) | (90,509,140) | (177,858,207) |
| Accumulated impairment | - | - | (725,917) | (6,559,464) | - | - | (7,285,381) |
| Net book value | 14,097,596 | 4,391,871 | 2,410,763 | 3,358,789 | 867,167 | 44,524,261 | 69,650,447 |
| Year ended June 30, 2023 | | | | | | | |
| Opening net book value | 14,097,596 | 4,391,871 | 2,410,763 | 3,358,789 | 867,167 | 44,524,261 | 69,650,447 |
| Additions (at cost) | 27,841,202 | 4,449,806 | 125,789 | 784,700 | 5,167,000 | 83,531,136 | 121,899,633 |
| Disposals | | | | | | | |
| Cost | (259,247) | (531,089) | (735,225) | (5,176,876) | - | - | (6,702,437) |
| Accumulated depreciation | 171,179 | 410,316 | 724,550 | 5,157,904 | - | - | 6,463,949 |
| | (88,068) | (120,773) | (10,675) | (18,972) | - | - | (238,488) |
| Depreciation charge for the year | (12,923,066) | (1,935,602) | (1,384,498) | (1,725,989) | (1,794,918) | (37,825,824) | (57,589,897) |
| Effect of termination | - | - | - | - | - | (5,640,044) | (5,640,044) |
| Closing net book value | 28,927,664 | 6,785,302 | 1,141,379 | 2,398,528 | 4,239,249 | 84,589,529 | 128,081,651 |
| As at June 30, 2023 | | | | | | | |
| Cost | 93,916,966 | 25,779,137 | 9,521,979 | 12,804,342 | 9,404,270 | 212,924,493 | 364,351,187 |
| Accumulated depreciation | (64,989,302) | (18,993,835) | (7,654,683) | (3,846,350) | (5,165,021) | (128,334,964) | (228,984,155) |
| Accumulated impairment loss | - | - | (725,917) | (6,559,464) | - | - | (7,285,381) |
| Net book value | 28,927,664 | 6,785,302 | 1,141,379 | 2,398,528 | 4,239,249 | 84,589,529 | 128,081,651 |
| Depreciation rate (% per annum) | 25% | 20% - 50% | 25% - 67% | 25% - 50% | 25% | 20% - 33% | |
| | | | | | | | |
| | 2022 | | | | | | |
| | Computer equipment | Office equipment | Furniture and fixtures | Leasehold improvements | Vehicles | Right-of-use assets - Leasehold buildings | Total |
| | (Rupees) | | | | | | |
| As at July 1, 2021 | | | | | | | |
| Cost | 61,402,064 | 19,252,265 | 8,182,368 | 13,388,935 | 4,237,270 | 105,099,764 | 211,562,666 |
| Accumulated depreciation | (44,367,298) | (15,674,244) | (5,291,723) | (5,798,064) | (2,385,539) | (58,081,180) | (131,598,048) |
| Accumulated impairment losses | - | - | (725,917) | (6,559,464) | - | - | (7,285,381) |
| Net book value | 17,034,766 | 3,578,021 | 2,164,728 | 1,031,407 | 1,851,731 | 47,018,584 | 72,679,237 |
| Year ended June 30, 2022 | | | | | | | |
| Opening net book value | 17,034,766 | 3,578,021 | 2,164,728 | 1,031,407 | 1,851,731 | 47,018,584 | 72,679,237 |
| Additions (at cost) | 6,326,485 | 2,873,936 | 1,949,047 | 3,807,583 | - | 30,006,779 | 44,963,830 |
| Disposals | | | | | | | |
| Cost | (1,393,538) | (265,781) | - | - | - | - | (1,659,319) |
| Accumulated depreciation | 1,337,998 | 262,488 | - | - | - | - | 1,600,486 |
| | (55,540) | (3,293) | - | - | - | - | (58,833) |
| Depreciation charge for the year | (9,208,115) | (2,056,793) | (1,703,012) | (1,480,201) | (984,564) | (32,427,960) | (47,860,645) |
| Effect of termination | - | - | - | - | - | (73,142) | (73,142) |
| Closing net book value | 14,097,596 | 4,391,871 | 2,410,763 | 3,358,789 | 867,167 | 44,524,261 | 69,650,447 |
| As at June 30, 2022 | | | | | | | |
| Cost | 66,335,011 | 21,860,420 | 10,131,415 | 17,196,518 | 4,237,270 | 135,033,401 | 254,794,035 |
| Accumulated depreciation | (52,237,415) | (17,468,549) | (6,994,735) | (7,278,265) | (3,370,103) | (90,509,140) | (177,858,207) |
| Accumulated impairment loss | - | - | (725,917) | (6,559,464) | - | - | (7,285,381) |
| Net book value | 14,097,596 | 4,391,871 | 2,410,763 | 3,358,789 | 867,167 | 44,524,261 | 69,650,447 |
| Depreciation rate (% per annum) | 25% | 20% - 50% | 25% - 67% | 25% - 50% | 25% | 20% - 33% | |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

| | Note | 2023 | 2022 |
|-----------------------------------|--|-------------------|-------------------|
| | | Rupees | |
| 4.1.1 | Depreciation charge for the year has been allocated as follows: | | |
| Administrative expenses | 21 | 41,552,363 | 33,216,457 |
| Selling and distribution expenses | 22 | 16,037,534 | 14,644,188 |
| | | <u>57,589,897</u> | <u>47,860,645</u> |

4.1.2 The operating fixed assets includes items costing Rs. 100.547 million (2022: Rs. 57.114 million) which are fully depreciated as of June 30, 2023 but are still in active use of the Company.

4.1.3 The details of operating fixed assets disposed of during the year are as follows:

| | Cost | Accumulated depreciation | Net book value | Sale proceeds | Gain on disposal | Mode of disposal | Particulars of buyer |
|--|------------------|--------------------------|----------------|----------------|------------------|-----------------------|----------------------|
| Rupees | | | | | | | |
| <i>Assets having book value of not more than five hundred thousand rupees individually disposed of during the year</i> | 6,702,437 | 6,463,949 | 238,488 | 308,238 | 69,750 | Negotiation / Auction | Various |
| June 30, 2023 | <u>6,702,437</u> | <u>6,463,949</u> | <u>238,488</u> | <u>308,238</u> | <u>69,750</u> | | |
| June 30, 2022 | <u>1,659,319</u> | <u>1,600,486</u> | <u>58,833</u> | <u>80,000</u> | <u>21,167</u> | | |

| | Note | 2023 | 2022 |
|------------------------|---------------------------------|------------------|------------------|
| | | Rupees | |
| 4.2 | Capital work-in-progress | | |
| Computer equipment | | - | 7,038,000 |
| Advance to contractors | | 2,458,208 | - |
| | | <u>2,458,208</u> | <u>7,038,000</u> |

5 INTANGIBLE ASSETS

| | | | |
|------------------------|----------------|--------------------|--------------------|
| Definite life | | | |
| Computer software | 5.1 | 23,271,910 | 38,042,063 |
| Indefinite life | | | |
| Goodwill | 5.1, 5.3 & 5.4 | 82,126,933 | 82,126,933 |
| Management rights | 5.1, 5.3 & 5.4 | 192,000,000 | 192,000,000 |
| | | <u>274,126,933</u> | <u>274,126,933</u> |
| | | <u>297,398,843</u> | <u>312,168,996</u> |

5.1 Following is the statement of intangible assets:

| | | June 30, 2023 | | | |
|-------------|--|-------------------|-------------------|--------------------|--------------------|
| | | Computer software | Goodwill | Management rights | Total |
| | | (Rupees) | | | |
| Note | | | | | |
| | As at July 1, 2022 | | | | |
| | Cost | 121,663,317 | 82,126,933 | 192,000,000 | 395,790,250 |
| | Accumulated amortisation | (83,621,254) | - | - | (83,621,254) |
| | Net book value | <u>38,042,063</u> | <u>82,126,933</u> | <u>192,000,000</u> | <u>312,168,996</u> |
| | Year ended June 30, 2023 | | | | |
| | Opening net book value | 38,042,063 | 82,126,933 | 192,000,000 | 312,168,996 |
| | Additions | 787,371 | - | - | 787,371 |
| | Amortisation charge for the year | (15,557,524) | - | - | (15,557,524) |
| 21 | Closing net book value | <u>23,271,910</u> | <u>82,126,933</u> | <u>192,000,000</u> | <u>297,398,843</u> |
| | As at June 30, 2023 | | | | |
| | Cost | 122,450,688 | 82,126,933 | 192,000,000 | 396,577,621 |
| | Accumulated amortisation | (99,178,778) | - | - | (99,178,778) |
| | Net book value | <u>23,271,910</u> | <u>82,126,933</u> | <u>192,000,000</u> | <u>297,398,843</u> |
| | Amortisation rate (% per annum) | <u>25% - 33%</u> | | | |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

| | | June 30, 2022 | | | |
|---------------------------------|--|-------------------|-------------------|--------------------|--------------------|
| | | Computer software | Goodwill | Management rights | Total |
| Note | ----- (Rupees) ----- | | | | |
| As at July 1, 2021 | | | | | |
| | Cost | 83,033,817 | 82,126,933 | 192,000,000 | 357,160,750 |
| | Accumulated amortisation | (72,880,427) | - | - | (72,880,427) |
| | Net book value | <u>10,153,390</u> | <u>82,126,933</u> | <u>192,000,000</u> | <u>284,280,323</u> |
| Year ended June 30, 2022 | | | | | |
| | Opening net book value | 10,153,390 | 82,126,933 | 192,000,000 | 284,280,323 |
| | Additions | 38,629,500 | - | - | 38,629,500 |
| | Amortisation charge for the year | (10,740,827) | - | - | (10,740,827) |
| 21 | Closing net book value | <u>38,042,063</u> | <u>82,126,933</u> | <u>192,000,000</u> | <u>312,168,996</u> |
| As at June 30, 2022 | | | | | |
| | Cost | 121,663,317 | 82,126,933 | 192,000,000 | 395,790,250 |
| | Accumulated amortisation | (83,621,254) | - | - | (83,621,254) |
| | Net book value | <u>38,042,063</u> | <u>82,126,933</u> | <u>192,000,000</u> | <u>312,168,996</u> |
| | Amortisation rate (% per annum) | <u>25% - 33%</u> | | | |

5.2 Intangible assets includes items costing Rs. 54.622 million (2022: Rs. 21.344 million) which are fully amortised as of June 30, 2023 but are still in active use of the Company.

5.3 Pursuant to the scheme of amalgamation for the transfer of the entire business of MCB AMC to AHIL including all the properties, rights, title and interest as disclosed in note 1.1 to these financial statements which was entered between AHCL and MCB Bank Limited, intangible assets comprising of management rights and goodwill aggregating to Rs. 192 million and Rs. 82.127 million respectively were recognised in the financial statements for the year ended June 30, 2011.

5.4 In accordance with the requirements of International Accounting Standard (IAS) 36: 'Impairment of assets', an entity shall test an intangible asset with an indefinite useful life and goodwill acquired in a business combination for impairment annually by comparing its carrying amount with its recoverable amount, irrespective of whether there is any indication that it may be impaired. Therefore, the management has tested whether management rights with indefinite useful life and goodwill have suffered any impairment as at June 30, 2023. The recoverable amounts for management rights and goodwill are based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets prepared by the management covering a five-year period. Cash flows beyond those periods are extrapolated using the estimated growth rates. These growth rates are consistent with forecasts specific to the industry in which the Company operates. Following are the key assumptions for determination of value-in-use for goodwill and management rights:

5.4.1 Key assumptions used to determine the recoverable amounts

The growth rates and cost to income ratios used to estimate future performance are based on past performance, market trends and the management experience of growth rates and cost to income ratios achievable. The management believes that the assumptions used in estimating the future performance of these intangibles are consistent with past performance and trends. The calculation of value-in-use is most sensitive to the following assumptions:

| Particulars | 2023 | 2022 |
|------------------------|--------|--------|
| - Discount rate | 31.00% | 23.00% |
| - Terminal growth rate | 5.00% | 5.00% |
| - Revenue growth rates | 12.00% | 12.00% |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

| 6 | INVESTMENT IN ASSOCIATES | Note | 2023 | 2022 |
|---|---|------|---------------|---------------|
| | | | Rupees | |
| | Investment in associated undertakings | | | |
| | Investment in units of funds under management | 6.1 | 1,353,001,777 | 1,114,549,728 |

6.1 Investment in units of funds under management

| Name of the investee fund | June 30, 2023 | | | | | | |
|---------------------------|--------------------------|--------------------|--|--|--------------------------|-----------------|--------------------------------|
| | Country of incorporation | Percentage holding | Investment as at the beginning of the year | Investment / (redemptions) during the year | Share of profit / (loss) | Dividend Income | Investment as at June 30, 2023 |
| | Rupees | | | | | | |

Investment in associated undertaking

| | | | | | | | |
|--|----------|--------|-------------|---------------|-------------|-------------|-------------|
| Alhamra Islamic Pension Fund - Equity Sub-Fund | Pakistan | 37.20% | 161,002,394 | - | 353,986 | - | 161,356,380 |
| Alhamra Islamic Pension Fund - Debt Sub-Fund | Pakistan | 19.18% | 75,592,695 | - | 11,258,548 | - | 86,851,243 |
| Alhamra Islamic Pension Fund - Money Market Sub-Fund | Pakistan | 10.63% | 66,639,755 | - | 10,746,711 | - | 77,386,466 |
| Pakistan Pension Fund - Equity Sub-Fund | Pakistan | 16.12% | 122,602,561 | - | 1,493,000 | - | 124,095,561 |
| Pakistan Pension Fund - Debt Sub-Fund | Pakistan | 20.86% | 87,843,968 | - | 14,928,362 | - | 102,772,330 |
| Pakistan Pension Fund - Money Market Sub-Fund | Pakistan | 6.77% | 92,220,000 | - | 16,011,000 | - | 108,231,000 |
| MCB Cash Management Optimizer | Pakistan | 0.63% | - | 334,539,890 | 34,753,240 | (1,569,389) | 367,723,741 |
| MCB Pakistan Stock Market Fund | Pakistan | - | 90,390,302 | (99,367,952) | 8,977,850 | - | - |
| Alhamra Islamic Income Fund | Pakistan | 0.15% | - | 4,786,208 | 1,929,512 | (345,480) | 6,370,240 |
| MCB Pakistan Sovereign Fund * | Pakistan | - | - | (4,410,292) | 4,410,292 | - | - |
| Alhamra Islamic Money Market Fund * | Pakistan | - | - | - | 1,044,188 | (1,044,188) | - |
| Alhamra Daily Dividend Fund * | Pakistan | - | - | - | 616,275 | (616,275) | - |
| Alhamra Islamic Stock Fund | Pakistan | - | 17,398,169 | (16,174,348) | (1,223,821) | - | - |
| Alhamra Islamic Active Allocation Fund (Alhamra Smart Portfolio) | Pakistan | 83.23% | 120,895,058 | (35,000,000) | 9,588,481 | - | 95,483,539 |
| Alhamra Wada Fund (Alhamra Wada Plan I) | Pakistan | - | 50,033,787 | (50,059,346) | 377,769 | (352,210) | - |
| Alhamra Wada Fund (Alhamra Wada Plan II) * | Pakistan | - | - | - | 31,814 | (31,814) | - |
| Alhamra Wada Fund (Alhamra Wada Plan III) * | Pakistan | - | - | - | 112,517 | (112,517) | - |
| Alhamra Wada Fund (Alhamra Wada Plan IV) * | Pakistan | - | - | - | 783,980 | (783,980) | - |
| Alhamra Wada Fund (Alhamra Wada Plan V) * | Pakistan | - | - | (53,076) | 217,291 | (164,215) | - |
| Alhamra Wada Fund (Alhamra Wada Plan VI) * | Pakistan | - | - | (520,023) | 672,952 | (152,929) | - |
| Alhamra Wada Fund (Alhamra Wada Plan VII) | Pakistan | 6.99% | - | 134,041,041 | 7,608,446 | (297,552) | 141,351,935 |
| Alhamra Cash Management Optimizer | Pakistan | 0.23% | - | 10,150,100 | 176,587 | (176,587) | 10,150,100 |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan I) | Pakistan | - | 170,118,779 | (170,119,601) | 2,162,963 | (2,162,141) | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan II) * | Pakistan | - | - | (1,337,606) | 1,359,918 | (22,312) | - |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

| Name of the investee fund | June 30, 2023 | | | | | | |
|--|--------------------------|--------------------|--|--|--------------------------|-----------------|--------------------------------|
| | Country of incorporation | Percentage holding | Investment as at the beginning of the year | Investment / (redemptions) during the year | Share of profit / (loss) | Dividend income | Investment as at June 30, 2023 |
| Rupees | | | | | | | |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan III) * | Pakistan | - | - | - | 1,305,440 | (1,305,440) | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan IV) * | Pakistan | - | - | (381,280) | 507,069 | (125,789) | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan V) * | Pakistan | - | - | (11,817) | 67,766 | (55,949) | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan VI) * | Pakistan | - | - | (103,984) | 156,846 | (52,862) | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan VII) | Pakistan | 4.61% | - | 8,569,393 | 2,111,128 | (308,726) | 10,371,795 |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan IX) * | Pakistan | - | - | (15,329) | 42,200 | (26,871) | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan XI) * | Pakistan | - | - | (602,119) | 611,058 | (8,939) | - |
| MCB Pakistan Opportunity Fund (MCB Pakistan Dividend Yield Plan) | Pakistan | 29.13% | 59,812,260 | (5,000,000) | 6,045,187 | - | 60,857,447 |
| | | | 1,114,549,728 | 108,929,859 | 139,238,355 | (9,716,165) | 1,353,001,777 |

| Name of the investee fund | June 30, 2022 | | | | | | |
|---------------------------|--------------------------|--------------------|--|--|--------------------------|-----------------|--------------------------------|
| | Country of incorporation | Percentage holding | Investment as at the beginning of the year | Investment / (redemptions) during the year | Share of profit / (loss) | Dividend income | Investment as at June 30, 2022 |
| Rupees | | | | | | | |

Investment in associated undertaking

| | | | | | | | |
|--|----------|--------|---------------|---------------|--------------|-------------|---------------|
| Alhamra Islamic Pension Fund - Equity Sub-Fund | Pakistan | | 195,064,349 | - | (34,061,955) | - | 161,002,394 |
| Alhamra Islamic Pension Fund - Debt Sub-Fund | Pakistan | | 70,100,720 | - | 5,491,975 | - | 75,592,695 |
| Alhamra Islamic Pension Fund - Money Market Sub-Fund | Pakistan | | 61,558,594 | - | 5,080,161 | - | 66,639,755 |
| Pakistan Pension Fund - Equity Sub-Fund | Pakistan | | 147,552,310 | - | (24,949,749) | - | 122,602,561 |
| Pakistan Pension Fund - Debt Sub-Fund | Pakistan | | 80,313,979 | - | 7,529,989 | - | 87,843,968 |
| Pakistan Pension Fund - Money Market Sub-Fund | Pakistan | | 84,006,000 | - | 8,214,000 | - | 92,220,000 |
| MCB Cash Management Optimizer | Pakistan | - | 6,538,775 | (25,363,229) | 20,103,504 | (1,279,050) | - |
| MCB Pakistan Stock Market Fund | Pakistan | 1.02% | 146,676,096 | (40,830,439) | (15,455,355) | - | 90,390,302 |
| Alhamra Islamic Stock Fund | Pakistan | 0.72% | 24,437,229 | - | (7,039,060) | - | 17,398,169 |
| Pakistan Income Fund | Pakistan | - | 388,253,829 | (395,428,303) | 7,174,474 | - | - |
| Alhamra Islamic Active Allocation Fund (Alhamra Smart Portfolio) | Pakistan | 83.14% | 119,852,520 | 701,862 | 1,166,396 | (825,720) | 120,895,058 |
| MCB Pakistan Asset Allocation Fund * | Pakistan | - | - | 10,115,801 | (10,115,801) | - | - |
| MCB Pakistan Sovereign Fund * | Pakistan | - | - | (54,083) | 54,083 | - | - |
| Pakistan Cash Management Fund * | Pakistan | - | - | - | 3,125,089 | (3,125,089) | - |
| Alhamra Wada Fund (Alhamra Wada Plan I) | Pakistan | 7.60% | - | 50,033,787 | 39,750 | (39,750) | 50,033,787 |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan I) | Pakistan | 75.56% | - | 170,118,779 | 139,740 | (139,740) | 170,118,779 |
| MCB Pakistan Opportunity Fund (MCB Pakistan Dividend Yield Plan) | Pakistan | 54.55% | - | 60,000,000 | (187,740) | - | 59,812,260 |
| | | | 1,324,355,401 | (170,705,825) | (33,690,499) | (5,409,349) | 1,114,549,728 |

* The units of these associates were purchased and redeemed during the year.

