focusing on growth

annual report 2016

Arif Habib Corp

Arif Habib Group

is structured around Arif Habib Corporation Limited (AHCL), a holding company that primarily manages strategic investments of the Company. Whatever we do, we do it with a clear intention to ensure that nature and environment is being taken care of; wherever we manoeuvre, we strive to help society achieve sustainable growth. Our definition of sustainability management is the integrated expansion and escalation of our economic, environmental and social performance in a style that signifies value for all our stakeholders.










contents

Forward Looking Statements

Statements in this report that are not historical facts are futuristic plans based on the current beliefs, estimates and expectations of management and includes risks and uncertainties coupled with variations in economic or market conditions, amendments in laws, regulations and policies.

Vision

To be Pakistan's leading Investment Company, which delivers both competitive financial returns, together with having a positive impact on the country's economy and its people through responsible investing.

Mission

Our mission is to excel in conceiving, developing and executing innovative projects across business sectors, with the aim of maximising returns for stakeholders, while playing a significant role in developing Pakistan's economy and its integration into the world markets.

Corporate Strategy

Our Corporate Strategy aims at creating value for all stakeholders by maintaining and improving our competitive position in the market.

This is achieved by continuously evaluating and acting in the best interests of our stakeholders in response to the changing market conditions, both domestically, as well as internationally. Towards this end, we optimise our financial and human capital while seeking partnerships with other business houses having strong management teams to create and expand viable business enterprises.

Objectives

- Maintain Industry Leadership
- Create new businesses to augment profitability for sustained economic growth
- Maintain operational efficiency and to achieve synergies within our resources

Values

AHCL is values-driven and this principle continues to direct the business and the growth of the Arif Habib Group companies. The core values which reinforce the way we do business are:

- Integrity - We conduct our business fairly, with honesty and with transparency. Everything we do stands the test of public scrutiny

- Excellence - We constantly strive to achieve the highest possible standards in our day-to-day work and in the quality of the goods and services we provide

- Unity – We work cohesively with our colleagues across the group and with our customers and partners around the world, building strong relationships based on tolerance, understanding and mutual cooperation

- Responsibility – We continue to be responsible, as well as sensitive to the geographies, communities and the environment in which we work, always ensuring that what comes from the people goes back to the people many times over

The Arif Habib Group

With its entrepreneurial spirit and passion to undertake business projects that are transformational in nature, the Arif Habib Group has built and continues to develop rewarding businesses in the areas of fertilisers, cement, steel, renewable energy, real estate development, as well as financial services.

Having started out in the financial services, the Group has, over time, diversified into emerging business areas, with meaningful contribution to Pakistan's economy. The Group draws strength from its own human resource, as well as, its ability to forge strong partnerships with other business houses and benefit from collective strength. Striving for quality and excellence are an integral part of the Group's business model and these are not merely corporate slogans but the formula for achieving success. An important part of our strategy is to continue raising the bar. The Group's commitment to serve the community and all stakeholders is what drives the team to reach its maximum potential by being able to innovate and provide solutions and thereby converting challenges into opportunities.

Arif Habib Corporation Limited

Arif Habib Corporation Limited (AHCL) is the flagship company of the Arif Habib Group. The company took over the sole proprietorship business set up by Mr. Arif Habib in 1990 and was incorporated in 1994 as a public limited company with a paid up capital of PKR 40 million. AHCL was listed in 2001, with an initial public offering (IPO) of one million shares, targeting to raise PKR 80 million in order to finance growth. Since its listing in 2001, the Company has distributed PKR 8.67 billion as dividend (including specie dividend) and PKR 720 million by buying back two million shares (having face value of PKR 10 each) at a price of PKR 360 per share from its shareholders. Currently the Company's equity is PKR 29 billion built through retained earnings. Thus, by 30th June 2016, the initial investors in the IPO of the Company, have had a compounded all annualized return of 36.91%(1994)/34.38%(2001).

The Arif Habib brand is today seen as the name that assures a commitment to best practices and putting its stakeholders first, which they have come to expect of the Company striving to be the best in its class.

Company Information

Board of Directors

Asadullah Khawaja	Chairman
Arif Habib	Chief Executive Officer
Khawaja Jalaluddin Romi	Independent Director
Sirajuddin Cassim	Independent Director
Nasim Beg	Non-Executive Director
Samad A. Habib	Non-Executive Director
Kashif A. Habib	Non-Executive Director
Muhammad Ejaz	Non-Executive Director

Audit Committee

Khawaja Jalaluddin Roomi	Chairman
Kashif A. Habib	Member
Muhammad Ejaz	Member

Management

Arif Habib	Chief Executive Officer
Mohsin Madni	Chief Financial Officer
Manzoor Raza	Company Secretary

Bankers

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

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Advisors

Bawaney & Partners
Akhund Forbes

Registrar & Share Transfer Agent

Central Depository Company of Pakistan Limited

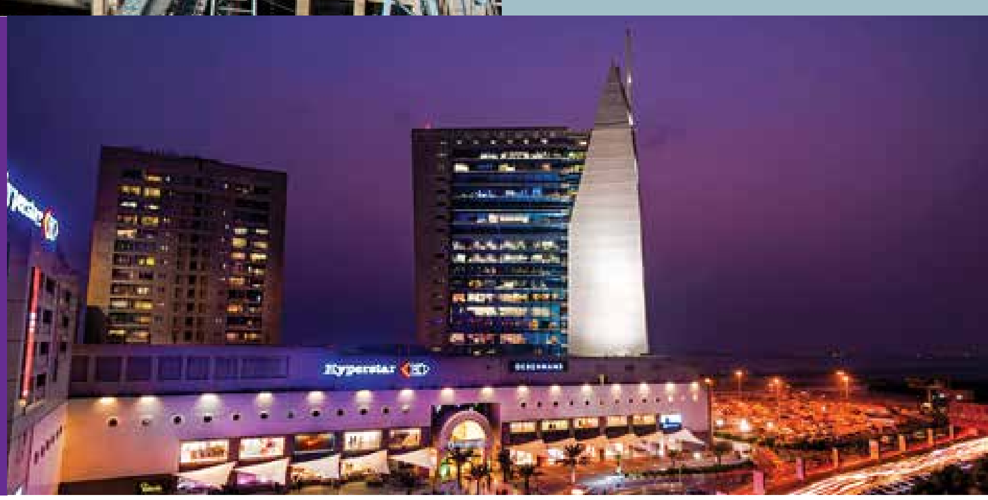
Registered & Corporate Office

Arif Habib Centre
23, M.T. Khan Road
Karachi-74000
Phone: (021) 32460717-9
Fax: (021) 32429653, 32468117
Email: info@arifhabibcorp.com
Company website: www.arifhabibcorp.com
Group website: www.arifhabib.com.pk

Share Registrar Department

CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi
Phone: (021) 111-111-500
Toll Free: 0800-23275
Fax: (021) 34326053
URL: www.cdcpakistan.com
Email: info@cdcpak.com

Subsidiaries and Associates



Total Assets

58,807

Rupees in million

Pakarab Fertilizers Limited

Pakarab Fertilizers Limited (PAFL) was acquired by a consortium of Arif Habib Group and Fatima Group, in 2005 under the Government of Pakistan's privatisation programme.