- 6.1.1** No reconciliation is required between the carrying amount of the investment in associated undertakings and the summarised financial information as the movement in the Net Asset Value (NAV) represents the proportionate share of profit of investment in associate and the investment is also valued at the NAV prevailing at the reporting date under the equity accounting method.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

6.1.2 Summary of financial position and performance

| Name of the investee fund | As at June 30, 2023 | | | | For the year ended June 30, 2023 | | |
|---|--------------------------|--------------------|-----------------------|-----------------------|----------------------------------|-----------------------|-------------------------------------|
| | Country of incorporation | Percentage holding | Assets | Liabilities | Revenue | Net income / (loss) | Total comprehensive income / (loss) |
| (Rupees) | | | | | | | |
| Investment in associated undertaking | | | | | | | |
| Alhamra Islamic Pension Fund - Equity Sub-Fund | Pakistan | 37.20% | 442,150,575 | 8,450,854 | 12,302,327 | (1,485,534) | (1,485,534) |
| Alhamra Islamic Pension Fund - Debt Sub-Fund | Pakistan | 19.18% | 454,754,871 | 2,036,043 | 67,570,713 | 60,887,767 | 60,887,767 |
| Alhamra Islamic Pension Fund - Money Market Sub-Fund | Pakistan | 10.63% | 730,562,649 | 2,581,343 | 95,707,384 | 89,999,694 | 89,999,694 |
| Pakistan Pension Fund - Equity Sub-Fund | Pakistan | 16.12% | 795,400,588 | 25,615,845 | 22,714,306 | 5,291,931 | 5,291,931 |
| Pakistan Pension Fund - Debt Sub-Fund | Pakistan | 20.86% | 496,297,339 | 3,718,761 | 96,238,453 | 87,272,736 | 87,272,736 |
| Pakistan Pension Fund - Money Market Sub-Fund | Pakistan | 6.77% | 1,602,353,455 | 4,521,403 | 193,427,118 | 182,738,910 | 182,738,910 |
| MCB Cash Management Optimizer | Pakistan | 0.63% | 76,504,385,508 | 18,350,954,953 | 10,033,238,070 | 9,428,282,729 | 9,428,282,729 |
| Alhamra Islamic Income Fund | Pakistan | 0.15% | 4,302,102,431 | 26,977,893 | 901,830,026 | 844,035,162 | 844,035,162 |
| Alhamra Islamic Active Allocation Fund (Alhamra Smart Portfolio) | Pakistan | 83.23% | 115,220,650 | 501,685 | 13,177,058 | 11,884,248 | 11,884,248 |
| Alhamra Wada Fund (Alhamra Wada Plan VII) | Pakistan | 6.99% | 2,027,026,064 | 5,855,127 | 85,958,965 | 79,970,549 | 79,970,549 |
| Alhamra Cash Management Optimizer | Pakistan | 0.23% | 4,345,097,036 | 7,246,916 | 62,681,681 | 59,196,640 | 59,196,640 |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan VII) | Pakistan | 4.61% | 226,053,625 | 1,034,173 | 17,845,807 | 16,663,534 | 16,663,534 |
| MCB Pakistan Opportunity Fund (MCB Pakistan Dividend Yield Plan) | Pakistan | 29.13% | 221,815,181 | 12,877,397 | 22,166,102 | 18,260,942 | 18,260,942 |
| | | | <u>92,263,219,972</u> | <u>18,452,371,393</u> | <u>11,624,858,010</u> | <u>10,682,999,308</u> | <u>10,682,999,308</u> |

| Name of the investee fund | As at June 30, 2022 | | | | For the year ended June 30, 2022 | | |
|---|--------------------------|--------------------|-----------------------|--------------------|----------------------------------|------------------------|-------------------------------------|
| | Country of incorporation | Percentage holding | Assets | Liabilities | Revenue | Net income / (loss) | Total comprehensive income / (loss) |
| (Rupees) | | | | | | | |
| Investment in associated undertaking | | | | | | | |
| Alhamra Islamic Pension Fund - Equity Sub-Fund | Pakistan | 26.95% | 608,751,314 | 12,230,880 | (112,522,280) | (121,414,524) | (121,414,524) |
| Alhamra Islamic Pension Fund - Debt Sub-Fund | Pakistan | 18.35% | 504,219,188 | 92,239,549 | 34,391,031 | 28,817,693 | 28,817,693 |
| Alhamra Islamic Pension Fund - Money Market Sub-Fund | Pakistan | 15.12% | 482,055,743 | 41,397,217 | 33,338,976 | 28,602,368 | 28,602,368 |
| Pakistan Pension Fund - Equity Sub-Fund | Pakistan | 14.74% | 836,501,040 | 4,523,541 | (158,994,213) | (171,202,844) | (171,202,844) |
| Pakistan Pension Fund - Debt Sub-Fund | Pakistan | 15.73% | 808,466,135 | 249,873,153 | 52,441,747 | 47,048,820 | 47,048,820 |
| Pakistan Pension Fund - Debt Sub-Fund | Pakistan | 15.73% | 808,466,135 | 249,873,153 | 52,441,747 | 47,048,820 | 47,048,820 |
| Pakistan Pension Fund - Money Market Sub-Fund | Pakistan | 12.88% | 718,512,579 | 2,268,550 | 63,477,099 | 55,990,348 | 55,990,348 |
| MCB Pakistan Stock Market Fund | Pakistan | 1.02% | 9,102,473,016 | 227,140,805 | (1,461,450,073) | (1,816,922,533) | (1,816,922,533) |
| Alhamra Islamic Stock Fund | Pakistan | 0.72% | 2,497,318,014 | 66,974,562 | (541,015,329) | (657,208,221) | (657,208,221) |
| Alhamra Islamic Active Allocation Fund (Alhamra Smart Portfolio) | Pakistan | 83.14% | 145,921,181 | 512,282 | 2,718,245 | 1,370,572 | 1,370,572 |
| Alhamra Wada Fund (Alhamra Wada Plan I) | Pakistan | 7.60% | 658,544,051 | 67,660 | 565,272 | 522,936 | 522,936 |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan I) | Pakistan | 75.56% | 225,220,622 | 63,367 | 208,365 | 184,998 | 184,998 |
| MCB Pakistan Opportunity Fund (MCB Pakistan Dividend Yield Plan) | Pakistan | 54.55% | 110,103,305 | 447,484 | 73,842 | (344,179) | (344,179) |
| | | | <u>16,699,086,188</u> | <u>697,739,050</u> | <u>(2,086,767,318)</u> | <u>(2,604,554,566)</u> | <u>(2,604,554,566)</u> |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

| | | | 2023 | 2022 |
|----------|---|-------------|--------------------|---------|
| | | | ----- Rupees ----- | |
| 7 | LONG TERM INVESTMENT | Note | | |
| | At fair value through profit or loss | | | |
| | Investment in shares | 7.1 | 265,000 | 265,000 |

7.1 During the year ended June 30, 2022, Mutual Funds Association of Pakistan (MUFAP) had converted into a Self-Regulatory Organization (SRO) upon the directive of SECP and thus, was required to be registered under Section 42 of the Companies Act, 2017. Since it was converted into a SRO, the capital requirements were met from all the Asset Management Companies (AMCs) who are also the members of MUFAP. All AMCs contributed equally towards the share capital of MUFAP by subscribing for 26,500 shares at a par value of Rs. 10 each, raising a total capital of Rs. 5,035,000 comprising of 503,500 shares of Rs. 10 each. Hence, the Company also subscribed for the shares of MUFAP being its member.

| | | | 2023 | 2022 |
|----------|---|----------------|--------------------|--------------|
| | | | ----- Rupees ----- | |
| 8 | LONG TERM LOANS AND PREPAYMENTS | Note | | |
| | Considered good - secured | | | |
| | Loan to executive | | 4,136,901 | 4,226,794 |
| | Less: current portion | 10 | (101,653) | (89,891) |
| | | 8.1 | 4,035,248 | 4,136,903 |
| | Considered good - unsecured | | | |
| | Loan to director | 8.2, 8.3 & 8.4 | 10,962,158 | 12,309,656 |
| | Loans to executives | 8.5 | 4,840,365 | 5,999,291 |
| | Loans to employees | 8.5 | 266,974 | 950,448 |
| | Less: current portion | 10 | (4,526,518) | (5,587,826) |
| | | | 11,542,979 | 13,671,569 |
| | | | 15,578,227 | 17,808,472 |
| | Prepayments | | | |
| | Prepaid commission against bachat units | | 38,875,042 | 21,882,874 |
| | Less: current portion | 11 | (25,458,503) | (15,795,147) |
| | | 8.6 | 13,416,539 | 6,087,727 |
| | | | 28,994,766 | 23,896,199 |

8.1 This represents loan given to an executive at an interest rate of 4.5% per annum and was initially recorded at its fair value using an effective rate of 12.36% per annum. This loan is advanced for the purpose of housing finance and is repayable in monthly installments as a deduction from salary having a maximum repayment period of up to twenty years. This loan is secured against the documents of the immovable property acquired and life insurance policy in favour of the Company.

8.2 This represents loan given to Chief Executive Officer at an interest rate of 1 year KIBOR minus 1% per annum with KIBOR to be reset annually from the date of disbursement and was initially recognised at its fair value using an effective rate of 17.09% per annum. This loan is advanced for the purpose of housing finance and is repayable in monthly installments having a maximum repayment period of up to four years. The loan was approved by the members in the general meeting and the approval of the SECP has also been obtained as per the provisions of the Companies Act, 2017.

| | | | 2023 | 2022 |
|------------|---|--|--------------------|-------------|
| | | | ----- Rupees ----- | |
| 8.3 | The reconciliation of loan to director is as follows: | | | |
| | Opening balance | | 12,309,656 | - |
| | Add: disbursements during the year | | 12,500,000 | 15,000,000 |
| | Less: recoveries during the year | | (13,847,498) | (2,690,344) |
| | Closing balance | | 10,962,158 | 12,309,656 |

8.4 The maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balance was Rs. 12.313 million (2022: Rs. 14.728 million).

8.5 These represent interest free loans given to employees and executives. These loans are provided for booking advance (lease down payment) at 20% of the invoice price at the time of purchasing the vehicle as per the policy of the Company and are repayable in monthly installments as a deduction from salary having a maximum repayment period of up to five years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

- 8.6 This represents commission paid on the issuance of bachat units of different funds under the management of the Company. The commission amount is amortised over the period of the contract, unless redeemed earlier, in which case it is charged off immediately. However, in the case of early redemption, the unamortised portion is recovered from the investor in the form of back-end load.

| 9 | Note | 2023 | 2022 |
|--|------|--------------------|--------------------|
| | | Rupees | |
| RECEIVABLE FROM FUNDS UNDER MANAGEMENT | | | |
| Considered good - unsecured | | | |
| Open-end Collective Investment Schemes (CISs) | | | |
| Pakistan Income Fund | | 18,692,329 | 16,126,269 |
| MCB Pakistan Stock Market Fund | | 85,933,241 | 107,167,590 |
| MCB Pakistan Sovereign Fund | | 34,487,230 | 34,406,687 |
| Pakistan Capital Market Fund | | 7,337,240 | 7,507,087 |
| Pakistan Cash Management Fund | | 49,258,569 | 14,838,404 |
| Pakistan Income Enhancement Fund | | 24,134,998 | 25,141,625 |
| MCB Pakistan Asset Allocation Fund | | 37,120,908 | 37,937,781 |
| MCB DCF Income Fund | | 153,747,001 | 139,165,020 |
| MCB Cash Management Optimizer | | 156,755,809 | 83,258,472 |
| Alhamra Islamic Money Market Fund | | 31,526,773 | 7,672,895 |
| Alhamra Islamic Asset Allocation Fund | | 11,216,497 | 13,118,408 |
| Alhamra Islamic Stock Fund | | 19,195,252 | 19,601,577 |
| Alhamra Islamic Income Fund | | 18,419,359 | 16,928,459 |
| Alhamra Daily Dividend Fund | | 8,126,716 | 6,056,186 |
| Alhamra Islamic Active Allocation Fund (Alhamra Smart Portfolio) | | 18,944 | 20,286 |
| Alhamra Wada Fund (Alhamra Wada Plan I) | | - | 35,783 |
| Alhamra Wada Fund (Alhamra Wada Plan VII) | | 5,659,431 | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan I) | | - | 22,721 |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan V) | | 9,956,991 | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan VI) | | 4,942,990 | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan VII) | | 984,229 | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan IX) | | 6,048,332 | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan X) | | 60,836 | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan XI) | | 1,265,348 | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan XII) | | 746,824 | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan XIII) | | 537,707 | - |
| MCB Pakistan Opportunity Fund (MCB Pakistan Dividend Yield Plan) | | 184,925 | 3,395 |
| Pakistan Sarmaya Mehfooz Fund | | 4,267,360 | 4,267,360 |
| Alhamra Cash Management Optimizer | | 3,231,186 | - |
| | | 693,857,025 | 533,276,005 |
| Voluntary Pension Funds | | | |
| Pakistan Pension Fund | | 8,773,410 | 8,254,655 |
| Alhamra Islamic Pension Fund | | 4,789,605 | 4,581,729 |
| | | 13,563,015 | 12,836,384 |
| | 9.1 | 707,420,040 | 546,112,389 |

- 9.1 The above amounts represent receivable on account of management fee, Sindh Sales Tax on management fee, sales load charged on selected funds, Sindh Sales Tax on sales load, selling and marketing expenses and allocated expenses charged to these funds. This also includes Federal Excise Duty receivable from the funds under its management as more fully explained in note 16.2 to these financial statements.

- 9.2 As per regulation 61 of the NBFC Regulations, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the offering document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company is charging its remuneration at the rates as disclosed in note 18.2 to these financial statements.

- 9.3 In accordance with Regulation 60 of the NBFC Regulations, the Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a collective investment scheme (CIS).

Therefore, the Company is charging the allocated expenses variably keeping in view the overall return of the Fund and subject to the total expense ratio of the funds as defined under the NBFC Regulations.

- 9.4 The SECP had allowed asset management companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e. from January 1, 2017 till December 31, 2019) subject to a maximum limit of 0.4% per annum of the average annual net assets of the Fund or actual expenses, whichever is lower.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

The SECP through its Circular 11 dated July 5, 2019 had removed the maximum cap of 0.4% per annum for charging of selling and marketing expenses to a Fund. Furthermore, the time limit of three years had also been removed in the circular issued by the SECP. The asset management company can charge such expenses to the Fund as per the annual plan and the same should be approved by the Board of Directors of the Company.

The Board of Directors of the Company had approved the annual plan for charging of selling and marketing expenses to the funds under the management of the Company and has given a discretion for charging of selling and marketing expenses directly to the Fund as proposed by the management as per the requirements of SECP Circular 11 dated July 5, 2019. The Company is charging the selling and marketing expenses variably keeping in view the overall return of the Fund and subject to the total expense ratio of the funds as defined under the NBFC Regulations.

- 9.5 The maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balance are as under:

| | 2023 | 2022 |
|--|--------------------|-------------|
| | ----- Rupees ----- | |
| Open-end Collective Investment Schemes (CISs) | | |
| - Pakistan Income Fund | 18,692,329 | 22,959,185 |
| - MCB Pakistan Stock Market Fund | 105,186,353 | 124,184,139 |
| - MCB Pakistan Sovereign Fund | 34,487,230 | 34,848,854 |
| - Pakistan Capital Market Fund | 7,450,731 | 7,901,800 |
| - Pakistan Cash Management Fund | 49,258,569 | 14,838,404 |
| - Pakistan Income Enhancement Fund | 24,282,745 | 25,141,626 |
| - MCB Pakistan Asset Allocation Fund | 37,983,605 | 39,182,543 |
| - MCB DCF Income Fund | 153,747,001 | 140,042,887 |
| - MCB Cash Management Optimizer | 156,755,809 | 94,454,109 |
| - Alhamra Islamic Money Market Fund | 31,526,773 | 10,901,521 |
| - Alhamra Islamic Asset Allocation Fund | 12,780,272 | 17,412,498 |
| - Alhamra Islamic Stock Fund | 20,000,538 | 25,734,556 |
| - Alhamra Islamic Income Fund | 20,785,556 | 22,301,965 |
| - Alhamra Daily Dividend Fund | 9,262,941 | 6,056,185 |
| - Alhamra Islamic Active Allocation Fund (Alhamra Smart Portfolio) | 229,526 | 649,751 |
| - Alhamra Wada Fund (Alhamra Wada Plan I) | 819,531 | 35,783 |
| - Alhamra Wada Fund (Alhamra Wada Plan II) | 3,353,421 | - |
| - Alhamra Wada Fund (Alhamra Wada Plan III) | 1,985,777 | - |
| - Alhamra Wada Fund (Alhamra Wada Plan IV) | 1,673,812 | - |
| - Alhamra Wada Fund (Alhamra Wada Plan V) | 568,091 | - |
| - Alhamra Wada Fund (Alhamra Wada Plan VI) | 68,999 | - |
| - Alhamra Wada Fund (Alhamra Wada Plan VII) | 5,659,440 | - |
| - MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan I) | 458,424 | 22,721 |
| - MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan II) | 4,037,106 | - |
| - MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan III) | 241,817 | - |
| - MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan IV) | 766,296 | - |
| - MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan V) | 16,320,323 | - |
| - MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan VI) | 9,956,932 | - |
| - MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan VII) | 984,229 | - |
| - MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan IX) | 8,912,613 | - |
| - MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan X) | 60,835 | - |
| - MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan XI) | 3,280,333 | - |
| - MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan XII) | 686,674 | - |
| - MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan XIII) | 537,707 | - |
| - MCB Pakistan Opportunity Fund (MCB Pakistan Dividend Yield Plan) | 187,830 | 3,395 |
| - Pakistan Sarmaya Mehfooz Fund | 4,267,360 | 4,267,360 |
| - Alhamra Cash Management Optimizer | 3,268,059 | - |
| Voluntary Pension Funds | | |
| - Pakistan Pension Fund | 8,808,598 | 9,725,124 |
| - Alhamra Islamic Pension Fund | 7,785,945 | 5,452,205 |

- 9.6 The ageing analysis of receivable from funds under management is as follows:

| | From related parties | |
|-----------------------------|----------------------|--------------------|
| | 2023 | 2022 |
| | ----- Rupees ----- | |
| Not past due | 306,314,238 | 146,477,891 |
| Past due upto 3 months | 1,471,304 | - |
| Past due more than one year | 399,634,498 | 399,634,498 |
| | <u>707,420,040</u> | <u>546,112,389</u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

| 10 | LOANS AND ADVANCES | Note | 2023 | 2022 |
|------|---|------|-----------------------------|-------------------|
| | | | ----- Rupees ----- | |
| | Considered good - secured | | | |
| | Current portion of loan to executive | 8 | 101,653 | 89,891 |
| | Considered good - unsecured | | | |
| | Current portion of loans to director, executives and employees | 8 | 4,526,518 | 5,587,826 |
| | Advance to employees, suppliers and contractors | | 1,071,795 | 1,986,193 |
| | | | <u>5,699,966</u> | <u>7,663,910</u> |
| 11 | PREPAYMENTS AND OTHER RECEIVABLES | | | |
| | Prepayments | | | |
| | Current portion of prepaid commission against bachat units | 8 | 25,458,503 | 15,795,147 |
| | Prepaid insurance | | 15,037,245 | 11,075,978 |
| | Prepaid maintenance | | 560,294 | 1,794,850 |
| | Prepaid IT service level agreements | | 15,656,728 | 10,272,464 |
| | Prepaid license fee | | 408,703 | 735,679 |
| | Others | | 213,044 | 30,001 |
| | | | 57,334,517 | 39,704,119 |
| | Other receivables | | | |
| | Considered good - unsecured | | | |
| | Advisory fee on account of discretionary and portfolio management | | | |
| | Due from related party | 11.1 | 15,437,414 | 10,456,642 |
| | Due from others | 11.2 | 9,705,801 | 9,669,730 |
| | | | 25,143,215 | 20,126,372 |
| | Considered doubtful | | | |
| | Due from others | | 12,402,117 | 12,402,117 |
| | Receivable from funds against ATM card redemptions | | 32,732,859 | 8,483,538 |
| | Others | | 537,300 | 368,200 |
| | | | 70,815,491 | 41,380,227 |
| | Provision against advisory fee | 11.3 | (12,402,117) | (12,402,117) |
| | | | <u>115,747,891</u> | <u>68,682,229</u> |
| 11.1 | This includes management fee receivable from Adamjee Life Assurance Company Limited under discretionary portfolio management agreement. The maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balance was Rs. 15.437 million (2022: Rs 10.943 million). | | | |
| | The ageing analysis of related party balance is as follows: | | | |
| | | | From related parties | |
| | | | 2023 | 2022 |
| | | | ----- Rupees ----- | |
| | Not past due | | 3,939,325 | 2,913,009 |
| | Past due upto 3 months | | 3,954,456 | - |
| | Past due more than one year | | 7,543,633 | 7,543,633 |
| | | | <u>15,437,414</u> | <u>10,456,642</u> |
| 11.2 | This represents management fee and performance fee receivable from separately managed accounts under discretionary portfolio management agreements. | | | |
| 11.3 | Provision against advisory fee | | 2023 | 2022 |
| | | | ----- Rupees ----- | |
| | Balance as at July 1 | | 12,402,117 | 12,402,117 |
| | Provision made during the year | | - | - |
| | Balance as at June 30 | | <u>12,402,117</u> | <u>12,402,117</u> |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

| 12 CASH AND BANK BALANCES | Note | 2023 | 2022 |
|---------------------------|------|--------------------|-------------------|
| | | ----- Rupees ----- | |
| Cash in hand | | 5,588 | 4,820 |
| Balances with banks in: | | | |
| Savings accounts | 12.1 | 49,368,737 | 14,635,761 |
| Current accounts | 12.2 | 16,104,252 | 36,882,676 |
| | | 65,472,989 | 51,518,437 |
| | | <u>65,478,577</u> | <u>51,523,257</u> |

12.1 These include a balance of Rs. 43.726 million (2022: Rs. 9.643 million) maintained with MCB Bank Limited (related party) that carries mark-up at the rate of 19.50% (2022: 12.25%) per annum. Further, it also includes balances of Rs. 0.373 million (2022: Rs. 0.353 million) maintained with MCB Islamic Bank Limited (related party) that carries mark-up at the rate of 7.66% (2022: 5.85%) per annum. Other savings accounts of the Company carry mark-up at the rate of 19.50% (2022: 12.25%) per annum.

12.2 These include a balance of Rs. 6.468 million (2022: Rs. 6.639 million) maintained with MCB Bank Limited (related party).

13 SHARE CAPITAL

13.1 Authorised share capital

| 2023 | 2022 | | 2023 | 2022 |
|------------------|------------|--------------------------------|--------------------|-------------|
| Number of shares | | | ----- Rupees ----- | |
| 72,000,000 | 72,000,000 | Ordinary shares of Rs. 10 each | 720,000,000 | 720,000,000 |

13.2 Issued, subscribed and paid-up capital

| 2023 | 2022 | | 2023 | 2022 |
|-------------------|-------------------|--|--------------------|--------------------|
| Number of shares | | | ----- Rupees ----- | |
| | | Ordinary shares of Rs. 10 each | | |
| 5,000,000 | 5,000,000 | Fully paid in cash | 50,000,000 | 50,000,000 |
| 31,000,000 | 31,000,000 | Allotted as bonus shares | 310,000,000 | 310,000,000 |
| 36,000,000 | 36,000,000 | Issued for consideration other than cash | 360,000,000 | 360,000,000 |
| <u>72,000,000</u> | <u>72,000,000</u> | | <u>720,000,000</u> | <u>720,000,000</u> |

13.3 The share capital was issued, subscribed and paid-up by the following related parties of the Company:

| | 2023 | 2022 | 2023 | 2022 |
|---|--------------------|--------|--------------------|-------------------|
| | Percentage holding | | (Number of shares) | |
| MCB Bank Limited | 81.42% | 51.33% | 58,620,935 | 36,956,768 |
| Arif Habib Corporation Limited | - | 30.09% | - | 21,664,167 |
| Adamjee Insurance Company Limited | 7.59% | 7.59% | 5,462,000 | 5,462,000 |
| Directors, spouses and their minor children * | - | 0.05% | 3,200 | 32,426 |
| Others * | - | - | 1,200 | 1,204 |
| | | | <u>64,087,335</u> | <u>64,116,565</u> |

* nil figures due to rounding off difference

| 14 DEFERRED TAXATION - NET | 2023 | 2022 |
|--|--------------------|-------------------|
| | ----- Rupees ----- | |
| Deferred tax assets arising on deductible temporary differences | | |
| - Lease liability against right-of-use assets | (34,154,567) | (14,795,741) |
| - Provision against advisory fee | (4,836,826) | (4,092,699) |
| - Finance cost on loans to executive and director | (1,034,455) | (855,639) |
| - Investment in associates | - | (1,949,238) |
| | (40,025,848) | (21,693,317) |
| Deferred tax liabilities arising on taxable temporary differences | | |
| - Property and equipment (including right-of-use assets) | 26,575,341 | 7,564,924 |
| - Intangible assets | 105,842,066 | 88,245,858 |
| - Investment in associates | 4,820,298 | - |
| | <u>137,237,705</u> | <u>95,810,782</u> |
| | <u>97,211,857</u> | <u>74,117,465</u> |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

| 14.1 Reconciliation of deferred tax liability | Note | 2023 | 2022 |
|---|------|--------------------|-------------------|
| | | ----- Rupees ----- | |
| Deferred tax liability as at July 1 | | 74,117,465 | 67,176,622 |
| Recognised in the statement of profit or loss | 26 | 23,094,392 | 6,940,843 |
| Recognised in other comprehensive income | | - | - |
| Deferred tax liability as at June 30 | | <u>97,211,857</u> | <u>74,117,465</u> |

15 LEASE LIABILITY AGAINST RIGHT-OF-USE ASSETS

The Company has entered into lease agreements in respect of its various rented offices. These were initially measured at the present value of remaining lease payments, discounted using the Company's incremental borrowing rate that ranges from 8.08% per annum to 22.48% per annum. The lease liabilities are subsequently being measured at amortised cost using the effective interest rate method.

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

| | 2023 | 2022 |
|---|---------------------|---------------------|
| | ----- Rupees ----- | |
| Present value of minimum lease payments | 87,575,812 | 44,835,578 |
| Less: current portion | <u>(30,947,036)</u> | <u>(20,073,011)</u> |
| | <u>56,628,776</u> | <u>24,762,567</u> |

| | 2023 | | 2022 | |
|---|------------------------|---|------------------------|---|
| | Minimum lease payments | Present value of minimum lease payments | Minimum lease payments | Present value of minimum lease payments |
| | ----- Rupees ----- | | | |
| Not later than one year | 43,053,256 | 30,947,036 | 23,839,253 | 20,073,011 |
| Later than one year and not later than five years | 64,520,498 | 56,628,776 | 29,476,739 | 24,762,567 |
| | <u>107,573,754</u> | <u>87,575,812</u> | <u>53,315,992</u> | <u>44,835,578</u> |
| Less: finance cost allocated to future periods | <u>(19,997,942)</u> | - | <u>(8,480,414)</u> | - |
| Present value of minimum lease payments | 87,575,812 | 87,575,812 | 44,835,578 | 44,835,578 |
| Less: current portion | <u>(30,947,036)</u> | <u>(30,947,036)</u> | <u>(20,073,011)</u> | <u>(20,073,011)</u> |
| | <u>56,628,776</u> | <u>56,628,776</u> | <u>24,762,567</u> | <u>24,762,567</u> |

| 15.1 Movement of lease liability against right-of-use assets | 2023 | 2022 |
|---|---------------------|---------------------|
| | ----- Rupees ----- | |
| Lease liability against right-of-use-assets as at the beginning of the year | 44,835,578 | 50,348,567 |
| Additions during the year | 83,531,136 | 30,006,779 |
| Interest expense on lease liability against right-of-use-assets | 10,954,777 | 5,476,998 |
| Effect of termination of lease | (5,640,044) | (73,142) |
| Lease rentals paid against right-of-use assets | <u>(46,105,635)</u> | <u>(40,923,624)</u> |
| Lease liability against right-of-use-assets as at the end of the year | <u>87,575,812</u> | <u>44,835,578</u> |

| 16 TRADE AND OTHER PAYABLES | Note | 2023 | 2022 |
|--|------|--------------------|--------------------|
| | | ----- Rupees ----- | |
| Accrued expenses | | 70,091,592 | 54,239,108 |
| Bonus payable | | 117,682,516 | 78,712,411 |
| Sindh Workers' Welfare Fund payable | 16.1 | 68,022,845 | 55,493,826 |
| Sales tax payable | | 16,750,992 | 10,863,039 |
| Federal Excise Duty payable | 16.2 | 412,892,880 | 412,892,880 |
| Withholding tax payable | | 14,046,540 | 7,059,953 |
| Payable to facilitators / distributors | | 44,704,721 | 54,935,174 |
| | | <u>744,192,086</u> | <u>674,196,391</u> |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

16.1 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment, including financial institutions, located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The Company believes that SWWF is not applicable on the Company as it is not a Financial Institution as defined under SWWF Act, 2014. In view of the above developments regarding the applicability of SWWF on AMC's, the management as a matter of abundant caution has made provision in respect of SWWF on a prudent basis with effect from the date of enactment of the SWWF Act (i.e. starting from July 1, 2014).

16.2 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Company and sales load was applicable with effect from June 13, 2013. The Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Company together with various other asset management companies challenging the levy of FED.

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

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Company has discontinued making further provision in respect of FED with effect from July 1, 2016. However, as a matter of abundant caution, the provision for FED already made amounting to Rs. 412.893 million is being retained in the financial statements of the Company as the matter is pending before the Supreme Court of Pakistan.

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

17.1.1 On June 20, 2014, the Punjab Revenue Authority issued a show cause notice no. PRA/AM/70/14/18 to the Company to pay Sales Tax on management fee earned in the province of Punjab under the Punjab Sales Tax on Services Act, 2012 with effect from May 22, 2013. The Management Company jointly with other Asset Management Companies through the trustees of their Collective Investment Schemes challenged the above notice vide a petition filed on July 8, 2014 in the Honourable Sindh High Court (SHC). The SHC has ordered suspension of the show cause notice in its order dated July 10, 2014 till the date of the next hearing of appeals. The management is expecting no outflow of economic resources in this respect as the payments relating to sales tax have already been made to the Sindh Revenue Board and in case decision is made against the Company, the same is required to be settled between the two authorities.

17.1.2 On January 30, 2017, the Additional Commissioner Inland Revenue [ACIR] passed an order under section 122(5A) of the Income Tax Ordinance, 2001 amending the assessment for tax year 2011 after making certain additions / disallowances in the statement of profit or loss and created a demand of Rs. 25.567 million. The disallowances mainly pertained to apportionment of expenses, management / processing fee and related income sharing, amortisation of management rights / goodwill created on merger of the MCB Asset Management Company (MCB AMC) into the Company etc. The Company then filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] against the impugned order and a notice of demand issued thereagainst. The CIR(A) annulled the order of the ACIR by deleting demand on all the issues raised therein. Being aggrieved by the decision of CIR(A), an appeal against the order of CIR(A) had been filed before the Appellate Tribunal Inland Revenue [ATIR] by the Commissioner Inland Revenue. Based on the advice of its tax consultant, the management anticipates a favourable outcome of such appeal, and accordingly, no provision has been recorded in these financial statements for the above matter.

17.1.3 The Company was selected for audit by the Commissioner Inland Revenue, Zone III, Large Taxpayers Unit, Karachi for tax year 2014 vide letter dated November 9, 2016. The audit proceedings were conducted by the Deputy Commissioner Inland Revenue [DCIR] and a Show Cause Notice [SCN] dated February 10, 2017 was issued thereafter. Based on a then recent judgment of a superior court, the SCN was challenged by the Company on legal grounds. However, the DCIR did not agree with the legal objections raised and passed an order dated March 24, 2017 under section 122(1) of the Income Tax Ordinance, 2001 after making certain additions / disallowances in the statement of profit or loss and created a demand of Rs. 93.398 million. The disallowances mainly pertained to apportionment of expenses, management / processing fee and related income sharing, amortisation of management rights / goodwill created on merger of the MCB AMC into the Company etc. An appeal before the Commissioner Inland

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Revenue (Appeals) [CIR(A)] was filed by the Company which had been adjudged in favor of the Company in respect of major disallowances made in the order passed by the DCIR. In respect of the matters confirmed by the CIR(A), the Company had filed an appeal before the ATIR. Being aggrieved by the decision of CIR(A), an appeal has also been filed by the Commissioner Inland Revenue before the ATIR. Based on the advice of its tax consultant, the management anticipates a favourable outcome of such appeals, and accordingly, no provision has been recorded in these financial statements for the above matter.

- 17.1.4** On March 29, 2017, the Additional Commissioner Inland Revenue (ACIR) passed an order under section 122(5A) of the Income Tax Ordinance, 2001 amending the assessment for tax year 2012 after making certain additions / disallowances in the statement of profit or loss and created a demand of Rs. 82.841 million. The disallowances mainly pertained to apportionment of expenses, management / processing fee and related income sharing, amortisation of management rights / goodwill created on merger of the MCB AMC into the Company, disallowance of brought forward losses / refunds of prior periods etc. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] against the impugned order and notice of demand issued there against. The CIR(A) annulled the order of the ACIR by deleting demand on all the issues raised therein. Being aggrieved by the decision of CIR(A), an appeal against the order of CIR(A) had been filed before the Appellate Tribunal Inland Revenue [ATIR] by the Commissioner Inland Revenue. Based on the advice of its tax consultant, the management anticipates a favourable outcome of such appeals, and accordingly, no provision has been recorded in these financial statements for the above matter.
- 17.1.5** On April 29, 2017, a notice under section 122(9) of the Income Tax Ordinance, 2001 was issued by the Additional Commissioner Inland Revenue (ACIR) to conduct the amendment of assessment proceedings for tax year 2011 of the pre-merger entity MCB AMC. On July 3, 2017, an order under section 122(5A) of the Income Tax Ordinance, 2001, was passed to conclude the said proceedings. A demand of Rs. 4.85 million had been raised by the ACIR by making disallowances mainly pertaining to apportionment of expenses, management / processing fee and related income sharing and disallowance of brought forward losses. The Company then filed an appeal before the CIR(A) against the impugned order and notice of demand issued there against. During the year ended June 30, 2018, order of the CIR(A) was received by the Company whereby the demand on major issues was deleted. In respect of the matters upheld by CIR(A) against the appeal filed by the Company, the Company then filed an appeal before the ATIR for the said issues. Being aggrieved by the decision of CIR(A), an appeal against the order of CIR(A) had been filed before the Appellate Tribunal Inland Revenue [ATIR] by the Commissioner Inland Revenue. Based on the advice of its tax consultant, the management anticipates a favourable outcome of such appeals, and accordingly, no provision has been recorded in these financial statements for the above matter.
- 17.1.6** On February 29, 2016, the Deputy Commissioner Inland Revenue (DCIR) passed an order under section 122 (1) of the Income Tax Ordinance, 2001 relating to tax year 2010 of MCB AMC making certain additions / disallowances in the return filed by the Company. The assessing officer adjusted the impact of disallowances and reduced the amount refundable in respect of that tax year to Rs 1.947 million. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] against the said order. CIR(A) vide its order dated December 11, 2017 deleted the disallowances made by DCIR.