Pakarab Fertilizers Limited has a rated capacity of 0.9 million tons and is located in Multan. The site area comprises of 302 acres, which includes area for the factory and the housing colony with all amenities including medical centre, school, management and staff clubs for recreation of employees and their families.

Pakarab Fertilizers Limited has undergone extensive modernisation and improved processes have been introduced to maximize the output, while minimising the negative impacts on the environment. The company became the first Pakistani company to earn and sell Carbon Credits in the international market.

Total Assets

103,437

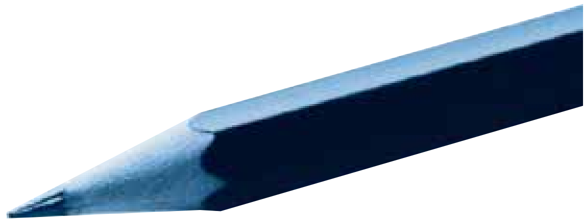
Rupees in million

Fatima Fertilizer Company Limited

Fatima Fertilizer Company Limited (FFCL) is a collaboration between the Arif Habib Group and the Fatima Group. It set up a greenfield fertilizer complex, a fully integrated production facility located at Sadiqabad, Rahim Yar Khan near the Mari Gas Field, which supplies its feed-stock. The plant has a rated capacity of 1.28 million tons and has been in Commercial production since 2011.

The Company is listed on the Pakistan Stock Exchange and is amongst the leading Pakistani companies that are included in the Morgan Stanley Capital International (MSCI) Pakistan Index and MSCI Frontier Index.

Fatima Fertilizer, in partnership with international investors, is in the process of establishing a state-of-the-art fertilizer complex in Indiana, USA at an estimated cost of US$ 2.6 billion which is likely to commence production in 2019.



Total Assets

5,563

Rupees in million

Arif Habib Limited

Arif Habib Limited (AHL) took over the Group's securities brokerage business in 2005.

AHL is engaged in providing equity and debt brokerage, as well as corporate finance services to a large number of institutional, corporate, high-net-worth and retail clients. AHL also provides financial and investment solutions relating to raising of equity and debt through the market, mergers and acquisitions, financial advisory and structured finance. The company holds a significant market share and also works closely with some leading international financial services companies in providing foreign investors access to Pakistan's capital market. The company is listed at the Pakistan Stock Exchange.

Total Assets

2,174

Rupees in million

MCB-Arif Habib Savings and Investments Limited

MCB-Arif Habib Savings and Investments Limited (MCBAH) is a joint-venture Asset Management, Investment Advisory and Pension Fund Management Company; it is managing Open-end Mutual Funds, Pension Funds as well as Discretionary and Non-discretionary Portfolios for institutional and individual clients. MCBAH is an industry leader, known for setting international standards and bringing innovative products to market.

The Company enjoys a wide distribution network through MCB and other banks and in addition, has its own institutional and retail marketing teams. It takes pride in being a leader in its retail market share. As of 30th June 2016 it had PKR 42,361 million under management. The company is listed at the Pakistan Stock Exchange Limited.

Total Assets

3,771

Rupees in million

Sachal Energy Development (Pvt.) Limited

Sachal Energy (SEDPL) will commission and operate a 50 MW wind farm at Jhimpir, Sindh.The Group believes that alternate sources of energy are the way forward. SEDPL will contribute to national development by reducing dependence on imported fossil fuels and producing 136.5 GWh yearly of clean energy.

The Company has acquired generation license and tariff determination by NEPRA and has received a Letter of Support from the Alternate Energy Development Board (AEDB). Similarly, the Company has executed its EPA with NTDC and IA with AEDB. Furthermore, foreign and local financing facility agreements with Industrial and Commercial Bank of China were signed in February 2015 and May 2015 respectively. SEDPL is registered under the Clean Development Mechanism (CDM) registration within the framework of the Kyoto Protocol with UNFCCC and currently it is in the process of registration with the Gold Standard Foundation.

The wind farm is under installation and is expected to be on stream by 2017.

Total Assets

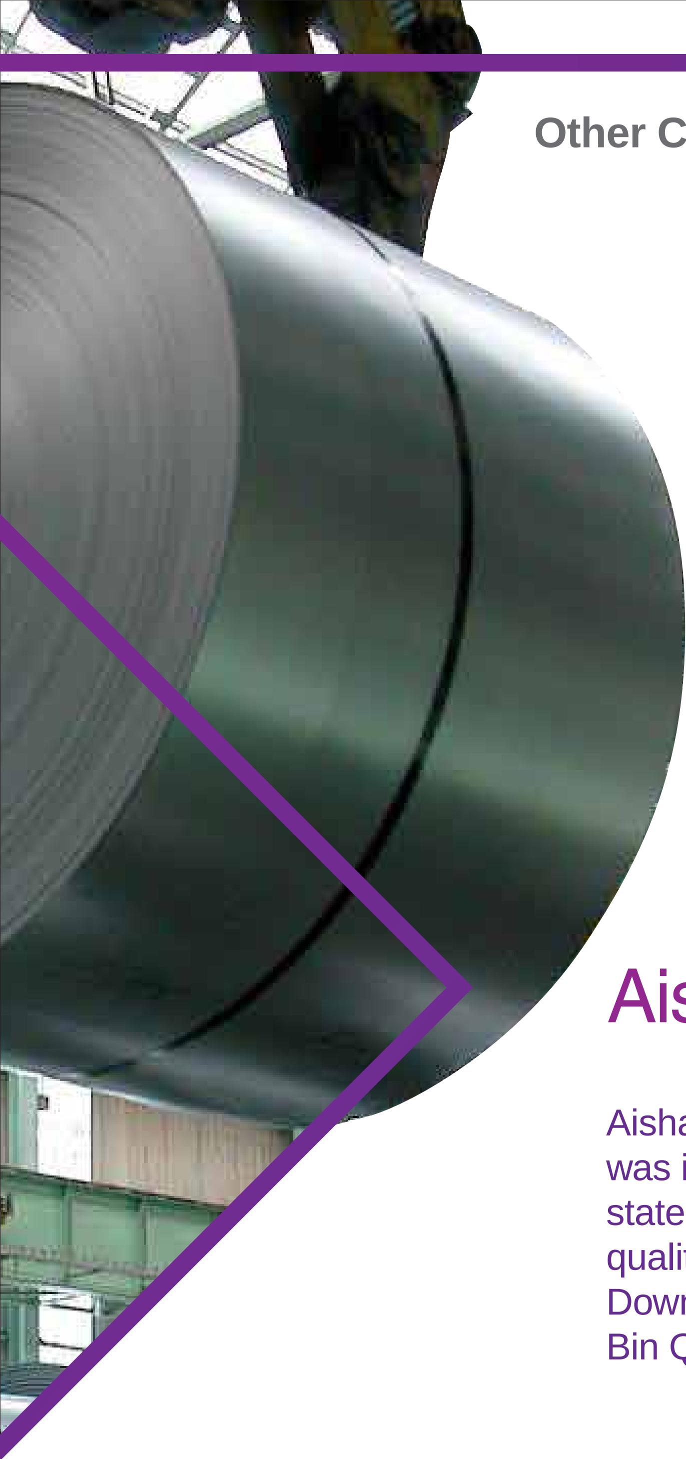
25

Rupees in million

Arif Habib Commodities (Pvt.) Limited

Arif Habib Commodities is a member of the Pakistan Mercantile Exchange (PMEX) and provides a wide range of services to a diversified client base that includes corporations, financial institutions, and high-net-worth individuals.

The company is committed to establishing a strong name for itself in commodity market research and commodity brokerage services of Pakistan Mercantile Exchange, Arif Habib Commodities, with a professional team provides premier services for investors with around the clock services. The Company is committed to serve the national goal of providing a trading platform for agricultural commodities, as agriculture is Pakistan's economy's backbone. In this context, it has played a pioneering role of acting as a market maker of produce such as red chilies and is actively engaged with a not-for-profit entity working on bringing more agricultural crops on to the Exchange.



Total Assets

15,352

Rupees in million

Aisha Steel Mills Limited

Aisha Steel Mills Limited (ASML), a listed entity, was incorporated in 2005 and set up a state-of-the-art Cold Rolling mill and produces high quality Cold Rolled Coils. The plant is located in the Down-Stream Industrial Estate of Pakistan Steel, Bin Qasim, Karachi.

Total Assets

6,243

Rupees in million

Power Cement Limited

Power Cement Limited, (PCL) is engaged in the manufacturing and sale of cement. The plant is situated in Nooriabad Industrial Area, Jamshoro, Sindh.

The plant comprises of two production lines and has a total production capacity of 3000 tons of clinker per day. PCL plans to triple its production to 3.1 million tons from current 900,000 tons over a course of two years.

Power Cement's primary target is the domestic market as it caters to the Southern region of Pakistan. Its products are also exported to markets located in the region. Power Cement is at an advanced stage of ordering new plant and equipment, which would take its capacity in excess of 10,000 tons per day.

Total Assets

13,061

Rupees in million

Javedan Corporation Limited

Javedan Corporation Limited (JCL) owns land measuring over 1300 acres at Manghopir, near SITE, North Nazimabad, North Karachi and New Karachi.

The Arif Habib Group has a significant stake in the project and is developing a project that offers families not only housing but complete lifestyle needs, ranging from homes to educational facilities, medi-care facilities, sports and entertainment, as well as shopping facilities. The project, Naya Nazimabad, is in fact a city within a city with all basic and high-end amenities.

Naya Nazimabad will accommodate the housing demand of the middle income group and is an endeavour not only to alleviate the housing problem of the city but also to provide a quality lifestyle for the progressive middle class.

At its completion, Naya Nazimabad will provide amenities like road network, hospital, mosque, school, commercial area, fitness centre, sports club, park and other utilities on its completion. Once fully developed, it will have up to 30,000 homes accommodating a population of over 100,000 people.

After the successful sale of housing units and plots in Naya Nazimabad in 2011, Javedan Corporation has launched its second phase offering housing units and plots to the public. The development of the first phase is progressing on schedule and handover of property has commenced, while plans for Commercial Area Development are under finalisation.

Total Assets

1,442

Rupees in million

Arif Habib Dolmen REIT Management Limited

Arif Habib Dolmen REIT Management Limited; a joint venture between the Arif Habib Group and the Dolmen Group, was incorporated as a public limited company (unquoted) in 2009 and registered under NBFC Rules with the Securities and Exchange Commission of Pakistan (SECP).

The objective of the company is to launch and manage Real Estate Investment Trusts (REITs) on carefully selected and commercially viable real estate properties, with the aim of bringing real estate investment within the reach of common investors. The company combines the expertise of Arif Habib and Dolmen Groups, bringing together strengths in finance and investments, market opportunities identification, property development and 360-degree property management.

The company launched and listed South Asia's first Real Estate Investment Trust (REIT) – Dolmen City REIT in June 2015 and is working on introducing new REITs.


BENHAMS
Hyperstar

Governance & Management

Corporate Governance

As part of AHCL's mission we are committed to maintaining our uncompromising principles while we grow.

In this regard, our Board of Directors has adopted governance principles and policies to lead AHCL's governance practices. Currently, our Board has eight directors effectively representing and safeguarding the interests of shareholders including minority shareholders.

The Board actively participates in key activities including approval of budgets for capital and operational expenditure, investments in new ventures and issuance of further shares.

The Board also monitors Company operations by approval of financial statements and dividends, review of internal and external audit reports regarding internal controls and their effectiveness. For the purpose of ensuring standardisation, the Board has devised policies for conducting business and ensures their monitoring and implementation through an independent Internal Audit department, which continuously reports, to the Audit Committee.

Whistle Blowing

There exists a defined code of conduct within the Company which has stipulated a whistle blowing mechanism across the board. Our policies and procedures are mature, enabling employees to raise their concerns in confidence about possible improprieties in all matters, without fear of reprisal. No incidences or concerns were reported during the year.