Subsequently, the Company again received a notice of demand amounting to Rs 0.980 million on May 4, 2016 from the Additional Commissioner Inland Revenue (ACIR) against which it filed an appeal before the CIR(A). CIR(A) vide its order dated January 22, 2018 upheld the demand raised by the ACIR. Being aggrieved by the decision of CIR(A), the Company filed an appeal with Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR(A) which is pending therein. Based on the advice of its tax consultant, the management anticipates a favourable outcome of such appeals, and accordingly, no provision has been recorded in these financial statements for the above matter.

- 17.1.7** On November 24, 2017, the Company received two orders pertaining to tax years 2015 and 2016 passed by the Additional Commissioner Inland Revenue (ACIR) and Deputy Commissioner Inland Revenue (DCIR) raising demands of Rs. 119.350 million and Rs. 142.008 million respectively due to certain disallowances in the return filed by the Company for the respective tax years. The disallowances mainly pertained to apportionment of expenses, management / processing fee and related income sharing, amortisation of management rights / goodwill created on merger of the MCB AMC into the Company, treatment of provision for FED as income of the Company etc. The Company filed separate appeals before the CIR(A) against the impugned orders and notices of demand issued there against. During the year ended June 30, 2018, CIR(A) upheld the demands raised by both ACIR and DCIR in both the appeals. Being aggrieved by the decision of CIR(A), the Company had filed appeals with Appellate Tribunal Inland Revenue (ATIR) which is pending therein. Based on the advice of its tax consultant, the management anticipates a favourable outcome of such appeals, and accordingly, no provision has been recorded in these financial statements for the above matters.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

17.1.8 On June 5, 2017, the Company received an Order dated May 26, 2017 passed by the Assistant Commissioner - Sindh Revenue Board [AC SRB] wherein a demand of Sindh sales tax of Rs.10.621 million along with penalty of Rs. 6.329 million and default surcharge (to be calculated at the time of payment) was established for short levy and payment of Sindh Sales Tax on its services and for claiming inadmissible input tax during tax periods from July 2011 to June 2015. An appeal against the aforesaid order was filed before the Commissioner Appeals-SRB who upheld the order of the Assistant Commissioner, SRB in its Appellate Order. The Company then filed an appeal before the Appellate Tribunal, SRB against aforesaid order of the Commissioner Appeals, SRB. The Appellate Tribunal, SRB remanded back the case to the Commissioner Appeals - SRB to pass fresh speaking order after verifying the records on merit.

During the year ended June 30, 2021, Commissioner Appeals - SRB issued an order whereby the demand raised by AC SRB amounting to Rs. 10.621 million was upheld. The Company, being aggrieved with the said order, filed an appeal before the Appellate Tribunal, SRB. The stay was granted by Appellate Tribunal, SRB on July 6, 2021. Upon expiry of stay granted by Tribunal, the Company then filed for a stay application with Honourable Sindh High Court (SHC) which was duly granted by SHC.

Based on the advice of its tax consultant, the management anticipates a favourable outcome of such appeal pending before SRB Tribunal. Accordingly, no provision has been recorded in these financial statements for the above matter.

17.1.9 During the year ended June 30, 2019, the Sindh Revenue Board (SRB) had issued two orders dated October 2, 2018 and October 10, 2018 whereby it raised a demand of Sindh sales tax amounting to Rs. 3.854 million and 1.275 million along with penalty of Rs. 4.047 million and Rs. 1.402 million respectively wherein input tax claimed by the Company against various transactions has been disallowed by the assessing officer on the ground that the output tax against the same has not been offered by the respective vendors. The Company then filed separate appeals against the aforesaid orders before the Commissioner Appeals, SRB. On April 27, 2022, an Order-in-Appeal was issued by Assistant Commissioner, SRB whereby original demand of Rs. 2.695 million, including penalty imposed therein, was reduced to Rs. 67,186 which was duly discharged by the Company. However, the appeal filed against the order dated October 2, 2018 is still pending therein. Based on the advice of its tax consultant, the management anticipates a favourable outcome of such appeals, and accordingly, no provision has been recorded in these financial statements for the above matter.

17.1.10 The Deputy Commissioner Inland Revenue (DCIR) issued a notice dated September 13, 2018 under section 214D of the Income Tax Ordinance, 2001 whereby it requested for audit and furnishing of detail, evidences and information. The Company has submitted its reply in consultation with its tax consultant for dismissing the proceedings initiated under section 214D as the selection of audit was made after the provision of section 214D was omitted via Finance Act, 2018.

17.1.11 During the year ended June 30, 2021, the Sindh Revenue Board (SRB) issued a show cause notice on account of short payment of Sindh Sales Tax amounting to Rs. 9.975 million pertaining to tax periods from July 2015 till June 2016. The Assistant Commissioner, SRB vide Order-in-Original No. 966/2021 dated December 13, 2021 raised a demand of Rs. 9.975 million along with a penalty of Rs. 0.499 million. The Company, being aggrieved with the said decision, filed an appeal with Commissioner (Appeals), SRB. The Company also filed for a stay application with the Honourable Sindh High Court (SHC) which was duly granted by SHC on January 17, 2022. The Commissioner (Appeals), SRB vide its order dated February 2, 2022 upheld the demand raised by Assistant Commissioner, SRB. The Company, being aggrieved by the order passed by Commissioner (Appeals), SRB filed an appeal before the Appellate Tribunal, SRB. Subsequent to the year ended June 30, 2022, the Appellate Tribunal, SRB vide an order dated August 10, 2022 upheld the decision of Commissioner (Appeals), SRB. In response to the order of Appellate Tribunal, SRB, the Company has filed an appeal with the SHC. Further, the Company also filed for a stay application with the SHC which has been duly granted by SHC. Based on the advice of its tax consultant, the management anticipates a favourable outcome of such appeal, and accordingly, no provision has been recorded in these financial statements for the above matter.

17.1.12 On June 20, 2022, a Show Cause Notice (SCN) under section 161(1A) of Income Tax Ordinance, 2001 was issued by Deputy Commissioner Inland Revenue (DCIR) for the Tax Year 2016. On June 27, 2022, DCIR issued an Order under section 161(1) of Income Tax Ordinance, 2001 whereby it created a demand amounting to Rs. 29.078 million on account of short deduction of withholding taxes. Being aggrieved with the said order, the Company has filed an appeal with Commissioner Appeals Inland Revenue [CIR(A)] which is pending adjudication. Based on the advice of its tax consultant, the management anticipates a favourable outcome of such appeals, and accordingly, no provision has been recorded in these financial statements for the above matter.

17.1.13 During the year, the Deputy Commissioner Inland Revenue (DCIR) issued Show Cause Notice (SCN) dated January 20, 2023 to recover super tax on high earning persons under section 4C read with section 9 of the Income Tax Ordinance, 2001 claiming that the income of the Company as defined in sub-section (2) of section 4C of the Ordinance is subject to super tax at the rate of 4% and hence, computed the amount of super tax to Rs. 13.142 million against the

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

taxable income of Rs. 328,556 million. In response to the aforesaid SCN, the Company vide its tax advisor, submitted a response to the DCIR whereby the Company was of the view that the super tax under section 4C of the Ordinance is applicable prospectively from tax year 2023 and onwards in light of the judgment of the Honourable Sindh High Court (SHC). However, as a matter of abundant caution, the Company has maintained a provision for super tax for tax year 2022 in these financial statements.

17.1.14 During the year, Deputy Chief Inspector of Stamps (DCIS) issued a notice dated December 6, 2022 whereby the DCIS ordered for inspection of the records of the Company under section 73 of the Stamp Act, 1899 for determining the stamp duty for the periods from July 2020 to February 2023. After the provision of the inspection report, the DCIS issued an Order No. CIS/S-373/BOR/2023/085 dated March 27, 2023 in which he established a demand of Rs. 1,531 million along with penalty of Rs. 0.350 million.

17.1.15 During the year, the Deputy Commissioner Inland Revenue (DCIR) issued Show Cause Notice (SCN) dated October 31, 2022 under section 161(1A) of the Income Tax Ordinance, 2001 whereby the DCIR initiated proceedings regarding monitoring of withholding for tax year 2017. In this regard, the Company through its tax advisor submitted required necessary documents against the said notice. The DCIR then issued an Order under section 161(1) of the Ordinance whereby it created a demand of Rs. 15,121 million along with penalty and default surcharge against short payment of withholding income tax. Being aggrieved by the order of DCIR, the Company has filed an appeal with Commissioner Appeals Inland Revenue [CIR(A)] which is pending therein. Based on the advice of its tax consultant, the management anticipates a favourable outcome of such appeal, and accordingly, no provision has been recorded in these financial statements for the above matter.

17.2 Commitments

| | 2023 | 2022 |
|---|-----------|------|
| | Rupees | |
| Commitment against renovation of Islamabad branch | 1,082,318 | - |

18 MANAGEMENT AND INVESTMENT ADVISORY FEE

| | 2023 | 2022 |
|--|---------------|-------------|
| | Rupees | |
| Management fee from collective investment schemes - related parties | | |
| MCB Cash Management Optimizer | 356,635,203 | 116,257,006 |
| MCB Pakistan Asset Allocation Fund | 26,798,756 | 36,821,676 |
| MCB DCF Income Fund | 99,445,251 | 72,376,618 |
| Alhamra Islamic Income Fund | 36,991,629 | 39,471,424 |
| MCB Pakistan Sovereign Fund | 4,199,426 | 8,292,740 |
| Pakistan Capital Market Fund | 13,362,458 | 15,691,003 |
| Pakistan Cash Management Fund | 97,348,173 | 15,415,707 |
| Pakistan Income Enhancement Fund | 6,805,531 | 11,994,533 |
| Pakistan Income Fund | 17,333,550 | 76,408,255 |
| Alhamra Islamic Asset Allocation Fund | 56,381,460 | 79,960,983 |
| MCB Pakistan Stock Market Fund | 157,766,268 | 249,656,296 |
| Alhamra Islamic Stock Fund | 58,464,398 | 72,132,545 |
| Alhamra Islamic Money Market Fund | 128,810,684 | 24,690,598 |
| Alhamra Daily Dividend Fund | 21,392,421 | 14,475,393 |
| Alhamra Islamic Active Allocation Fund (Alhamra Smart Portfolio) | 99,774 | 70,159 |
| Alhamra Wada Fund (Alhamra Wada Plan I) | 576,636 | 35,784 |
| Alhamra Wada Fund (Alhamra Wada Plan II) | 1,987,611 | - |
| Alhamra Wada Fund (Alhamra Wada Plan III) | 719,796 | - |
| Alhamra Wada Fund (Alhamra Wada Plan IV) | 2,370,673 | - |
| Alhamra Wada Fund (Alhamra Wada Plan V) | 170,404 | - |
| Alhamra Wada Fund (Alhamra Wada Plan VI) | 61,189 | - |
| Alhamra Wada Fund (Alhamra Wada Plan VII) | 3,962,205 | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan I) | 458,424 | 22,721 |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan II) | 2,990,835 | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan III) | 241,818 | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan IV) | 1,548,981 | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan V) | 13,064,601 | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan VI) | 8,586,507 | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan VII) | 851,498 | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan IX) | 9,732,391 | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan X) | 36,650 | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan XI) | 3,330,370 | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan XII) | 522,850 | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan XIII) | 376,397 | - |
| Alhamra Cash Management Optimizer | 1,769,295 | - |
| MCB Pakistan Opportunity Fund (MCB Pakistan Dividend Yield Plan) | 1,701,130 | 3,395 |
| 18.2 | 1,136,895,243 | 833,776,836 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

| | Note | 2023 | 2022 |
|--|------|----------------------|--------------------|
| | | ----- Rupees ----- | |
| Management fee from pension schemes - related parties | | | |
| Alhamra Islamic Pension Fund | | 18,620,426 | 21,808,119 |
| Pakistan Pension Fund | | 28,036,127 | 32,552,127 |
| | 18.2 | 46,656,553 | 54,360,246 |
| Investment advisory fee from separately managed accounts | 18.3 | 60,529,899 | 71,890,567 |
| | | 1,244,081,695 | 960,027,649 |
| Less: Sindh Sales Tax | 18.1 | (143,124,443) | (110,445,659) |
| | | <u>1,100,957,252</u> | <u>849,581,990</u> |

18.1 This pertains to Sindh Sales Tax levied by the Provincial Government of Sindh at the rate of 13% (2022: 13%) through the Sindh Sales Tax on Services Act, 2011.

18.2 Remuneration for the services rendered by the Management Company has been calculated by applying the following rates on the average annual net assets of the funds determined on a daily basis (unless otherwise stated) in accordance with the provisions of the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the Voluntary Pension System Rules, 2005 (the VPS Rules).

| | Note | 2023 | 2022 |
|---|--------|-------|-------|
| Open-end Collective Investment Schemes (CISs) | | | |
| MCB Cash Management Optimizer | 18.2.1 | - | - |
| MCB Pakistan Asset Allocation Fund | | 3.30% | 3.30% |
| MCB DCF Income Fund | | 1.50% | 1.50% |
| Alhamra Islamic Income Fund | 18.2.2 | - | - |
| MCB Pakistan Sovereign Fund | 18.2.2 | - | - |
| Pakistan Capital Market Fund | | 3.35% | 3.35% |
| Pakistan Cash Management Fund | 18.2.2 | - | - |
| Pakistan Income Enhancement Fund | 18.2.3 | - | - |
| Pakistan Income Fund | 18.2.2 | - | - |
| Alhamra Islamic Asset Allocation Fund | | 3.30% | 3.30% |
| MCB Pakistan Stock Market Fund | | 2% | 2% |
| Alhamra Islamic Stock Fund | | 2% | 2% |
| Alhamra Islamic Money Market Fund | 18.2.3 | - | - |
| Alhamra Islamic Active Allocation Fund (Alhamra Smart Portfolio) | 18.2.5 | - | - |
| Alhamra Daily Dividend Fund | 18.2.4 | - | - |
| Alhamra Wada Fund (Alhamra Wada Plan I) * | 18.2.3 | - | - |
| Alhamra Wada Fund (Alhamra Wada Plan II) *** | 18.2.3 | - | - |
| Alhamra Wada Fund (Alhamra Wada Plan III) *** | 18.2.3 | - | - |
| Alhamra Wada Fund (Alhamra Wada Plan IV) *** | 18.2.3 | - | - |
| Alhamra Wada Fund (Alhamra Wada Plan V) *** | 18.2.3 | - | - |
| Alhamra Wada Fund (Alhamra Wada Plan VI) *** | 18.2.3 | - | - |
| Alhamra Wada Fund (Alhamra Wada Plan VII) ** | 18.2.3 | - | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan I) *** | 18.2.3 | - | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan II) *** | 18.2.3 | - | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan III) *** | 18.2.3 | - | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan IV) *** | 18.2.3 | - | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan V) *** | 18.2.3 | - | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan VI) *** | 18.2.3 | - | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan VII) ** | 18.2.3 | - | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan IX) *** | 18.2.3 | - | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan X) ** | 18.2.3 | - | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan XI) *** | 18.2.3 | - | - |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

| | Note | 2023 | 2022 |
|---|--------|--------------|--------------|
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan XII) ** | 18.2.3 | - | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan XIII) ** | 18.2.3 | - | - |
| MCB Pakistan Opportunity Fund (MCB Pakistan Dividend Yield Plan) | | 1% | - |
| Alhamra Cash Management Optimizer * | 18.2.1 | - | - |
| Voluntary Pension Funds | | | |
| Pakistan Pension Fund | | 0.5% to 1.5% | 0.5% to 1.5% |
| Alhamra Islamic Pension Fund | | 0.5% to 1.5% | 0.5% to 1.5% |
| Discretionary portfolio | | | |
| Separately managed accounts | 18.3 | 0.07% to 2% | 0.07% to 2% |

* These funds have matured during the current year.

** These funds have been launched during the current year.

*** These funds have been launched and matured during the current year.

18.2.1 Upto 7.5% of all gross earnings of the Scheme.

18.2.2 Upto 10% of all gross earnings of the Scheme.

18.2.3 Upto 15% of all gross earnings of the Scheme.

18.2.4 Upto 20% of all gross earnings of the Scheme.

18.2.5 10% of accrued bank profit to be calculated on a daily basis.