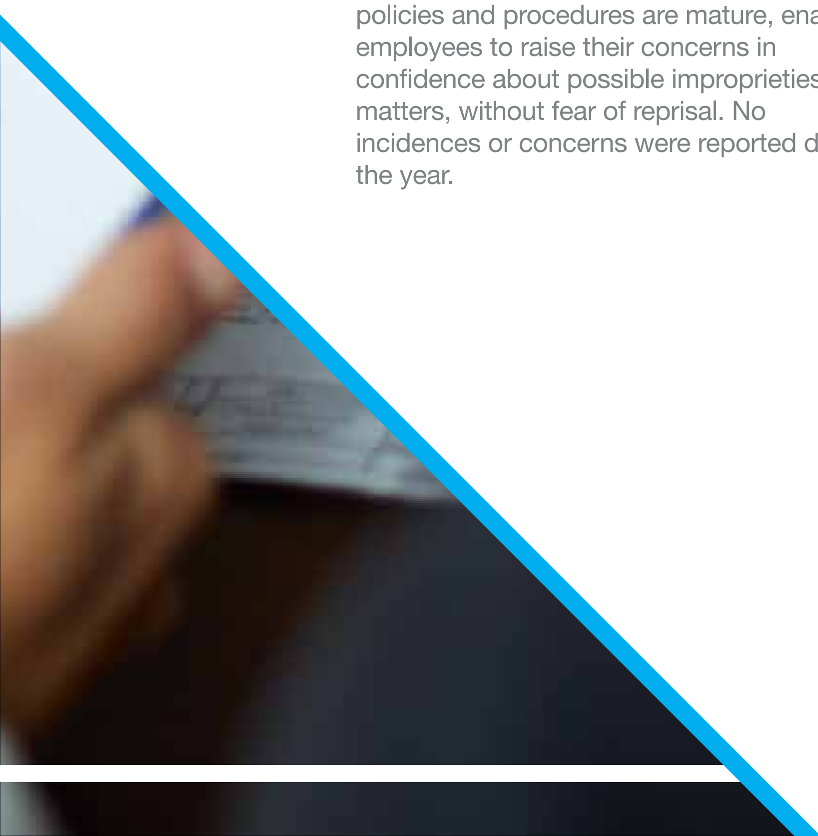
Succession Planning

A company is only as strong as the people it employs. We believe in nurturing their strengths by empowering our people through challenging opportunities which enhance their potential and develop their abilities. The Group has employed several qualified professionals of varying experience at various levels within the Group companies; this gives the Company a strong ability to draw upon talent and experience so as to ensure smooth succession planning.

Stakeholder Engagement

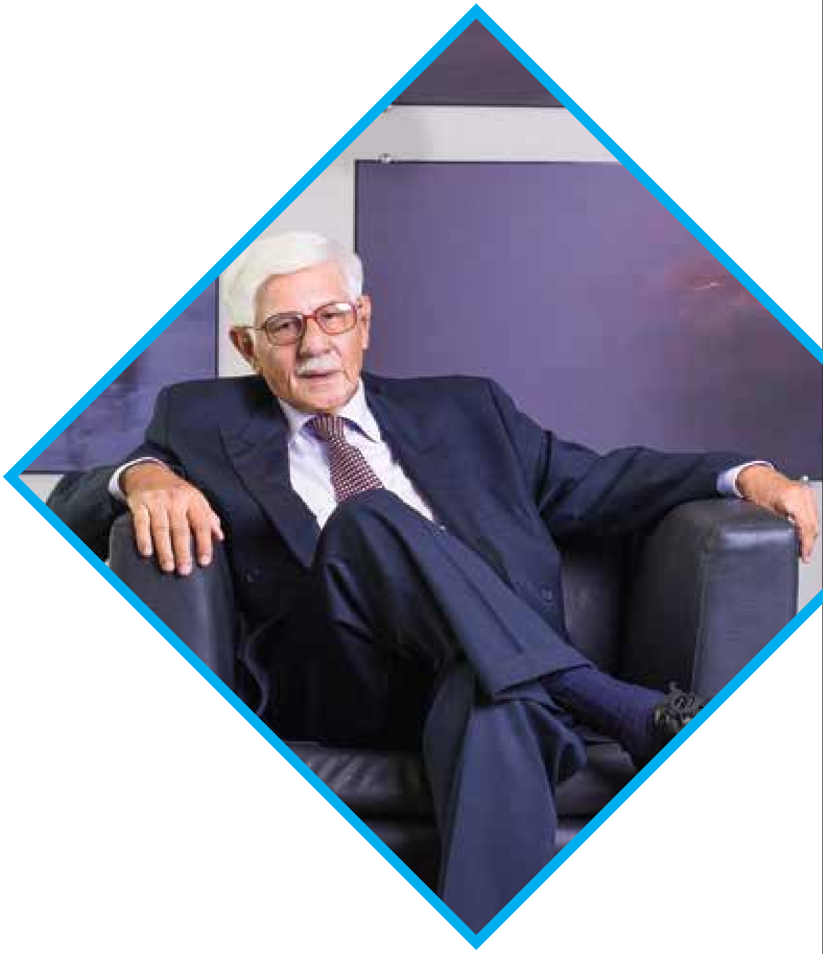
AHCL interacts with its stakeholders on a regular basis through use of internal and external communication. The frequency of engagements is based on business and corporate requirements with the following:

- Shareholders and Investors
- Customers and Suppliers
- Banks and other lenders
- Government functionaries and elected representatives
- Media



Board of Directors Profile

Board of Directors



Mr. Asadullah Khawaja
Chairman

Mr. Asadullah Khawaja is the Chairman of Arif Habib Corporation Limited. He started his professional career with United Bank Limited and soon switched to investment banking with Investment Corporation of Pakistan (ICP) where he served in various executive positions before taking charge as the Managing Director.

Mr. Khawaja also held the additional charge as Chief Executive of Bankers Equity Limited (BEL) and National Investment Trust Limited (NITL). His foreign assignments include five years at Pakistan Embassy in London as Investment Counsellor. During his professional career he has served as Chairman Packages Limited, Chairman Pakistan Industrial Credit and Investment Corporation (PICIC) and also the Executive Director of Pakistan Credit Rating Agency. Mr. Khawaja has also served on the Board of Directors of prestigious institutions of domestic and international standings and the list of companies can be termed impressive. He has also served as the Chairman of the Board of PICIC Asset Management Company.

Mr. Khawaja completed his Bachelor of Arts in 1964 from Forman Christian College, Lahore.

Subsequently, he completed several local and foreign courses on banking, securities, industries management, investment analysis and portfolio management. Moreover, he has participated in various international seminars and workshops on investment oriented issues.

Corporate Responsibilities As Director

Arif Habib Corporation Limited
Arif Habib Dolmen REIT Management Limited
Pak Elektron Limited
Summit Bank Limited

Mr. Arif Habib

Chief Executive

Mr. Arif Habib is the Chief Executive of Arif Habib Corporation Limited. He is also the Chairman of Pakarab Fertilizers Limited, Fatima Fertilizer Company Limited, Fatimafert Limited, Aisha Steel Mills Limited, Javedan Corporation Limited and Sachal Energy (Pvt.) Limited.

Mr. Arif Habib remained the elected President/Chairman of Karachi Stock Exchange for six times in the past and was a Founding Member and Chairman of the Central Depository Company of Pakistan Limited. He has served as a Member of the Privatization Commission, Board of Investment, Tariff Reforms Commission and Securities & Exchange Ordinance Review Committee. Over the years he has been nominated on the Board of Directors of a number of companies by the Government of Pakistan. Presently, he is a Director on the Boards of Pakistan International Airlines, Sui Northern Gas Pipelines Limited and Pakistan Engineering Company Limited.