18.3 The Company is also managing portfolio of investors under discretionary portfolio management agreements. Investment advisory fee from the discretionary portfolio is calculated on daily / monthly basis by charging specified rates to the net asset value of the portfolio as stated in the respective agreements with the clients. In addition, performance fee is charged to some investors based on the contractual rates at the end of the respective mandates. The details of this portfolio are given below:

| | 2023 | 2022 |
|---|----------------|----------------|
| Discretionary portfolio | | |
| Number of portfolios | 34 | 36 |
| Total portfolio at cost (in Rupees) | 73,259,480,820 | 55,580,268,329 |
| Total portfolio at market value (in Rupees) | 72,073,197,923 | 53,160,217,039 |

| 19 SALES LOAD AND OTHER RELATED INCOME | Note | 2023 | 2022 |
|--|------|--------------------|------------|
| | | ----- Rupees ----- | |
| Sales load from collective investment schemes - related parties | | | |
| MCB DCF Income Fund | | 48,657,147 | 12,861,164 |
| MCB Pakistan Asset Allocation Fund | | 382,263 | 349,239 |
| Alhamra Islamic Money Market Fund | | 2,663,739 | 4,086 |
| MCB Pakistan Sovereign Fund | | 132,173 | 97,005 |
| MCB Pakistan Stock Market Fund | | 220,119 | 4,297,845 |
| Pakistan Cash Management Fund | | 60,493 | 128,672 |
| Pakistan Capital Market Fund | | - | 11,616 |
| Pakistan Income Enhancement Fund | | 6,612,588 | 4,398,374 |
| Pakistan Income Fund | | 8,577,285 | 3,254,385 |
| Alhamra Islamic Income Fund | | 15,828,191 | 9,884,283 |
| Alhamra Islamic Stock Fund | | 59,231 | 1,522,161 |
| Alhamra Islamic Asset Allocation Fund | | 5,879,804 | 10,637,644 |
| Alhamra Daily Dividend Fund | | 9,901,475 | 9,280,004 |
| Alhamra Islamic Active Allocation Fund (Alhamra Smart Portfolio) | | 213,125 | 811,302 |
| Alhamra Cash Management Optimizer | | 772,885 | - |
| | | 99,960,518 | 57,537,780 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

| | Note | 2023 | 2022 |
|--|-------|--------------------|---------------|
| | | ----- Rupees ----- | |
| Sales load from voluntary pension schemes - related parties | | | |
| Pakistan Pension Fund | | 1,822,175 | 1,712,086 |
| Alhamra Islamic Pension Fund | | 888,127 | 1,202,752 |
| | | 2,710,302 | 2,914,838 |
| | | 102,670,820 | 60,452,618 |
| Less: Sindh Sales Tax | 18.1 | (11,811,687) | (6,954,726) |
| | | 90,859,133 | 53,497,892 |
| Other related income | | | |
| Commission income | | 949,734 | 6,982,380 |
| Debit card income | | 1,972,771 | 2,305,508 |
| | | 2,922,505 | 9,287,888 |
| | | 93,781,638 | 62,785,780 |
| 20 GAIN ON SALE OF INVESTMENTS - NET | | | |
| | Note | 2023 | 2022 |
| | | ----- Rupees ----- | |
| Gain on sale of Pakistan Investment Bonds (PIBs) | | - | 569,473 |
| 21 ADMINISTRATIVE EXPENSES | | | |
| Salaries, allowances and other benefits | | 494,241,966 | 368,670,313 |
| Legal and professional charges | | 13,424,063 | 13,181,497 |
| Shariah advisor fee | | 720,000 | 720,000 |
| Travelling and conveyance | | 2,530,594 | 1,474,772 |
| Utilities, communication, courier, taxes, etc. | | 29,902,166 | 29,483,074 |
| Repairs and maintenance | | 62,478,144 | 42,291,615 |
| Office supplies | | 3,863,124 | 2,989,713 |
| Directors' meeting fee | | 13,425,000 | 8,475,000 |
| Insurance | | 2,464,058 | 3,773,368 |
| Depreciation | 4.1.1 | 41,552,363 | 33,216,457 |
| Amortisation | 5.1 | 15,557,524 | 10,740,827 |
| Stamp duty and taxes | | 1,068,776 | 740,246 |
| Registrar fee | | 1,245,700 | 675,621 |
| Printing and stationery | | 4,908,282 | 3,095,666 |
| Entertainment expense | | 6,186,012 | 4,716,099 |
| Fees and subscription | | 32,231,514 | 21,737,743 |
| Telephone expenses | | 5,071,081 | 3,690,685 |
| | | 730,870,367 | 549,672,696 |
| Reimbursement of expenses from Collective Investment Schemes (CISs) | 9.3 | (67,294,834) | (69,494,950) |
| | | 663,575,533 | 480,177,746 |
| 22 SELLING AND DISTRIBUTION EXPENSES | | | |
| Salaries, allowances and other benefits | | 204,058,945 | 174,652,046 |
| Commission expense | | 214,569,887 | 122,512,434 |
| Marketing and advertising expenses | | 61,619,646 | 23,491,508 |
| Depreciation | 4.1.1 | 16,037,534 | 14,644,188 |
| Branch expenses | | 17,221,918 | 12,987,954 |
| Printing and stationery | | 817,930 | 199,438 |
| | | 514,325,860 | 348,487,568 |
| Reimbursement of expenses from Collective Investment Schemes (CISs) | 9.4 | (477,911,192) | (254,714,349) |
| | | 36,414,668 | 93,773,219 |
| 23 FINANCIAL CHARGES | | | |
| Interest expense on lease liability against right-of-use-assets | | 10,954,777 | 5,476,998 |
| Bank charges | | 295,886 | 446,415 |
| | | 11,250,663 | 5,923,413 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

| | Note | 2023 | 2022 |
|---|------|--------------------|--------------------|
| | | ----- Rupees ----- | |
| 24 OTHER EXPENSES | | | |
| Sindh Workers' Welfare Fund | 16.1 | 12,529,019 | 6,824,776 |
| Auditors' remuneration | 24.1 | 5,074,655 | 3,191,690 |
| | | <u>17,603,674</u> | <u>10,016,466</u> |
| 24.1 Auditors' remuneration | | | |
| Annual audit fee | | 2,600,000 | 2,434,500 |
| Fee for half yearly review of condensed interim financial statements | | 400,000 | 348,000 |
| Other certifications | | 250,000 | 96,000 |
| Fee for other services | | 1,000,000 | - |
| Out of pocket expenses and Sindh Sales Tax | | 824,655 | 313,190 |
| | | <u>5,074,655</u> | <u>3,191,690</u> |
| 25 OTHER INCOME | | | |
| Interest income on loans to executive and director | | 1,827,711 | 1,430,139 |
| Gain on disposal of property and equipment | | 69,750 | 21,167 |
| Others | | 967,262 | 99,227 |
| | | <u>2,864,723</u> | <u>1,550,533</u> |
| 26 TAXATION | | | |
| Current | | | |
| - for the year | | 214,548,982 | 112,344,012 |
| - for prior year | | (1,939,614) | 925,070 |
| | | <u>212,609,368</u> | <u>113,269,082</u> |
| Deferred | 14.1 | 23,094,392 | 6,940,843 |
| | | <u>235,703,760</u> | <u>120,209,925</u> |
| 26.1 Relationship between income tax expense and accounting profit | | | |
| Accounting profit before taxation | | <u>613,921,946</u> | <u>293,571,570</u> |
| Tax rate | | <u>29%</u> | <u>29%</u> |
| Tax on accounting profit at applicable rate | | 178,037,364 | 85,135,755 |
| Tax effect of prior years | | (1,939,614) | 925,070 |
| Tax effect of inadmissible expenses | | 11,277,567 | 14,406,492 |
| Tax effect of permanent differences | | (12,256,150) | 1,979,185 |
| Tax effect of income taxed at lower rate | | (8,067,243) | (1,781,208) |
| Tax effect of income subject to final tax | | (1,360,263) | (757,309) |
| Tax effect of change in tax rate | | 15,457,661 | 2,687,065 |
| Tax effect of super tax | | 54,559,901 | 13,649,552 |
| Others | | (5,463) | 3,965,323 |
| | | <u>235,703,760</u> | <u>120,209,925</u> |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

27 EARNINGS PER SHARE

27.1 Basic

Earnings per share has been computed by dividing profit after taxation for the year by the weighted average number of shares outstanding as at year end as follows:

| | 2023 | 2022 |
|--|--------------------|-------------|
| | Rupees | |
| Profit for the year after taxation | 378,218,186 | 173,361,645 |
| | (Number of shares) | |
| Weighted average number of ordinary shares as at June 30 | 72,000,000 | 72,000,000 |
| | Rupees | |
| Earnings per share | 5.25 | 2.41 |

27.2 Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2023 and June 30, 2022 which would have any effect on the earnings per share if the option to convert is exercised.

28 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties of the Company comprise of MCB Bank Limited (Parent Company), associated companies, staff retirement funds, collective investment and pension schemes managed by the Company, directors and key management personnel and their close family members and defined contribution plan. Transactions with related parties are entered into at negotiated prices at commercial terms. The aggregate value of transactions and outstanding balances as at June 30, 2023 with related parties other than those which have been disclosed elsewhere are as follows:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

| Name of the related party | Relationship and percentage of shareholding | Nature of transaction | Year ended | |
|--|--|---|---------------|---------------|
| | | | June 30, 2023 | June 30, 2022 |
| | | | (Rupees) | |
| MCB Bank Limited | Parent company with 81.42% shareholding (2022: 51.33% shareholding) | Commission and other expenses | 25,865,723 | 26,640,441 |
| | | Profit on savings account | 5,123,394 | 1,790,303 |
| | | Branch sharing expenses | 2,765,820 | 3,530,832 |
| | | Rent as per rental agreement | 9,412,797 | 5,160,000 |
| | | Dividend paid | 36,956,768 | 175,544,648 |
| | | Bank charges | 295,886 | 440,763 |
| MCB Islamic Bank Limited | Subsidiary of Parent Company | Profit on savings account | 23,807 | 14,019 |
| Adamjee Life Assurance Company Limited | Group Company of Parent Company | Investment advisory fee | 37,974,012 | 32,315,167 |
| Adamjee Insurance Company Limited | Group Company of Parent Company | Amount paid against insurance | 18,156,871 | 18,130,355 |
| | | Dividend paid | 5,462,000 | 25,944,500 |
| | | Rent as per rental agreement | 26,870,766 | 23,551,172 |
| Arif Habib Corporation Limited * | Associate with 30.09% shareholding | Dividend paid | - | 102,904,793 |
| Mutual Funds Association of Pakistan | Associated Company by virtue of common directorship of Mr. Muhammad Saqib Saleem | Amount paid against membership fee | 5,055,165 | 3,479,566 |
| | | Investment in shares | - | 265,000 |
| MCB Cash Management Optimizer | Funds under management | Management fee | 315,606,374 | 102,882,306 |
| | | Investment in units of funds under management | 6,342,848,684 | 5,102,139,024 |
| | | Redemption in units of funds under management | 6,008,305,329 | 5,127,502,253 |
| | | Dividend income | 1,569,389 | 1,279,050 |
| | | Reimbursement of allocated expenses | 10,232,631 | 29,912,638 |
| | | Reimbursement of selling and marketing expenses | 176,679,174 | 31,628,917 |
| MCB DCF Income Fund | Funds under management | Management fee | 88,004,647 | 64,050,104 |
| | | Sales load | 33,160,357 | 8,216,090 |
| | | Back end load | 9,899,065 | 3,165,471 |
| | | Reimbursement of allocated expenses | 5,866,977 | 4,329,712 |
| | | Reimbursement of selling and marketing expenses | 23,936,995 | 17,611,281 |
| Alhamra Islamic Income Fund | Funds under management | Management fee | 32,735,955 | 34,930,464 |
| | | Sales load | 9,667,744 | 8,747,153 |
| | | Back end load | 4,339,505 | 124,576 |
| | | Sharia fee paid on behalf of the Fund | 720,000 | 720,000 |
| | | Reimbursement of allocated expenses | 5,859,645 | 7,531,750 |
| | | Reimbursement of selling and marketing expenses | 5,646,804 | 6,457,756 |
| | | Investment in units of funds under management | 75,399,349 | - |
| | | Redemption in units of funds under management | 70,613,140 | - |
| | | Dividend income | 345,480 | - |
| MCB Pakistan Asset Allocation Fund | Funds under management | Management fee | 23,715,713 | 32,585,554 |
| | | Sales load | 338,286 | 178,097 |
| | | Reimbursement of allocated expenses | 716,824 | 1,078,056 |
| | | Reimbursement of selling and marketing expenses | - | - |
| | | Back end load | - | 18,090 |
| | | Investment in units of funds under management | - | 135,000,000 |
| | | Redemption in units of funds under management | - | 124,884,199 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

| Name of the related party | Relationship and percentage of shareholding | Nature of transaction | Year ended | |
|-----------------------------------|---|---|---------------|---------------|
| | | | June 30, 2023 | June 30, 2022 |
| | | | (Rupees) | |
| Alhamra Islamic Money Market Fund | Funds under management | Management fee | 113,991,756 | 21,850,087 |
| | | Reimbursement of allocated expenses | 2,800,487 | 175,116 |
| | | Reimbursement of selling and marketing expenses | 30,839,754 | 4,443,790 |
| | | Sales load | 2,357,291 | 3,616 |
| | | Sharia fee paid on behalf of the Fund | 720,000 | 720,000 |
| | | Investment in units of funds under management | 660,974,336 | - |
| | | Redemption in units of funds under management | 660,974,336 | - |
| | | Dividend income | 1,044,188 | - |
| | | Other expenses | - | 1,216,507 |
| Alhamra Islamic Stock Fund | Funds under management | Management fee | 51,738,405 | 63,834,111 |
| | | Sales load | 52,417 | 1,347,045 |
| | | Reimbursement of allocated expenses | 2,586,920 | 3,191,705 |
| | | Reimbursement of selling and marketing expenses | 33,629,963 | 41,492,171 |
| | | Investment in units of funds under management | 25,000,000 | 50,000,000 |
| | | Redemption in units of funds under management | 41,174,348 | 50,000,000 |
| | | Sharia fee paid on behalf of the Fund | 720,000 | 720,000 |
| MCB Pakistan Sovereign Fund | Funds under management | Management fee | 3,716,306 | 7,338,708 |
| | | Sales load | 116,967 | 85,845 |
| | | Reimbursement of allocated expenses | 939,546 | 696,333 |
| | | Reimbursement of selling and marketing expenses | 2,730,613 | 2,375,193 |
| | | Investment in units of funds under management | 510,359,360 | 100,000,000 |
| | | Redemption in units of funds under management | 514,769,652 | 100,054,083 |
| MCB Pakistan Stock Market Fund | Funds under management | Management fee | 139,616,166 | 220,934,775 |
| | | Sales load | 194,796 | 3,803,403 |
| | | Reimbursement of allocated expenses | 6,980,808 | 11,154,549 |
| | | Reimbursement of selling and marketing expenses | 90,750,509 | 145,009,132 |
| | | Investment in units of funds under management | 100,000,000 | 125,000,000 |
| | | Redemption in units of funds under management | 199,367,953 | 165,830,439 |
| Pakistan Capital Market Fund | Funds under management | Management fee | 11,825,184 | 13,885,843 |
| | | Sales load | - | 10,280 |
| | | Reimbursement of allocated expenses | 351,945 | 444,342 |
| Pakistan Cash Management Fund | Funds under management | Management fee | 86,148,826 | 13,642,219 |
| | | Reimbursement of allocated expenses | 3,550,363 | 21,468 |
| | | Reimbursement of selling and marketing expenses | 58,659,205 | 2,219,148 |
| | | Sales load | 53,534 | 113,869 |
| | | Dividend income | - | 3,125,089 |
| | | Investment in units of funds under management | - | 437,710,410 |
| Pakistan Income Enhancement Fund | Funds under management | Management fee | 6,022,594 | 10,614,631 |
| | | Sales load | 5,851,848 | 3,892,366 |
| | | Reimbursement of allocated expenses | 1,766,211 | 1,066,190 |
| | | Reimbursement of selling and marketing expenses | 5,157,416 | 315,825 |
| Pakistan Income Fund | Funds under management | Management fee | 15,339,425 | 67,617,925 |
| | | Sales load | 7,590,518 | 2,879,987 |
| | | Reimbursement of allocated expenses | 4,604,502 | 7,075,050 |
| | | Reimbursement of selling and marketing expenses | 15,798,716 | 2,478,950 |
| | | Investment in units of funds under management | - | 486,000,000 |
| | | Redemption in units of funds under management | - | 881,428,303 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

| Name of the related party | Relationship and percentage of shareholding | Nature of transaction | Year ended | |
|--|---|---|----------------------|---------------|
| | | | June 30, 2023 | June 30, 2022 |
| | | | ————— (Rupees) ————— | |
| Alhamra Islamic Asset Allocation Fund | Funds under management | Management fee | 49,895,097 | 70,761,932 |
| | | Sales load | 147,428 | 801,579 |
| | | Back end load | 5,065,938 | 8,612,265 |
| | | Reimbursement of allocated expenses | 1,511,973 | 2,144,301 |
| | | Sharia fee paid on behalf of the Fund | 720,000 | 720,000 |
| Alhamra Islamic Pension Fund | Funds under management | Management fee | 16,478,253 | 19,299,220 |
| | | Sales load | 785,953 | 1,064,382 |
| Pakistan Pension Fund | Funds under management | Management fee | 24,810,732 | 28,807,192 |
| | | Sales load | 1,612,544 | 1,515,120 |
| Alhamra Islamic Active Allocation Fund (Alhamra Smart Portfolio) | Funds under management | Management fee | 88,296 | 62,088 |
| | | Reimbursement of allocated expenses | 122,362 | 170,612 |
| | | Investment in units of funds under management | - | 701,862 |
| | | Redemption in units of funds under management | 35,000,000 | - |
| | | Dividend income | - | 825,720 |
| | | Sales load | 188,606 | 717,966 |
| Alhamra Daily Dividend Fund | Funds under management | Management fee | 18,931,346 | 12,810,082 |
| | | Dividend income | 616,275 | - |
| | | Investment in units of funds under management | 317,856,756 | - |
| | | Redemption in units of funds under management | 317,856,756 | - |
| | | Reimbursement of allocated expenses | 897,565 | 504,128 |
| | | Reimbursement of selling and marketing expenses | 21,296,400 | 682,186 |
| | | Bank charges paid on behalf of the Fund | 446,797 | 653,792 |
| | | Sales load | 8,762,367 | 8,212,393 |
| Alhamra Wada Fund (Alhamra Wada Plan I) | Funds under management | Management fee | 510,297 | 31,667 |
| | | Dividend income | 352,210 | 39,750 |
| | | Investment in units of funds under management | 299,379 | 50,033,787 |
| | | Redemption in units of funds under management | 50,358,725 | - |
| | | Reimbursement of selling and marketing expenses | 242,895 | - |
| Alhamra Wada Fund (Alhamra Wada Plan II) | Funds under management | Management fee | 1,758,948 | - |
| | | Dividend income | 31,814 | - |
| | | Investment in units of funds under management | 40,441,673 | - |
| | | Redemption in units of funds under management | 40,441,673 | - |
| | | Reimbursement of selling and marketing expenses | 1,365,810 | - |
| Alhamra Wada Fund (Alhamra Wada Plan III) | Funds under management | Management fee | 636,988 | - |
| | | Dividend income | 112,517 | - |
| | | Investment in units of funds under management | 19,191,314 | - |
| | | Redemption in units of funds under management | 19,191,314 | - |
| | | Reimbursement of selling and marketing expenses | 1,265,981 | - |
| Alhamra Wada Fund (Alhamra Wada Plan IV) | Funds under management | Management fee | 2,097,941 | - |
| | | Dividend income | 783,980 | - |
| | | Investment in units of funds under management | 46,264,623 | - |
| | | Redemption in units of funds under management | 46,264,623 | - |
| | | Reimbursement of selling and marketing expenses | 863,665 | - |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

| Name of the related party | Relationship and percentage of shareholding | Nature of transaction | Year ended | |
|---|---|---|---------------|---------------|
| | | | June 30, 2023 | June 30, 2022 |
| | | | (Rupees) | |
| Alhamra Wada Fund (Alhamra Wada Plan V) | Funds under management | Management fee | 150,800 | - |
| | | Dividend income | 164,215 | - |
| | | Investment in units of funds under management | 25,139,583 | - |
| | | Redemption in units of funds under management | 25,192,659 | - |
| | | Reimbursement of allocated expenses | 397,687 | - |
| Alhamra Wada Fund (Alhamra Wada Plan VI) | Funds under management | Management fee | 54,150 | - |
| | | Dividend income | 152,929 | - |
| | | Investment in units of funds under management | 100,129,990 | - |
| | | Redemption in units of funds under management | 100,650,013 | - |
| | | Reimbursement of allocated expenses | 7,810 | - |
| Alhamra Wada Fund (Alhamra Wada Plan VII) | Funds under management | Management fee | 3,506,376 | - |
| | | Dividend income | 297,552 | - |
| | | Investment in units of funds under management | 564,015,308 | - |
| | | Redemption in units of funds under management | 429,974,642 | - |
| | | Reimbursement of allocated expenses | 1,697,235 | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan) | Funds under management | Management fee | 405,685 | 20,107 |
| | | Dividend income | 2,162,141 | 139,740 |
| | | Investment in units of funds under management | 1,837,820 | 170,118,779 |
| | | Redemption in units of funds under management | 171,957,421 | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan II) | Funds under management | Management fee | 2,646,757 | - |
| | | Dividend income | 22,312 | - |
| | | Reimbursement of allocated expenses | 541,750 | - |
| | | Reimbursement of selling and marketing expenses | 504,520 | - |
| | | Investment in units of funds under management | 27,233,601 | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan III) | Funds under management | Management fee | 213,998 | - |
| | | Dividend income | 1,305,440 | - |
| | | Investment in units of funds under management | 41,109,624 | - |
| | | Redemption in units of funds under management | 41,109,624 | - |
| | | Management fee | 1,370,780 | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan IV) | Funds under management | Dividend income | 125,789 | - |
| | | Reimbursement of allocated expenses | 322,085 | - |
| | | Reimbursement of selling and marketing expenses | 7,516 | - |
| | | Investment in units of funds under management | 20,711,118 | - |
| | | Redemption in units of funds under management | 21,092,242 | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan V) | Funds under management | Management fee | 11,561,594 | - |
| | | Dividend income | 55,949 | - |
| | | Reimbursement of allocated expenses | 6,003,485 | - |
| | | Reimbursement of selling and marketing expenses | 3,953,506 | - |
| | | Investment in units of funds under management | 12,103,061 | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan VI) | Funds under management | Redemption in units of funds under management | 12,114,878 | - |
| | | Management fee | 7,598,679 | - |
| | | Dividend income | 52,862 | - |
| | | Reimbursement of allocated expenses | 3,010,376 | - |
| | | Reimbursement of selling and marketing expenses | 1,961,311 | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan VI) | Funds under management | Investment in units of funds under management | 26,431,910 | - |
| | | Redemption in units of funds under management | 26,535,894 | - |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

| Name of the related party | Relationship and percentage of shareholding | Nature of transaction | Year ended | |
|--|---|---|---------------|---------------|
| | | | June 30, 2023 | June 30, 2022 |
| | | | (Rupees) | |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan VII) | Funds under management | Management fee | 753,538 | - |
| | | Dividend income | 308,726 | - |
| | | Reimbursement of allocated expenses | 163,612 | - |
| | | Reimbursement of selling and marketing expenses | 38,808 | - |
| | | Investment in units of funds under management | 115,642,048 | - |
| | | Redemption in units of funds under management | 107,072,655 | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan IX) | Funds under management | Management fee | 8,612,735 | - |
| | | Dividend income | 26,871 | - |
| | | Reimbursement of allocated expenses | 4,379,689 | - |
| | | Reimbursement of selling and marketing expenses | 1,668,643 | - |
| | | Investment in units of funds under management | 10,927,543 | - |
| | | Redemption in units of funds under management | 10,942,872 | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan X) | Funds under management | Management fee | 32,434 | - |
| | | Reimbursement of allocated expenses | 24,186 | - |
| | | Reimbursement of selling and marketing expenses | - | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan XI) | Funds under management | Management fee | 2,947,230 | - |
| | | Dividend income | 8,939 | - |
| | | Reimbursement of allocated expenses | 1,427,304 | - |
| | | Investment in units of funds under management | 55,802,609 | - |
| | | Redemption in units of funds under management | 56,404,724 | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan XII) | Funds under management | Management fee | 462,699 | - |
| | | Reimbursement of allocated expenses | 223,975 | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan XIII) | Funds under management | Management fee | 333,095 | - |
| | | Reimbursement of allocated expenses | 161,311 | - |
| MCB Pakistan Opportunity Fund (MCB Pakistan Dividend Yield Plan) | Funds under management | Management fee | 1,505,425 | 3,004 |
| | | Investment in units of funds under management | 5,000,000 | 60,000,000 |
| | | Redemption in units of funds under management | 10,000,000 | - |
| Alhamra Cash Management Optimizer | Funds under management | Management fee | 1,565,748 | - |
| | | Reimbursement of allocated expenses | 79,506 | - |
| | | Reimbursement of selling and marketing expenses | 904,894 | - |
| | | Sales load | 683,969 | - |
| | | Investment in units of funds under management | 10,150,099 | - |
| | | Dividend income | 176,587 | - |
| Muhammad Saqib Saleem | Chief Executive Officer | Loan disbursed during the year | 12,500,000 | 15,000,000 |
| | | Loan repaid during the year | 13,847,498 | 2,690,344 |
| | | Interest income on loan | 1,168,806 | 902,286 |

Amount outstanding as at year end

| Name of the related party | Relationship and percentage of shareholding | Nature of transaction | June 30, 2023 | June 30, 2022 |
|---------------------------|---|-----------------------------------|---------------|---------------|
| | | | (Rupees) | |
| MCB Bank Limited | Parent company with 81.42% shareholding (2022: 51.33% shareholding) | Bank balances | 50,194,668 | 16,281,569 |
| | | Other payable | 5,699,242 | 4,819,798 |
| | | Commission payable | 16,890,569 | 7,855,510 |
| MCB Islamic Bank Limited | Subsidiary of the Parent Company | Bank balance | 372,945 | 352,709 |
| | | Accrued profit on savings account | - | - |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

| Name of the related party | Relationship and percentage of shareholding | Nature of transaction | June 30, | June 30, |
|--|--|--|-------------|------------|
| | | | 2023 | 2022 |
| | | | (Rupees) | |
| Adamjee Life Assurance Company Limited | Group Company | Advisory fee receivable | 7,893,781 | 2,913,009 |
| Adamjee Insurance Company Limited | Group Company of Parent Company | Prepaid insurance | 13,533,586 | 10,052,914 |
| Mutual Funds Association of Pakistan | Associated Company by virtue of common directorship of Mr. Muhammad Saqib Saleem | Investment in shares | 265,000 | 265,000 |
| MCB DCF Income Fund | Funds under management | Remuneration receivable | 10,246,441 | 6,322,448 |
| | | Sales load receivable | 7,169,969 | 858,542 |
| | | Receivable against reimbursement of allocated expenses | 604,510 | 373,006 |
| | | Receivable against selling and marketing expenses | 7,833,175 | 4,385,006 |
| | | Back end load receivable | 899,479 | 232,591 |
| | | Federal excise duty on remuneration | 99,060,437 | 99,060,437 |
| | | Federal excise duty on sales load | 27,932,990 | 27,932,990 |
| MCB Pakistan Asset Allocation Fund | Funds under management | Remuneration receivable | 1,868,822 | 2,634,051 |
| | | Sales load receivable | 1,665 | 32,788 |
| | | Receivable against reimbursement of allocated expenses | 50,116 | 70,637 |
| | | Federal excise duty on remuneration | 19,027,350 | 19,027,350 |
| | | Federal excise duty on sales load | 16,172,955 | 16,172,955 |
| MCB Cash Management Optimizer | Funds under management | Remuneration receivable | 40,986,709 | 19,505,448 |
| | | Sales load receivable | - | - |
| | | Receivable against reimbursement of allocated expenses | - | 4,674,374 |
| | | Receivable against selling and marketing expenses | 61,483,500 | 4,793,050 |
| | | Federal excise duty on remuneration | 54,266,812 | 54,266,812 |
| | | Federal excise duty on sales load | 18,788 | 18,788 |
| | | Investment in units of funds under management | 367,723,741 | - |
| Alhambra Islamic Income Fund | Funds under management | Remuneration receivable | 2,736,856 | 3,872,369 |
| | | Sales load receivable | 652,538 | 833,794 |
| | | Back end load receivable | 464,787 | - |
| | | Receivable against reimbursement of allocated expenses | 352,036 | 494,727 |
| | | Receivable against selling and marketing expenses | 2,485,573 | - |
| | | Receivable against shariah advisor fee | 60,000 | 60,000 |
| | | Federal excise duty on remuneration | 8,639,183 | 8,639,183 |
| | | Federal excise duty on sales load | 3,028,386 | 3,028,386 |
| | | Investment in units of funds under management | 6,370,240 | - |
| MCB Pakistan Stock Market Fund | Funds under management | Remuneration receivable | 9,264,259 | 16,523,210 |
| | | Sales load receivable | 1,691 | 19,449 |
| | | Other receivable | - | - |
| | | Investment in units of funds under management | - | 90,390,302 |
| | | Receivable against reimbursement of allocated expenses | 409,923 | 731,116 |
| | | Receivable against selling and marketing expenses | 17,550,750 | 31,187,196 |
| | | Federal excise duty on remuneration | 54,773,935 | 54,773,935 |
| | | Federal excise duty on sales load | 3,932,683 | 3,932,683 |
| Pakistan Income Fund | Funds under management | Remuneration receivable | 1,362,782 | 6,139,756 |
| | | Sales load receivable | 2,718,489 | 54,993 |
| | | Receivable against reimbursement of allocated expenses | 350,034 | 331,676 |
| | | Receivable against selling and marketing expenses | 4,811,580 | 150,400 |
| | | Federal excise duty on remuneration | 9,210,245 | 9,210,245 |
| | | Federal excise duty on sales load | 239,199 | 239,199 |
| | | Other receivable | - | - |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

| Name of the related party | Relationship and percentage of shareholding | Nature of transaction | June 30, 2023 | June 30, 2022 |
|---------------------------------------|---|--|--------------------|------------------|
| | | | ———— (Rupees) ———— | |
| MCB Pakistan Sovereign Fund | Funds under management | Remuneration receivable | 315,354 | 714,157 |
| | | Sales load receivable | 21,677 | - |
| | | Receivable against reimbursement of allocated expenses | 80,540 | 50,669 |
| | | Receivable against selling and marketing expenses | 871,845 | 444,047 |
| | | Federal excise duty on remuneration | 29,027,974 | 29,027,974 |
| | | Federal excise duty on sales load | 4,169,840 | 4,169,840 |
| Pakistan Capital Market Fund | Funds under management | Remuneration receivable | 1,044,652 | 1,210,128 |
| | | Receivable against reimbursement of allocated expenses | 27,596 | 31,967 |
| | | Federal excise duty on remuneration | 5,872,250 | 5,872,250 |
| | | Federal excise duty on sales load | 392,742 | 392,742 |
| Alhamra Islamic Stock Fund | Funds under management | Remuneration receivable | 4,634,835 | 4,723,886 |
| | | Sales load receivable | 1,822 | 5,110 |
| | | Receivable against reimbursement of allocated expenses | 205,081 | 209,022 |
| | | Receivable against selling and marketing expenses | 8,479,359 | 8,789,404 |
| | | Receivable against shariah advisor fee | 60,000 | 60,000 |
| | | Investment in units of funds under management | - | 17,398,169 |
| | | Federal excise duty on remuneration | 5,689,242 | 5,689,242 |
| | | Federal excise duty on sales load | 124,913 | 124,913 |
| Pakistan Pension Fund | Funds under management | Remuneration receivable | 2,622,426 | 1,991,345 |
| | | Sales load receivable | 174,519 | 286,845 |
| | | Investment in units of funds under management | 335,098,891 | 302,666,529 |
| | | Federal excise duty on remuneration | 5,976,465 | 5,976,465 |
| Alhamra Islamic Asset Allocation Fund | Funds under management | Remuneration receivable | 4,002,939 | 5,286,782 |
| | | Sales load receivable | 67 | 76,283 |
| | | Back end load receivable | - | 507,423 |
| | | Receivable against reimbursement of allocated expenses | 107,346 | 141,775 |
| | | Receivable against shariah advisor fee | 60,000 | 60,000 |
| | | Federal excise duty on remuneration | 5,910,300 | 5,910,300 |
| | | Federal excise duty on sales load | 1,135,845 | 1,135,845 |
| Alhamra Islamic Pension Fund | Funds under management | Remuneration receivable | 1,540,395 | 1,377,536 |
| | | Sales load receivable | 218,878 | 173,861 |
| | | Investment in units of funds under management | 325,594,089 | 303,234,844 |
| | | Federal excise duty on remuneration | 3,030,332 | 3,030,332 |
| Pakistan Samaya Mahfooz Fund | Funds under management | Federal excise duty on remuneration | 1,960,082 | 1,960,082 |
| | | Federal excise duty on sales load | 2,307,278 | 2,307,278 |
| Pakistan Cash Management Fund | Funds under management | Remuneration receivable | 12,529,356 | 2,832,968 |
| | | Receivable against reimbursement of allocated expenses | 1,074,115 | - |
| | | Receivable against selling and marketing expenses | 23,722,214 | 72,552 |
| | | Federal excise duty on remuneration | 11,932,884 | 11,932,884 |
| Pakistan Income Enhancement Fund | Funds under management | Remuneration receivable | 592,919 | 1,134,740 |
| | | Sales load receivable | 337,033 | 2,450,213 |
| | | Receivable against reimbursement of allocated expenses | 151,198 | 70,171 |
| | | Receivable against selling and marketing expenses | 1,717,818 | 150,471 |
| | | Federal excise duty on remuneration | 16,589,808 | 16,589,808 |
| | | Federal excise duty on sales load | 4,746,222 | 4,746,222 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

| Name of the related party | Relationship and percentage of shareholding | Nature of transaction | June 30, | June 30, |
|---|---|--|-------------|-------------|
| | | | 2023 | 2022 |
| | | | (Rupees) | |
| Alhamra Islamic Money Market Fund | Funds under management | Remuneration receivable | 12,368,372 | 2,263,698 |
| | | Sales load receivable | 111,737 | - |
| | | Receivable against reimbursement of allocated expenses | - | 33,915 |
| | | Receivable against selling and marketing expenses | 14,560,974 | 889,592 |
| | | Receivable against shariah advisor fee | 60,000 | 60,000 |
| | | Federal excise duty on remuneration | 840,741 | 840,741 |
| | | Federal excise duty on sales load | 3,584,949 | 3,584,949 |
| Alhamra Islamic Active Allocation Fund (Alhamra Smart Portfolio) | Funds under management | Remuneration receivable | 9,553 | 7,758 |
| | | Receivable against reimbursement of allocated expenses | 9,391 | 12,528 |
| | | Investment in units of funds under management | 95,483,539 | 120,895,058 |
| Alhamra Daily Dividend Fund | Funds under management | Remuneration receivable | 1,807,636 | 2,800,809 |
| | | Payable against bank charges | 11,679 | 68,480 |
| | | Receivable against reimbursement of allocated expenses | - | 18,897 |
| | | Receivable against selling and marketing expenses | 5,736,906 | 682,186 |
| | | Sales load receivable | 582,174 | 2,554,294 |
| Alhamra Wada Fund (Alhamra Wada Plan I) | Funds under management | Remuneration receivable | - | 35,784 |
| Alhamra Wada Fund (Alhamra Wada Plan VII) | Funds under management | Remuneration receivable | 3,962,205 | - |
| | | Receivable against reimbursement of allocated expenses | 1,697,226 | - |
| | | Investment in units of funds under management | 141,351,935 | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan I) | Funds under management | Remuneration receivable | - | 22,721 |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan V) | Funds under management | Receivable against reimbursement of allocated expenses | 6,003,485 | - |
| | | Receivable against selling and marketing expenses | 3,953,506 | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan VI) | Funds under management | Receivable against reimbursement of allocated expenses | 3,010,376 | - |
| | | Receivable against selling and marketing expenses | 1,932,614 | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan VII) | Funds under management | Remuneration receivable | 851,498 | - |
| | | Receivable against reimbursement of allocated expenses | 132,731 | - |
| | | Investment in units of funds under management | 10,371,795 | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan IX) | Funds under management | Receivable against reimbursement of allocated expenses | 4,379,689 | - |
| | | Receivable against selling and marketing expenses | 1,668,643 | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan X) | Funds under management | Remuneration receivable | 36,650 | - |
| | | Receivable against reimbursement of allocated expenses | 24,186 | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan XI) | Funds under management | Receivable against reimbursement of allocated expenses | 1,265,348 | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan XII) | Funds under management | Remuneration receivable | 522,849 | - |
| | | Receivable against reimbursement of allocated expenses | 223,975 | - |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

| Name of the related party | Relationship and percentage of shareholding | Nature of transaction | June 30, | June 30, |
|--|---|--|------------|------------|
| | | | 2023 | 2022 |
| | | | (Rupees) | |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan XIII) | Funds under management | Remuneration receivable | 376,396 | - |
| | | Receivable against reimbursement of allocated expenses | 161,311 | - |
| MCB Pakistan Opportunity Fund (MCB Pakistan Dividend Yield Plan) | Funds under management | Remuneration receivable | 184,925 | 3,395 |
| | | Investment in units of funds under management | 60,857,447 | - |
| Alhamra Cash Management Optimizer | Funds under management | Remuneration receivable | 1,651,119 | - |
| | | Sales load receivable | 595,667 | - |
| | | Receivable against reimbursement of allocated expenses | 79,506 | - |
| | | Receivable against selling and marketing expenses | 904,894 | - |
| | | Investment in units of funds under management | 10,150,100 | - |
| Muhammad Saqib Saleem | Chief Executive Officer | Loan outstanding | 10,962,158 | 12,309,656 |

29 REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE OFFICER AND EXECUTIVES

| | Chief Executive Officer | | Directors | | Executives | |
|----------------------------|-------------------------|-------------------|-------------------|------------------|--------------------|--------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Rupees | | | | | | |
| Managerial remuneration | 17,750,625 | 14,610,541 | - | - | 108,587,436 | 81,227,585 |
| Bonus | 17,600,000 | 11,285,302 | - | - | 65,249,241 | 40,996,418 |
| Retirement benefits | 1,375,381 | 1,228,021 | - | - | 8,441,804 | 6,745,689 |
| Rent and house maintenance | 7,297,372 | 6,574,740 | - | - | 45,119,432 | 36,552,441 |
| Utilities | 1,621,642 | 1,461,050 | - | - | 10,026,563 | 8,122,776 |
| Medical | 1,621,634 | 1,461,050 | - | - | 10,026,535 | 8,122,776 |
| Car allowance | 11,132,310 | 5,248,256 | - | - | 79,967,698 | 39,559,395 |
| Meeting fee | - | - | 13,425,000 | 8,475,000 | - | - |
| Others | 2,306,592 | 2,393,370 | - | - | 12,686,759 | 21,765,222 |
| | <u>60,705,556</u> | <u>44,262,330</u> | <u>13,425,000</u> | <u>8,475,000</u> | <u>340,105,468</u> | <u>243,092,302</u> |
| Number of person(s) | <u>1</u> | <u>1</u> | <u>11*</u> | <u>8</u> | <u>39</u> | <u>31</u> |

* Mr. Nasim Beg, Mr. Mirza Qamar Beg and Mr. Kashif Habib resigned from the Board during the year.