Mr. Habib participates significantly in welfare activities. He is one of the trustees of Fatimid Foundation and Memon Health & Education Foundation as well as a director of Pakistan Centre for Philanthropy and Karachi Education Initiative.

Corporate Responsibilities

As Chairman

- Aisha Steel Mills Limited
- Arif Habib Consultancy (Pvt.) Limited
- Arif Habib Foundation
- Fatimafert Limited
- Fatima Fertilizer Company Limited
- Javedan Corporation Limited
- Pakarab Fertilizers Limited
- Pakistan Business Council
- Sachal Energy Development (Pvt.) Limited

As Honorary Trustee/Director

- Fatimid Foundation
- Karachi Education Initiative
- Pakistan Veterans Cricket Association
- Memon Health and Education Foundation

As Director

- Arif Habib Real Estate Services (Pvt.) Limited
- Fatima Cement Limited
- International Builders and Developers (Pvt.) Limited
- International Complex Projects Limited
- NCEL Building Management Limited
- Pakistan Business Council
- Pakistan Centre for Philanthropy
- Pakarab Energy Limited
- Pakistan Engineering Company Limited
- Pakistan International Airlines Corporation
- Pakistan Opportunities Limited
- Sui Northern Gas Pipelines Limited

Mr. Sirajuddin Cassim

Independent Director

Mr. Sirajuddin Cassim started as a partner in Daudally Siraj & Company, Chartered Accountants and has remained engaged in financial, investment advisory and corporate consultancy services since 1985. He brings with him vast knowledge of accounting, tax laws, corporate law, and corporate finance.

He has practical experience of preparing prospectus/offer for sale documents of numerous companies and has successfully listed these companies on all the three stock exchanges of the country.

He was a member of the Karachi Stock Exchange and Islamabad Stock Exchange. He has served on the Board of Directors of the Karachi Stock Exchange in the years 1990 and 1991 and has also held the position of Vice President in 1993 and of President in 1995. He served as the Chairman of the CDC in 1995. He was also the Vice President of Institute of Chartered Secretaries and Managers from 1997 to 2000.

He has also served as the Executive Director Standard Chartered Mercantile Leasing Company Limited from 1989 to 1998. He has vast experience of serving as member of the Taxation & Fiscal and Banking & Fiscal sub-committees of the Karachi Chamber of Commerce & Industries.

Mr. Nasim Beg

Non-Executive Director

Mr. Nasim Beg, a Fellow Member of the Institute of Chartered Accountants of Pakistan, is the Chief Executive Officer of Arif Habib Consultancy (Pvt.) Limited along with being the Vice Chairman of MCB-Arif Habib Savings & Investments Limited, an Asset Management Company that was conceived and set up by him and which he headed as Chief Executive till June 2011. With over forty-five years of experience in the business world including industry and the financial services (in and outside the country), Mr. Nasim Beg is one of the most highly experienced professionals of the country.

Before joining the Arif Habib Group, Mr. Beg served as the Deputy Chief Executive of NIT, which he joined during its troubled period and played an instrumental role in its modernisation and turn around. He also served as the acting Chief Executive of NIT for a few months. He has also been associated at top-level positions with other asset management and investment advisory companies.

Mr. Beg has also held senior level responsibilities in the automobile industry. During his tenure as the Chief Executive of Allied Precision (a subsidiary of the Allied Engineering Group), he set up a green field project for the manufacture of sophisticated indigenous components for the automotive industry under transfer of technology licenses with Japanese and European manufacturers. His initiation to the financial services business was with the Abu Dubai Investment Company, UAE, where he was a part of the team that set up the company in 1977. He has also been a member of the Prime Minister's Economic Advisory Council (EAC).

Corporate Responsibilities

Arif Habib Consultancy (Pvt.) Limited (Chief Executive)

As Director

Arif Habib Corporation Limited
Aisha Steel Mills Limited
Arif Habib Dolmen REIT Management Limited
(non-executive Chairman)
MCB-Arif Habib Savings & Investments Limited
(Vice Chairman)
Pakarab Fertilizers Limited
Pakistan Opportunities Limited
Power Cement Limited (non-executive Chairman)
Safemix Concrete Limited
Silkbank Limited

Mr. Samad A. Habib

Non-Executive Director

Mr. Samad A. Habib is the Chief Executive of Javedan Corporation Limited. Mr. Samad A. Habib has more than 15 years of experience, including 9 years of working in the financial services industry in various senior management roles.

He began his career with Arif Habib Corporation Limited (the holding company of Arif Habib Group) and has served the company in various executive positions including Executive Sales and Business Promotions, Company Secretary, Head of Marketing, etc.

In September 2004, he was appointed the Chairman and Chief Executive of Arif Habib Limited. As Chairman he was responsible for the strategic direction of the company and was actively involved in capital market operations and corporate finance activities such as serving corporate clients, institutional clients, high net worth individuals, and raising funds for clients through IPOs, private placements etc. He resigned from that position in January 2011.

Mr. Samad A. Habib holds a Master's degree in Business Administration.

Corporate Responsibilities

Javedan Corporation Limited (Chief Executive)

As Director

Arif Habib Corporation Limited
Arif Habib Equity (Pvt.) Limited
Arif Habib Foundation
Arif Habib Dolmen REIT Management Limited
Arif Habib Real Estate Services (Pvt.) Limited
MCB-Arif Habib Savings & Investments Limited
International Complex Projects Limited
Nooriabad Spinning Mills (Pvt.) Limited
Pakarab Fertilizers Limited
Pakistan Opportunities Limited
Parkview Company Limited
Power Cement Limited
REMMCO Builders & Developers Limited
Rotocast Engineering Company (Pvt.) Limited
Safemix Concrete Limited
Sweetwater Dairies Pakistan (Pvt.) Limited

Mr. Muhammad Ejaz

Non-Executive Director

Mr. Ejaz is the Chief Executive of Arif Habib Dolmen REIT Management Limited. He has over 20 years of experience in the fields of Treasury, Corporate Finance and Investment Banking. Mr. Ejaz has served in senior positions at leading local and international banks including Faysal Bank, Union Bank and Emirates NBD Bank.

He holds a Master's degree in Business Administration from the Institute of Business Administration where he is also a regular visiting faculty member. He is also a certified Financial Risk Manager.