29.1 'Executive' means an employee other than the Chief Executive and directors, whose basic salary exceeds Rs. 1,200,000 in a financial year.

30 DEFINED CONTRIBUTION PLAN

30.1 The Company operates an approved funded contributory provident fund for all its permanent employees to which equal monthly contributions are made both by the Company and the employees at the rate of 8.33% of basic salary. The financial statements of the fund are separately prepared and audited and are not included as part of these financial statements. The Fund is maintained by the Trustees and all decisions regarding investments and distribution of income etc. are made by the Trustees independent of the Company.

During the year, an amount of Rs. 17.718 million (2022: Rs. 15.885 million) has been charged to the statement of profit or loss in respect of the Company's contributions to the employees provident fund.

30.2 Investments out of the provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

| 31 NUMBER OF EMPLOYEES | 2023 | 2022 |
|--|------|------|
| Number of employees at June 30 | | |
| - Permanent | 230 | 239 |
| - Probation | 14 | 23 |
| - Contractual | 18 | 38 |
| Average number of employees during the year | | |
| - Permanent | 231 | 266 |
| - Probation | 16 | 16 |
| - Contractual | 15 | 24 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

32 FINANCIAL INSTRUMENTS BY CATEGORY

| | 2023 | | |
|--|--------------------|--------------------------------------|--------------------|
| | At amortised cost | At fair value through profit or loss | Total |
| | Rupees | | |
| Financial assets | | | |
| Long term deposits | 6,816,103 | - | 6,816,103 |
| Receivable from funds under management | 307,785,542 | - | 307,785,542 |
| Loans and advances | 20,206,398 | - | 20,206,398 |
| Other receivables | 45,154,992 | - | 45,154,992 |
| Accrued profit on savings accounts | 86,189 | - | 86,189 |
| Investments | - | 265,000 | 265,000 |
| Cash and bank balances | 65,478,577 | - | 65,478,577 |
| | <u>445,527,801</u> | <u>265,000</u> | <u>445,792,801</u> |

| | 2023 | | |
|---|--------------------|--------------------------------------|--------------------|
| | At amortised cost | At fair value through profit or loss | Total |
| | Rupees | | |
| Financial liabilities | | | |
| Lease liability against right-of-use assets | 87,575,812 | - | 87,575,812 |
| Unclaimed dividend | 5,296,298 | - | 5,296,298 |
| Trade and other payables | 232,478,829 | - | 232,478,829 |
| | <u>325,350,939</u> | <u>-</u> | <u>325,350,939</u> |

| | 2022 | | |
|--|--------------------|--------------------------------------|--------------------|
| | At amortised cost | At fair value through profit or loss | Total |
| | Rupees | | |
| Financial assets | | | |
| Long term deposits | 5,523,103 | - | 5,523,103 |
| Receivable from funds under management | 146,477,891 | - | 146,477,891 |
| Loans and advances | 23,486,189 | - | 23,486,189 |
| Other receivables | 15,719,728 | - | 15,719,728 |
| Accrued profit on savings accounts | 48,905 | - | 48,905 |
| Investments | - | 265,000 | 265,000 |
| Cash and bank balances | 51,523,257 | - | 51,523,257 |
| | <u>242,779,073</u> | <u>265,000</u> | <u>243,044,073</u> |

| | 2022 | | |
|---|--------------------|--------------------------------------|--------------------|
| | At amortised cost | At fair value through profit or loss | Total |
| | Rupees | | |
| Financial liabilities | | | |
| Lease liability against right-of-use assets | 44,835,578 | - | 44,835,578 |
| Unclaimed dividend | 5,210,504 | - | 5,210,504 |
| Trade and other payables | 187,886,693 | - | 187,886,693 |
| | <u>237,932,775</u> | <u>-</u> | <u>237,932,775</u> |

33 OPERATING SEGMENTS

The Company functions as a single operating segment. The income derived from the management fee of open-ended collective investment schemes and voluntary pension schemes and income derived from investment advisory fee from separately managed accounts constituted 95.13% and 4.87% (2022: 92.51% and 7.49%) respectively of the total income earned from management and investment advisory fee during the year.

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

34.1 Financial risk factors

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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

34.2 Market risk

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

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

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

34.2.1 Currency risk

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

34.2.2 Yield / interest rate risk

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

a) Sensitivity analysis for variable rate instruments

Presently, the Company holds balances with banks in savings accounts which expose the Company to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net profit for the year and net assets of the Company would have been higher / lower by Rs. 0.494 million (2022: Rs. 0.146 million).

b) Sensitivity analysis of fixed rate instruments

As at June 30, 2023, the Company did not hold any fixed rate financial assets that may expose the Company to fair value profit rate risk.

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

The Company's yield / interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2023 can be determined as follows:

| | | 2023 | | | | | | |
|---|----------------------------|----------------------------|--------------|--------------------------------|----------------------------|-------------|-------------|--|
| Effective yield / interest rate | Interest / mark-up bearing | | | Non-interest / mark-up bearing | | | Total | |
| | Maturity upto one year | Maturity after one year | Sub-total | Maturity upto one year | Maturity after one year | Sub-total | | |
| (Rupees) | | | | | | | | |
| Financial assets | | | | | | | | |
| Long term deposits | - | - | - | - | 6,816,103 | 6,816,103 | 6,816,103 | |
| Receivable from funds under management | - | - | - | 307,785,542 | - | 307,785,542 | 307,785,542 | |
| Loans and advances | 12.36% - 17.09% | 2,682,115 | 12,416,944 | 15,099,059 | 1,946,056 | 3,161,283 | 5,107,339 | |
| Other receivables | - | - | - | 45,154,992 | - | 45,154,992 | 45,154,992 | |
| Accrued profit on savings accounts | - | - | - | 86,189 | - | 86,189 | 86,189 | |
| Investments | - | - | - | 265,000 | - | 265,000 | 265,000 | |
| Cash and bank balances | 7.66% - 19.50% | 49,368,737 | - | 49,368,737 | 16,109,840 | - | 16,109,840 | |
| | | 52,050,852 | 12,416,944 | 64,467,796 | 371,347,619 | 9,977,386 | 381,325,005 | |
| Financial liabilities | | | | | | | | |
| Lease liability against right-of-use assets | 8.08% - 22.48% | 30,947,036 | 56,628,776 | 87,575,812 | - | - | 87,575,812 | |
| Unclaimed dividend | - | - | - | 5,296,298 | - | 5,296,298 | 5,296,298 | |
| Trade and other payables | - | - | - | 232,478,829 | - | 232,478,829 | 232,478,829 | |
| | | 30,947,036 | 56,628,776 | 87,575,812 | 237,775,127 | - | 237,775,127 | |
| On balance sheet gap | | 21,103,816 | (44,211,832) | (23,108,016) | 133,572,492 | 9,977,386 | 143,549,878 | |
| Off balance sheet financial instruments | | - | - | - | - | - | - | |
| Off balance sheet gap | | - | - | - | - | - | - | |
| Total interest rate sensitivity gap | | 21,103,816 | (44,211,832) | (23,108,016) | 133,572,492 | 9,977,386 | 143,549,878 | |
| Cumulative interest rate sensitivity gap | | 21,103,816 | (23,108,016) | (46,216,032) | - | - | - | |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

| 2022 | | | | | | | |
|---|----------------------------|----------------------------|---------------------|--------------------------------|----------------------------|-------------------|-------------------|
| Effective yield / Interest rate | Interest / mark-up bearing | | | Non-interest / mark-up bearing | | | Total |
| | Maturity upto one year | Maturity after one year | Sub-total | Maturity upto one year | Maturity after one year | Sub-total | |
| (Rupees) | | | | | | | |
| Financial assets | | | | | | | |
| Long term deposits | - | - | - | - | 5,523,103 | 5,523,103 | 5,523,103 |
| Receivable from funds under management | - | - | - | 146,477,891 | - | 146,477,891 | 146,477,891 |
| Loans and advances | 8.01% - 12.36% | 3,658,252 | 12,878,198 | 16,536,450 | 2,019,465 | 4,930,274 | 6,949,739 |
| Other receivables | | - | - | - | - | 15,719,728 | 15,719,728 |
| Accrued profit on savings accounts | | - | - | - | 48,905 | - | 48,905 |
| Investments | | - | - | - | 265,000 | - | 265,000 |
| Cash and bank balances | 5.85% - 12.25% | 14,635,761 | - | 14,635,761 | 36,887,496 | - | 36,887,496 |
| | | 18,294,013 | 12,878,198 | 31,172,211 | 201,418,485 | 10,453,377 | 211,871,862 |
| Financial liabilities | | | | | | | |
| Lease liability against right-of-use assets | 8.08% - 15.53% | 20,073,011 | 24,762,567 | 44,835,578 | - | - | - |
| Unclaimed dividend | | - | - | - | 5,210,504 | - | 5,210,504 |
| Trade and other payables | | - | - | - | 187,886,693 | - | 187,886,693 |
| | | 20,073,011 | 24,762,567 | 44,835,578 | 193,097,197 | - | 193,097,197 |
| On balance sheet gap | | (1,778,998) | (11,884,369) | (13,663,367) | 8,321,288 | 10,453,377 | 18,774,665 |
| Off balance sheet financial instruments | | - | - | - | - | - | - |
| Off balance sheet gap | | - | - | - | - | - | - |
| Total interest rate sensitivity gap | | (1,778,998) | (11,884,369) | (13,663,367) | 8,321,288 | 10,453,377 | 18,774,665 |
| Cumulative interest rate sensitivity gap | | (1,778,998) | (13,663,367) | (27,326,734) | | | |

34.2.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

As at June 30, 2023, the Company does not hold any significant financial assets that expose it to price risk.

34.3 Credit risk

Credit risk is the risk that a counterparty will fail to discharge an obligation and cause the other party to incur a financial loss. The entire financial assets are subject to the credit risk except for investment in units of funds under the management of the Company. The management believes that the Company's credit risk is minimal as major portion of financial assets comprise of receivables from its funds under management which are financially sound. The credit risk on balances with banks is also considered minimal as the balances are kept with sound financial institutions.

The Company's financial assets are neither past due nor impaired as at the reporting date except as disclosed in note 11.3 to these financial statements.

Credit risk on amounts of receivable from separately managed accounts is minimal due to contractual rights of the Company to settle the receivable before withdrawal / liquidation of underlying investments.

Receivable from funds under management

The latest available ratings of the Funds in which the investments are made or from which amounts are receivable as at June 30, 2023 and June 30, 2022 are as follows:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

| Fund name | 2023 | 2022 | Rating agency |
|--|--------|--------|---------------|
| MCB Cash Management Optimizer | AA+(f) | AA+(f) | PACRA |
| MCB DCF Income Fund | AA-(f) | AA-(f) | PACRA |
| Alhamra Islamic Income Fund | AA-(f) | AA-(f) | PACRA |
| MCB Pakistan Sovereign Fund | AA-(f) | AA-(f) | PACRA |
| Pakistan Cash Management Fund | AA+(f) | AA+(f) | PACRA |
| Pakistan Income Enhancement Fund | A+(f) | A+(f) | PACRA |
| Pakistan Income Fund | AA-(f) | AA-(f) | PACRA |
| Alhamra Islamic Money Market Fund | AA+(f) | AA+(f) | PACRA |
| Alhamra Daily Dividend Fund | AA-(f) | AA-(f) | PACRA |
| Alhamra Wada Fund (Alhamra Wada Plan I) * | - | AA(f) | PACRA |
| Alhamra Wada Fund (Alhamra Wada Plan VII) ** | AA(f) | - | - |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan I) | AA+(f) | - | PACRA |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan XIII) ** | AA+(f) | - | PACRA |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan VII) ** | AA+(f) | - | PACRA |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan XII) ** | AA+(f) | - | PACRA |
| MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan X) ** | AA+(f) | - | PACRA |
| MCB Pakistan Opportunity Fund (MCB Pakistan Dividend Yield Plan) | AA+(f) | - | PACRA |

All other funds are not required to be rated.

* These funds have matured during the current year.

** These funds have been launched and matured during the current year.

Bank balances

An analysis of the credit quality of balances with banks is as follows:

| | 2023 | | 2022 | | Rating agency |
|--------------------------|------------|-----------|------------|-----------|---------------|
| | Short term | Long term | Short term | Long term | |
| Summit Bank Limited | Suspended | Suspended | Suspended | Suspended | N/A |
| MCB Bank Limited | A-1+ | AAA | A-1+ | AAA | PACRA |
| Faysal Bank Limited | A-1+ | AA | A-1+ | AA | PACRA / VIS |
| Bank Alfalah Limited | A-1+ | AA+ | A-1+ | AA+ | PACRA |
| MCB Islamic Bank Limited | A-1 | A | A-1 | A | PACRA |
| Askari Bank Limited | A-1+ | AA+ | - | - | PACRA |

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit 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.

Details of the Company's concentration of credit risk of financial assets by industrial distribution are as follows:

| | 2023 | | 2022 | |
|------------------|--------------------|--------------|--------------------|--------------|
| | (Rupees) | (Percentage) | (Rupees) | (Percentage) |
| Commercial banks | 65,559,178 | 14.71% | 51,567,342 | 21.22% |
| Mutual funds | 307,785,542 | 69.04% | 146,477,891 | 60.27% |
| Others | 72,442,493 | 16.25% | 44,994,020 | 18.5% |
| | <u>445,787,213</u> | <u>100%</u> | <u>243,039,253</u> | <u>100%</u> |

The maximum exposure to credit risk before any credit enhancement as at June 30, 2023 is the carrying amount of the financial assets. Cash in hand, however, is not exposed to credit risk and has been excluded from the above analysis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

34.4 Liquidity risk

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. The management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios and rational investment decisions after taking into consideration the current availability of liquid resources. As at June 30, 2023, the Company's cash and bank balances amounted to Rs. 65.479 million (2022: Rs. 51.523 million).

The management of the Company believes that it is not exposed to significant level of liquidity risk as its receivables are highly liquid and mostly receivables are from its own funds.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts in the table below are contractual undiscounted cash flows:

| | 2023 | | | |
|---|------------------------|--------------------|------------------------|-------------------------|
| | Contractual cash flows | Carrying amount | Maturity upto one year | Maturity after one year |
| Financial liabilities | ----- Rupees ----- | | | |
| Lease liability against right-of-use assets | 107,573,754 | 87,575,812 | 43,053,256 | 64,520,498 |
| Unclaimed dividend | 5,296,298 | 5,296,298 | 5,296,298 | - |
| Trade and other payables | 232,478,829 | 232,478,829 | 232,478,829 | - |
| | <u>345,348,881</u> | <u>325,350,939</u> | <u>280,828,383</u> | <u>64,520,498</u> |
| | ----- Rupees ----- | | | |
| | 2022 | | | |
| | Contractual cash flows | Carrying amount | Maturity upto one year | Maturity after one year |
| Financial liabilities | ----- Rupees ----- | | | |
| Lease liability against right-of-use assets | 53,315,992 | 44,835,578 | 23,839,253 | 29,476,739 |
| Unclaimed dividend | 5,210,504 | 5,210,504 | 5,210,504 | - |
| Trade and other payables | 187,886,693 | 187,886,693 | 187,886,693 | - |
| | <u>246,413,189</u> | <u>237,932,775</u> | <u>216,936,450</u> | <u>29,476,739</u> |

34.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

Senior management ensures that the Company's staff have adequate training and experience and fosters effective communication related to operational risk management.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

35 CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Company is subject to externally imposed minimum equity requirement of the NBFC Rules 2003 and the NBFC Regulations 2008 for providing asset management services and investment advisory services and is required to maintain minimum equity of Rs 200 million. The Company's paid up capital is above the minimum required threshold limit.