Corporate Responsibilities

Arif Habib Dolmen REIT Management Limited
(Chief Executive)

As Director

Arif Habib Corporation Limited
Aisha Steel Mills Limited
Arif Habib Real Estate Services (Pvt.) Limited
Javedan Corporation Limited
Power Cement Limited
REMMCO Builders & Developers Limited
Sachal Energy Development (Pvt.) Limited

Mr. Kashif A. Habib

Non-Executive Director

Mr. Kashif A. Habib is the Chief Executive of Power Cement Limited and Safemix Concrete Limited. Being a member of the Institute of Chartered Accountants of Pakistan (ICAP) he completed his articleship from A.F. Ferguson & Co. (a member firm of Price Waterhouse Coopers), where he gained experience of a diverse sectors serving clients spanning the Financial, Manufacturing and Services industries.

He has to his credit four years of experience in Arif Habib Corporation Limited as well as over five years' experience as an Executive Director in cement and fertilizer companies of the group.

Corporate Responsibilities

Power Cement Limited (Chief Executive)
Safemix Concrete Limited (Chief Executive)

As Director

Aisha Steel Mills Limited
Arif Habib Foundation
Arif Habib Real Estate Services (Pvt.) Limited
Bubber Sher (Pvt.) Limited
Fatimafert Limited
Fatima Fertilizer Company Limited
Javedan Corporation Limited
Nooriabad Spinning Mills (Private) Limited
Arif Habib Equity (Private) Limited

As Trustee

Memon Health and Education Foundation
Pakarab Fertilizers Limited
REMMCO Builders & Developers Limited
Reliance Sacks Limited
Rotocast Engineering Company (Pvt.) Limited

Mr. Khawaja Jalaluddin Roomi

Independent Director

Mr. Roomi is managing export oriented composite textiles business. He has a vast experience in leading different Government, Semi Government and public limited companies. Specially having versatile knowledge in finance and marketing and leading all aspects of the business. Have successfully launched number of projects and they are now very profitable ventures.

He is Chairman Board of Management of Nishter Medical College & Allied Hospitals, Member Board of Governors CMH Multan Institute of Medical Sciences, Director on the board of Punjab Industrial Estate Development & Management Company and former director Askari Bank Limited. He is currently President of Multan Chamber of Commerce and Industry.

Former president of Dera Ghazi Khan Chamber of Commerce and Industry and caretaker Minister for Industries, Punjab. Over the years he has been nominated on various Board of Directors of the organizations of Government of Pakistan.

He has done his Masters in Business Administration in 1990 with specialization in marketing and finance. Has interacted a variety of people during and managing more than eight thousand employees, traveled in most part of the world for business development, gained enough knowledge of human characters and psychology.

Corporate Responsibilities

As Chief Executive

Masood Spinning Mills Limited
Roomi Enterprises (Pvt.) Limited
Roomi Foods (Pvt.) Limited
Roomi Holdings (Pvt.) Limited

As Director

Arif Habib Corporation Limited
Mahmood Textile Mills Limited
Roomi Fabrics Limited

Other Designations

Multan Chamber of Commerce & Industry (President)
Punjab Industrial Estate Development & Management Company (Director)
Nishter Medical College and Allied Hospitals
(Chairman Board of Management)
CMH Multan Institute of Medical Sciences (Member Board of Governors)

Key Management

Mr. Mohsin Madni
Chief Financial Officer

Mr. Mohsin Madni is the Chief Financial Officer of Arif Habib Corporation Limited and Arif Habib Dolmen REIT Management Limited. His role encompasses a wide range of matters ranging from finance and taxation.

Mr. Madni is an Associate Member of the Institute of Chartered Accountants of Pakistan (ICAP) and holds a Master's Degree in Economics & Finance. He is a member of Pakistan Institute of Public Finance Accountants (PIPFA) and Institute for Internal Controls, USA. Mr. Madni completed his Articleship from KPMG Taseer Hadi & Co., Chartered Accountants, where he gained experience of diverse sectors serving clients spanning the Financial, Manufacturing, Trading and Services industries.

Mr. Manzoor Raza
Company Secretary

Mr. Manzoor Raza is the Company Secretary of Arif Habib Corporation Limited and Arif Habib Dolmen REIT Management Limited. His role encompasses a wide range of matters ranging from corporate law to compliance.

He is a member of Institute of Chartered Secretaries and Managers and has been associated with the Arif Habib Group since 2003. He worked with Arif Habib Investments Limited (now MCB-Arif Habib Savings) before moving to Arif Habib Corporation Limited in 2011.

Board & Management Committees

Keeping in view the reporting requirements, the Board of Directors of the Company have constituted committees both at the Board and Management levels. Most of the Board Committees' members are non-executive directors.

Board Committees

Board Audit Committee (AC)

The committee is responsible for assisting the Board of Directors in discharging its responsibilities primarily in terms of:

- evaluating and reporting financial and non-financial information to shareholders;
- reviewing the system of internal controls and risk management; and
- reviewing the business plan and determining that it reconciles with the Company's vision, mission, corporate strategy & objectives.

Additionally, the committee has the authority to obtain any information it requires from the management and to meet directly with external auditors.

The Board of Directors has determined the terms of reference of the Audit Committee and provides adequate resources and authority to enable the Audit Committee to carry out its responsibilities effectively. The Board gives due consideration to the recommendations of the Audit Committee. Among other responsibilities, the terms of reference of the Audit Committee includes the following:

- determination of appropriate measures to safeguard the company's assets
- review of quarterly, half-yearly and annual financial statements of the company
- ensuring coordination between the internal and external auditors of the company
- review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the company
- consideration of major findings of internal investigations of activities characterised by fraud, corruption and abuse of power and management's response thereto
- ascertaining that the internal control systems are adequate and effective
- determination of compliance with relevant statutory requirements
- monitoring compliance with the best practices of corporate governance and identification of significant violations thereof

The Chief Financial Officer of the Company regularly attends the Audit Committee meetings to present financial and other information specifically addressed by the Head of Internal Audit. After each meeting, the Chairman of the Committee reports to the Board. During the financial year under review, the Committee met 5 times.

S. No.	Name	Designation	Meetings attended during the year
1.	Mr. Sirajuddin Cassim	Former Chairman	3
2.	Mr. Kashif A. Habib	Member	5
3.	Mr. Muhammad Ejaz	Member	3

The Internal Audit Department was headed by Mr. Muhammad Taha Siddiqui and Mr. Muhammad Mujeeb, ACCA, both having had the requisite qualification and the relevant experience to execute the duties of the department in line with the Internal Audit Charter.