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

36 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

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

Fair value hierarchy

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

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

As at June 30, 2023 and June 30, 2022, the Company held the following financial instruments measured at fair value:

| ASSETS | 2023 | | | |
|--|--------------------|---------|---------|---------|
| | Level 1 | Level 2 | Level 3 | Total |
| | ----- Rupees ----- | | | |
| Financial assets 'at fair value through profit or loss' | | | | |
| Investment in shares * | - | - | 265,000 | 265,000 |
| | | | | |

| ASSETS | 2022 | | | |
|--|--------------------|---------|---------|---------|
| | Level 1 | Level 2 | Level 3 | Total |
| | ----- Rupees ----- | | | |
| Financial assets 'at fair value through profit or loss' | | | | |
| Investment in shares * | - | - | 265,000 | 265,000 |
| | | | | |

* These represent shares of Mutual Funds Association of Pakistan which have been carried at cost since their fair value is not considered to be materially different from its carrying amount. Accordingly, the disclosures with respect to level 3 financial assets have not been given.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

37 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on July 26, 2023 have proposed a final cash dividend in respect of the year ended June 30, 2023 of Rs. 5.5 per share (55%) [(2022: Re. 1 per share (10%)). These financial statements do not include the effect of these appropriations which will be accounted for subsequent to the year end.

38 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on July 26, 2023 by the Board of Directors of the Company.

39 GENERAL

39.1 Figures have been rounded off to the nearest Rupees, unless otherwise specified.

39.2 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and to reflect the substance of the transactions. The major reclassifications other than the following have been disclosed in note 2.6 to these financial statements:

| Description | Reclassified from | Reclassified to | Amount (Rupees) | |
|--------------------------|-------------------|--------------------|-----------------|-------------|
| | | | 2022 | 2021 |
| Investment in associates | Current assets | Non-current assets | 508,648,355 | 685,758,449 |

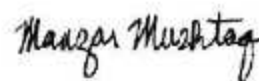
39.2.1 The above reclassification in respect of "investment in associates" is significant and required disclosure of amounts in the statement of financial position as at the beginning of the preceding period as per the requirements of International Financial Reporting Standards. Accordingly, amounts as at July 1, 2021 after taking into account the impact of reclassification of "investment in associates" have been presented and disclosed on the statement of financial position.



Chief Executive Officer



Chief Financial Officer



Director

BALLOT PAPER FOR VOTING

MCB INVESTMENT MANAGEMENT LIMITED (FORMERLY: MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED)

BALLOT PAPER FOR VOTING THROUGH POST

FOR POLL AT ANNUAL GENERAL MEETING TO BE HELD ON

Monday, 23rd October, 2023 at 11:30 am at Sapphire Hall, Ramada Creek, Zulfiqar Street 1, DHA Phase VIII, Karachi, Pakistan

Designated email address of the Chairman at which the duly filled in ballot paper may be sent: chairman@mcbfunds.com

| | |
|---|--|
| Folio No. / CDC Account / Sub-Account No. | |
| Name of shareholder/joint shareholders | |
| Registered Address | |
| Number of shares held | |
| CNIC/NICOP Number or Passport Number (in case of Foreign national) (copy to be attached) | |
| Additional Information and enclosures (In case of representative of body corporate, corporation and Federal Government.) | |
| Name of Authorized Representative | |
| Authorized Representative's CNIC/NICOP Number or Passport Number (in case of Foreign national) (copy to be attached) | |
| Copy of Board Resolution / Power of Attorney of body corporate, corporation and Federal Government | |

I/we hereby exercise my/our vote in respect of the following resolution(s) through postal ballot by conveying my/our assent or dissent to the following resolution(s) by placing tick (✓) mark in the appropriate box below (delete as appropriate);

| Sr. No. | Nature and Description of resolution(s) | No. of ordinary shares for which votes cast | I/We assent to the Resolution(s) (FOR) | I/We dissent to the Resolution(s) (AGAINST) |
|---------|---|---|--|---|
| 1. | Ordinary Resolution (Agenda No. 5) "RESOLVED THAT pursuant to section 223(6) of the Companies Act, 2017 read with SRO 389(I)/2023 dated March 21, 2023, the Company be and is hereby authorized to circulate annual report containing annual audited financial statements and reports (Annual Reports) to the members through QR enabled code and web link" | | | |

Shareholder / Proxy holder Signature/Authorized Signatory
(In case of corporate entity, please affix company stamp)

Date

NOTES:

- Dully filled postal ballot should be sent to Chairman, MCB Investment Management Limited (Formerly: MCB-Arif Habib Savings and Investments Limited) through post at Registered Office 2nd Floor, Adamjee House, 11 Chundrigar Road, Karachi **OR Email chairman@mcbfunds.com**
- Copy of CNIC/NICOP or Passport (in case of foreign national) should be enclosed with the postal ballot form. In case of representative of body corporate, corporation and Federal Government, Board Resolution / Power of Attorney shall also be enclosed.
- Postal ballot forms should reach chairman of the meeting on or before October 22, 2023, **5:00 PM** (last date of receiving postal ballot). Any postal ballot received after this date, will not be considered for voting.
- Signature on postal ballot should match with signature on CNIC/NICOP.
- Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written ballot paper will be rejected.

بیلٹ پیپر

ایم سی بی انویسٹمنٹ مینجمنٹ لمیٹڈ (سابقہ: ایم سی بی-عارف حبیب سیونگز اینڈ انویسٹمنٹس لمیٹڈ)

بیلٹ پیپر برائے ووٹنگ پڈ ریپر ڈاک

برائے رائے شماری موقع سالانہ عمومی اجلاس

بجریہ 23 اکتوبر 2023ء بمقام سفارت ہال، رماوا کریک، ڈولاقٹا راسٹریٹ 1، ڈی ایچ اے فیز VIII، کراچی، پاکستان

چیئر مین کا خصوصی ای میل ایڈرس جس پر پُر شدہ بیلٹ پیپر بھیجا جائے: chairman@mcbfunds.com

| | |
|--|--|
| فولیو نمبر / سی ڈی سی اکاؤنٹ / ذیلی اکاؤنٹ نمبر | |
| حصص یافتہ کا / مشترکہ حصص یافتگان کے نام | |
| رجسٹرڈ پتہ | |
| حصص کی تعداد | |
| CNIC / NICOP نمبر، یا (غیر ملکی شہری کی صورت میں) پاسپورٹ نمبر (کاپی منسلک کی جائے) | |
| اشاقی معلومات اور گوانٹف (ہاڈی کارپوریٹ، کارپوریشن اور وفاقی حکومت کے ترحان کی صورت میں) | |
| مخاتر ترحان کا نام | |
| مخاتر ترحان کا CNIC / NICOP نمبر، یا (غیر ملکی شہری کی صورت میں) پاسپورٹ نمبر (کاپی منسلک کی جائے) | |
| بورڈ ریزولوشن / ہاڈی کارپوریٹ، کارپوریشن اور وفاقی حکومت کے پاور آف اٹارنی کی کاپی | |

میں / ہم متدرجہ ذیل قراردادوں کے ضمن میں ڈاک والے بیلٹ پیپر کے ذریعے اپنے ووٹ کا استعمال کرتے ہوئے متعلقہ ذیلے میں tick (✓) کا نشان لگا کر ان قراردادوں کے لیے اپنی رضامندی یا عدم رضامندی کا اظہار کرتا ہوں / کرتے ہیں (حسب ضرورت حدف کر دیں):

| نمبر شمار | قرارداد کی نوعیت اور تفصیل | تعداد عمومی حصص جن کے لیے ووٹ ڈالا گیا ہے | میں / ہم اس قرارداد سے رضامند نہیں ہوں / ہیں | میں / ہم اس قرارداد سے رضامند ہوں / ہیں |
|-----------|--|---|--|---|
| 1. | عام قرارداد (ایجنڈا نمبر 5) قرارداد طے کی جاتی ہے کہ کینیڈا ایکٹ 2017ء کے سیکشن (6) 223 بمع ایس آر او 2023 (1) 389 مورخہ 21 مارچ 2023ء کے تحت کاپی کو پڈ ریپر ہڈا اختیار دیا جاتا ہے کہ وہ سالانہ رپورٹ کو جو سالانہ آڈٹ شدہ مالیاتی حکموں اور رپورٹس (اینیوئل رپورٹس) پر مشتمل ہے، ارکان کو QR سے چلنے والے کوڈ اور ویب لنک کے ذریعے بھیج سکتی ہے۔ | | | |

تاریخ

دستخط حصص یافتہ / حامل پر کسی / مخاتر دستخط کنندہ
(کارپوریٹ ادارے کی صورت میں کاپی کی مہر ثبت کریں)

ضروری نکات:

- پُر شدہ بیلٹ پیپر چیئر مین، ایم سی بی انویسٹمنٹ مینجمنٹ لمیٹڈ (سابقہ: ایم سی بی-عارف حبیب سیونگز اینڈ انویسٹمنٹس لمیٹڈ) کو رجسٹرڈ دفتر پر پڈ ریپر ڈاک دوسری منزل، آدم جی باؤرہ آئی آئی چندر نیگر روڈ، کراچی یا پڈ ریپر ای میل (chairman@mcbfunds.com) کا پتہ دینے چاہئیں۔
- CNIC/NICOP یا (غیر ملکی شہری کی صورت میں) پاسپورٹ کی نقل بیلٹ پیپر فارم کے ساتھ منسلک کی جائے۔ ہاڈی کارپوریٹ، کارپوریشن اور وفاقی حکومت کے ترحان کی صورت میں بورڈ ریزولوشن / پاور آف اٹارنی بھی منسلک کی جائے۔
- پرنٹل بیلٹ فارم چیئر مین ہینڈل کو 22 اکتوبر 2023ء شام 5 بجے تک پہنچانے چاہئیں۔ بعد ازاں موصول ہونے والے فارم ووٹنگ میں شامل نہیں کیے جائیں گے۔
- پرنٹل بیلٹ پر موجود دستخط CNIC/NICOP پر موجود دستخط جیسے ہونے چاہئیں۔
- اگر کوئی بیلٹ پیپر نامکمل، غیر دستخط شدہ، غلطہ نسخہ شدہ یا پھنسا ہوا ہو یا اس پر ضرورت سے زیادہ لکھا گیا ہو تو وہ قبول نہیں کیا جائے گا۔

FORM OF PROXY
ANNUAL GENERAL MEETING
On October 23, 2023

The Company Secretary
MCB Investment Management Limited
(Formerly: MCB-Arif Habib Savings and Investments Limited)
2nd Floor, Adamjee House, I.I. Chundrigar Road,
Karachi.

I/We _____ of _____ in the district of _____ being a member of **MCB Investment Management Limited** *(Formerly: MCB-Arif Habib Savings and Investments Limited)*, hereby appoint Mr./Ms./Mrs _____ of _____ Or Failing to Him / Her appoint Mr./Ms. /Mrs _____ of _____ as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Monday, October 23, 2023 and at any adjournment thereof.

Signed this _____ day of _____ 2023.

Signature on five Rupees
Revenue Stamp

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

1. WITNESS:

Signature: _____

Name: _____

Address: _____

CNIC/ Passport No. _____

2. WITNESS:

Signature: _____

Name: _____

Address: _____

CNIC/ Passport No. _____

Shareholder Folio No.

CDC Participant ID No & Sub Account No.

Notes:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan not less than 48 hours before the time of holding the meeting. A proxy need not be a member of the Company.
2. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of the proxy shall be rendered invalid.
3. CDC shareholders and their proxies are each requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.
4. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
5. In case of a corporate entity, the Board of Directors Resolution / Power of Attorney with specimen signature of the nominee shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
6. Members are required to timely notify any change in their address to Shares Registrar M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi.

Fold Here

AFFIX
CORRECT
POSTAGE

MCB INVESTMENT MANAGEMENT LIMITED
(FORMERLY: MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED)
Adamjee House, 2nd Floor,
I.I. Chundrigar Road, Karachi

Fold Here

Fold Here

فارم برائے پراکسی
سالانہ عمومی اجلاس
مؤرخہ 23 اکتوبر 2023ء

کمپنی سیکرٹری

ایم سی بی انویسٹمنٹ مینجمنٹ لمیٹڈ

(سابقہ: ایم سی بی - عارف حبیب سیونگٹز اینڈ انویسٹمنٹس لمیٹڈ)

دوسری منزل، آدھی باؤڑ، آئی چنڈریگو روڈ، کراچی

میں / ام _____ ، کا / کی _____
کے شلح _____ ، بحیثیت رکن ایم سی بی انویسٹمنٹ مینجمنٹ لمیٹڈ (سابقہ: ایم سی بی - عارف حبیب سیونگٹز
اینڈ انویسٹمنٹس لمیٹڈ) ، Mr./Miss/Mrs. _____ ، کے
_____ ، اور اگر ان کے لیے ممکن نہ ہو تو Mr./Miss/Mrs. _____ کو
اپنے پراکسی کے طور پر تقرری کرتا / کرتی ہوں / کرتے ہیں ، جو کمپنی کے سالانہ عمومی اجلاس مؤرخہ 23 اکتوبر 2023ء میں ، اور اگر اس میں التواء ہو تو
ملفوظ شدہ اجلاس میں بھی ، میرے / ہمارے لیے ، یا میری / ہماری جانب سے ، ووٹ کر سکتا ہے ۔

دستخط _____ روز _____ تاریخ _____

پانچ روپے مالیت کے ریپینڈیو اسٹیپ پر دستخط

(مندرجہ بالا دستخط کمپنی میں رجسٹر شدہ دستخط جیسے ہونے چاہئیں ۔)

| | |
|-------------------------------------|-------------------------------------|
| 1. گواہ | 2. گواہ |
| دستخط: _____ | دستخط: _____ |
| نام: _____ | نام: _____ |
| پتہ: _____ | پتہ: _____ |
| سی این آئی سی / پاسپورٹ نمبر: _____ | سی این آئی سی / پاسپورٹ نمبر: _____ |

حصص یافتہ کا فولیو نمبر

سی ڈی سی ہارٹسپڈ شاخت نمبر اور ذیلی اکاؤنٹ نمبر

اہم نکات:

1. یہ پراکسی فارم، مکمل پُر اور دستخط شدہ، کمپنی کے رجسٹر شدہ دفتر، بمقام دوسری منزل، آدھی باؤڑ، آئی چنڈریگو روڈ، کراچی، پاکستان میں، اجلاس کے انعقاد سے زیادہ سے زیادہ 48 گھنٹوں قبل موصول ہو جانا چاہیے۔ پراکسی کے لیے کمپنی کا رکن ہونا ضروری نہیں۔
2. اگر کوئی رکن ایک سے زیادہ پراکسی کی تقرری کرے گا اور کسی رکن کی جانب سے ایک سے زیادہ پراکسی دستاویزات کمپنی میں جمع کرائے جائیں گے تو وہ تمام دستاویزات منسوخ ہو جائیں گے۔
3. سی ڈی سی حصص یافتگان اور ان کے پراکسیوں میں سے ہر ایک سے گزارش ہے کہ اس پراکسی فارم کے ساتھ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا پاسپورٹ کی توثیق شدہ فوٹو کاپی منسلک کرنے کے بعد کمپنی میں جمع کرائیں۔
4. پراکسی کو اجلاس کے وقت اپنا اصل CNIC یا پاسپورٹ دکھانا ہوگا۔
5. کارپوریٹ ادارے کی صورت میں پراکسی فارم کے ساتھ بورڈ آف ڈائریکٹرز ریزولوشن / پاور آف اٹارنی بمع nominee کے نمونہ دستخط جمع کرائے جائیں (اگر پہلے نہیں کرائے گئے ہیں)۔
6. ارکان اپنے پتے میں کسی تبدیلی کی صورت میں شیئرز رجسٹر ارا کو مندرجہ ذیل پتے پر بروقت مطلع کریں: M/s سی ڈی سی شیئرز رجسٹر ارا سرورس لمیٹڈ، سی ڈی سی باؤڑ، 99-B بلاک B، ایس ایم سی ایچ ایس، مرکزی شاہراہ فیصل، کراچی۔

Fold Here

AFFIX
CORRECT
POSTAGE

MCB INVESTMENT MANAGEMENT LIMITED
(FORMERLY: MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED)
Adamjee House, 2nd Floor,
I.I. Chundrigar Road, Karachi

Fold Here

Registered Office

MCB Investment Management Limited*

Adamjee House, 2nd Floor,
I.I. Chundrigar Road, Karachi.

Fold Here

**E-DIVIDEND MANDATE FORM
MANDATORY CREDIT OF DIVIDEND INTO BANK ACCOUNT**

To: _____

Date: _____

Dear Sir/Madam,

The undersigned being member of **MCB Investment Management Limited** (Formerly: MCB ArifHabib Savings and Investments Limited) (the Company), hereby authorize the Company that all my cash dividend amounts declared by the Company, from time to time, be credited into the bank account as per following details:

| (i) Shareholder's Details | |
|---|--|
| Name of the shareholder | |
| Folio No. / CDC Participants ID & Sub Acc. No./CDC IAS Account | |
| CNIC/NICOP No. (Please attach copy) | |
| Passport No.[in case of Foreign Shareholder] (Please attach copy) | |
| Land Line Phone No. | |
| Cellphone No. | |
| (ii) Shareholder's Bank Details | |
| Title of Bank Account | |
| Bank Account Number | |
| Bank's Name | |
| Branch Name and Address | |
| International Bank Account Number (IBAN) (24 digit) | |

It is stated that the above mentioned information is correct that I will intimate the change in the above mentioned information to the Company and the concerned Share Registrar/Participant/CDC (as the case may be) as soon as these occur.

Signature of the member/shareholder
(Please affix company stamp in case of corporate entity)

Note

1. Please provide complete IBAN after consultation with your bank branch. 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.
2. In case of physical shares, a duly filled-in E-Dividend Mandate Form shall be submitted with the Company's Share Registrar M/s Share Registrar M/s CDC Share Registrar Services Limited, CDC House, 99-B, Block B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi.
3. While for shares held in CDC, E-Dividend Mandate Form shall be submitted directly to member's broker (participant)/CDC.

CONSENT FORM FOR VIDEO CONFERENCE FACILITY

Consent for Video-Conference Facility

MCB Investment Management Limited (Formerly: MCB-Arif Habib Savings and Investments Limited)

I/We, _____, being a member of **MCB Investment Management Limited** (Formerly: MCB - Arif Habib Savings & Investments Limited) holder of _____ Ordinary Share(s) as per Register Folio/CDC Participant ID & Sub-Account/Investor Account No. _____ hereby opt for participation in the Annual General Meeting to be held on _____, 2023 or any adjourned meeting through video-conference facility at _____ (Please insert name of the City)

Date: _____

Signature of member _____

Note:

This Standard Request Form may be sent at Share Registrar of the Company at below mentioned address.

CDC Share Registrar Services Limited
CDC House, 99-B, Block B, S.M.C.H.S.,
Main Shahrah-e-Faisal, Karachi – 74400
Tel: 0800 -23275
Email: info@cdcsrsl.com