Human Resource and Remuneration Committee (HR&RC)

The responsibilities of the Committee include recommendation of human resource management policies to the Board, along with the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO, CFO, Company Secretary and Head of Internal Audit to the Board. It also considers and approves recommendations of the CEO on matters of key management positions who report directly to CEO. THE HR&RC is committed to develop and take decisions on Human Resource strategy and policy. The Committee meets at least once in every six months. During the financial year under review, the Committee met 5 times

S. No.	Name	Designation	Meetings attended during the year
1.	Mr. Asadullah Khawaja	Chairman	4
2.	Mr. Nasim Beg	Member	5
3.	Mr. Arif Habib	Member	5
4.	Mr. Kashif A. Habib	Member	5

The terms of reference of HR&RC provides an overview of the Committee and outlines the Committees' composition and responsibilities. The document also includes recommendation on human resource management, organisational development, training and development matters, management succession, and continuous review of compensation and benefit policies and assessment of corporate culture.

Investments & Projects Diversification Committee (IPDC)

The committee is responsible for assisting the Board of Directors in discharging its responsibilities primarily with regard to:

- Reviewing new investment opportunities keeping in view various factors including risk, return, diversification and growth;
- Continuous monitoring of the investments already made and recommending corrective strategies, if required; and
- Reviewing the Key assumptions used by the management of investee companies to determine Fair values of strategic investments.

The Committee meets on a required / directed basis to discharge its responsibilities and regularly reports to the Board. During the year under review, 4 meetings were held.

S. No.	Name	Designation	Meetings attended during the year
1.	Mr. Arif Habib	Chairman	4
2.	Mr. Nasim Beg	Member	4
3.	Mr. Samad A. Habib	Member	4
4.	Mr. Kashif A. Habib	Member	4

Management Committees
Executive Committee on Risk Management (ECRM)

ECRM is headed by the Chief Executive of the Company and includes Group executives. The purpose of the committee is to assist the Board of Directors in developing and continuous monitoring of risk management policies and other business related matters.

The terms of reference of the ECRM are to assist Board of Directors in developing, reviewing and approving risk management policies, instituting special projects and reviewing the adequacy of operational, administration and financial controls. ECRM meets on required/directed basis.

Executive Committee on Human Resource (ECHR)

The objective of ECHR is to review, monitor and make recommendations to the HR&RC to oversee the Company's compensation and benefits policies generally, evaluate executive officer performance and review the Company's management succession plan and set compensation for the Company's executive officers. The ECHR is committed to develop and make decisions on Human Resource strategy and policy. The ECHR meets on the advice of the Chairman and/or on the request of the members.

Criteria to Evaluate Board's Performance

A company's success is ultimately reflective of the capacity of its directors to provide direction which is in line with the vision in order to expand and flourish. The company, hence, endeavours to develop the capacity of its Board of directors to improve both their personal and collective contributions to the overall development of the company. A quality Board that really adds value is not just a panel of high performing individuals but a balanced team with harmonizing skill sets and a culture that allows them to function as a single unit to make the most effective decisions for the company. While the guidance from the chair is key, the participation of every Board member is also paramount for its effectiveness.

Performance evaluation continues to gain profile and momentum within Boardrooms. Regulators and institutional investors increasingly endorse performance evaluation as a prerequisite for good corporate governance. The Board of Directors acts as a guardian of the shareholders' money and translates the same into the Company's mission and goals. In order to uphold the trust of stakeholders, the Board of Directors' performance warrants assessment.

The evaluation of the performance will examine those key areas where the Board requires clarity in order to provide high level oversight, including: the strategic process; key business drivers and performance milestones; the global economic environment and competitive context in which the Company operates; the risks faced by the business; Board dynamics; capability and alignment; reputation; and information flows.

In accordance with this code, the Board undertook a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors conducted by Pakistan Institute of Corporate Governance (PICG) in 2015. The findings and the factors were reassessed and re-evaluated by the Board during the financial year under review.

In continuance of adhering to the Code, the Board undertook an evaluation on the following criteria to assess its performance:

- Compliance with the legislative system in which Company operates, including Companies Ordinance, 1984, Listing Regulations of the Stock Exchange, the Memorandum and Articles of Association of the Company.

- Active participation in strategic planning process, enterprise risk management system, policy development, financial structure, monitoring and approval.

- Hiring, evaluating, compensating and supporting the Executive Directors and other key positions including Chief Executive.

- Appropriate constitution of Board Committees with members possessing adequate technical knowhow and experience.

- Establishing adequate system of internal controls in the Company and its regular assessment through self-assessment mechanism or/and internal audit activities.

- Ensuring presence of required quorum in Board and Committees' meeting.

- Ensuring orientation and training of Board of Directors to enable them to perform their duties in an effective manner.

- Ensuring adequate information is shared with the Board timely and the Board is kept abreast of developments between meetings.

Chief Executive Performance Review

One of the most significant responsibilities of the Board of Directors is to ensure that the company has a strong leadership and an effective executive management. The Board establishes company policies and then delegates' authority and responsibility to the CEO for the organization's smooth operations.

Successful companies depend on outstanding CEO leadership. Outstanding CEO leadership depends on excellent Board/CEO relations. Excellent Board/CEO relations depend on clear expectations and open communication. Regular review of CEO performance fosters open communication and clarifies expectations, roles and responsibilities. Effective Boards and CEOs embrace the review process, which is considered as good corporate governance.

The main objective of a review is to bring the CEO and the Board together to discuss how their performance and priorities add to the effectiveness of the company. The focus remains on identifying what works well, and what needs improvement. Given the unique nature of the partnership between the Board and CEO, assessing CEO performance is, in many ways, assessing the performance of the Board as well.

Mr. Arif Habib is the Chief Executive and the primary shareholder of the Company. He has, given his position as primary shareholder, sought out and requested professionals of high standing to join the Board. These include business acquaintances and some executives working for group companies none of whom have any conflicts of interest with the company. The Board Members, despite their relationship with Mr. Arif Habib are committed to carrying out an objective assessment of his performance as the Chief Executive.

The Board wishes to report that Mr. Arif Habib is committed to following best practices and the Code of Corporate Governance in true spirit. All Board meetings are attended by Mr. Arif Habib, where he provides details and explanations for each agenda item. The Board meetings have free and open discussion and Mr. Arif Habib acts on consensus and despite his tremendous convincing ability; he abides by the consensus even where the decision goes against his original proposal. Based on the Board's recommendations, Mr. Arif Habib has embarked on a programme of further strengthening the professional team at the Company and the Group. The Board believes that this will further strengthen the Company. Mr Arif Habib continues to play the leadership role at the Company and the Group level to the entire satisfaction of the Board.

Directors' Report

Dear Fellow Shareholders,

It is with great pleasure that the Directors present the Annual Report of your Company and the audited financial statements for the financial year ended on 30th June 2016 together with auditors' report thereon.

Principal activities

Arif Habib Corporation Limited (AHCL) is a holding company of diversified businesses consisting of financial services and industries. The Company owns significant interest in fertilisers, securities and commodities brokerage, corporate finance, asset management, steel, wind power and real estate development. It also continues to manage a securities market portfolio earning good returns.

The Economy

The Pakistani economy has made noticeable economic improvement amid rising consumerism and urbanisation. Despite stagnation in the agricultural sector, progress was exhibited in the industrial and services sectors supporting GDP growth at 4.71%. The overall business environment remained buoyant with armed and paramilitary forces playing a key role in reviving stability in the country and restoring investors' confidence. Some of the major industries driving the economic surge during the year under review were automobiles, fertilisers and non-metallic mineral products.

GDP growth at **4.71%**

Also favourable were the low inflationary readings set at 2.9% in contrast to 4.6% during the previous year as a result of soft commodity prices in the global market, allowing the SBP's policy rate to be slashed by another 125 bps to a multi-year low of 5.75% by Jun'16.
On the external front, the country's exports continued to remain lacklustre at USD 22.0 bn (a falloff of 9%) , although the import bill (USD 40.4 bn) displayed a mere 2% dip, hence building pressure on the trade deficit set at USD 18.5 bn. Albeit, a mild 7% year on year retraction in the Current Account Deficit to USD 2.5 billion was achieved through workers' remittances during the year amounting to USD 19.9 billon (a 6% ascend from the previous year), coupled with an impressive 39% surge in FDI to USD 1.3 billion. Supportive provisions from the IMF, World Bank and Asian Development Bank permitted Foreign Exchange reserves to reach an all-time high of USD 23 billion, providing an effective import coverage of 5 months and stability to the local currency.

foreign exchange reserves **USD 23 bn**

Financial Results

During the year under review, on a consolidated basis, your Company has earned a profit after tax of PKR 3.84 billion as compared with PKR 3.67 billion in 2014-15. This translates to an earning of PKR 7.81 per share as compared with PKR 7.10 per share in previous year. The earnings on consolidated basis represents the actual performance of the Company, its subsidiaries and share of profit from associates.

On unconsolidated basis, the Company has earned a profit after tax of PKR 1.28 billion as compared with PKR 4.44 billion in 2014-15. This translates to an earning of PKR 2.82 per share as compared with PKR 9.78 per share. A notable contribution towards Operating Revenue came from dividends and realised capital gains on divestments from subsidiary and associates. Despite the divestments, your Company maintains its long term interests in the subsidiary and associates. During the financial year under review, the comparative earnings in standalone accounts were decreased mainly on account of unrealized diminution in the market price of Fatima Fertilizer Company Limited (FFCL), an associate. Decrease in market price of FFCL was due to non-announcement of annual dividend by the company because of extremely low off take situation faced by the fertilizer industry consequent to unstable market conditions during the financial year under review. Considering significant amount of time bound loan repayments that FFCL had to make during Jan-Jun 2016, its Board of Directors had decided not to announce any dividend during that period. Appreciation in value of FFCL was however witnessed after the balance sheet date of your Company. Your Board is confident that with stability in market conditions, the associate will resume its normal working capital cycle and distribution history, which will have a positive impact on earnings of your Company, both on account of dividend income and appreciation in value for standalone accounts.

consolidated earning per share **PKR 7.81**

Based on the profit during the year under review, the Board has recommended declaration of a final Cash Dividend for the year ended 30th June 2016 at PKR 2.5 per share i.e. 25%. This entitlement shall be available to those shareholders whose names appear on the shareholders' register at the close of business on 21st October 2016.

The Summary of Financial Results is as follows:-	2016	2015
Profit after tax	**1,281,123,988**	4,438,753,272
Un-appropriated profit brought forward	**19,304,067,693**	16,680,314,421
Profit available for appropriation	**20,585,191,681**	21,119,067,693
Appropriations:		
*Final Cash Dividend at PKR 2.5 per share i.e. 25% for the year ended 30th June 2016 as recommended by the Board of Directors (PKR 4.0 per share i.e. 40% for the year ended 30th June 2015)	**1,134,375,000**	1,815,000,000
*Un-appropriated profit carried forward	**19,450,816,681**	19,304,067,693
Earnings per share – basic & diluted	**2.82**	9.78

* Subject to the approval by members in the AGM to be held on 29th Ocober 2016

Performance of Subsidiaries and Associates

While ensuring its long term interests in its strategic investments remain intact, AHCL has divested its shareholding from Aisha Steel Mills Limited, Power Cement Limited and Javedan Corporation Limited. Investee companies have performed to expectations and this is reflected in the financial results of your Company (both on the basis of standalone and consolidated financial statements).

Segments at a Glance

Fertilizers

A significant portion of the Company's investment is in the fertiliser sector. The sector is led by Fatima Fertilizer Company Limited (FFCL) and is followed by Pakarab Fertilizers Limited (PAFL). FFCL has performed well, recording a profit after tax of PKR 9.25 billion with an EPS of PKR 4.41 for the year ended 31st December 2015 and profit after tax of PKR 2.98 billion with an EPS of PKR 1.42 for the half year ended 30th June 2016.

profit after tax of PKR 9.25 billion

PAFL recorded a profit after tax of PKR 2.5 billion for the year ended on 31st December 2015 and a loss of PKR 703 million for the half year ended 30th June 2016.

Financial Services

There has been a marked improvement in the operating financial performance of the subsidiaries and associates in this sector. However investment returns of these declined significantly. Arif Habib Limited (AHL) has recorded a profit after tax of PKR 409 million with an EPS of PKR 7.45 during the year. The company is well positioned to avail profitable opportunities that are available in all areas of its business. The company has declared a dividend of PKR 7, which is the same as last year.

MCB-Arif Habib Savings and Investments Limited has recorded a profit after tax at PKR 239.1 million for the year ended 30th June 2016 and has announced a total dividend of PKR 3.25 per share. The funds under management stands at PKR 42.36 billion.

announced a total dividend of PKR 3.25 per share

Arif Habib Commodities (Private) Limited is still in development phase yet it has increased operating revenue.

Your Company has acquired 28.23% shareholding in Silkbank Limited during the year under review.

Steel

Aisha Steel Mills Limited (ASML), in the year under review, operated at a capacity level of 89% in contrast to 61% during the previous year. During the current financial year, the company was able to sell 186,083 tons as compared to 138,923 tons during the last financial year, registering an increase by 34%. This along with some stability in international steel prices helped reduce the loss for the year to PKR 155 million as compared to a loss of PKR 1.2 billion in the previous year.

operating capacity level 89%

The company is considering the option of diversifying its product line and expand its capacity to be able to be more competitive.

Cement

Power Cement Limited has performed better than the previous year, recording a profit after tax of PKR 486.39 million as compared to last year's profit after tax of PKR 433.833 million. A significant investment has been made in improving the reliability of cement production facilities, positioning the company to achieve improved capacity utilisation.

current year's profit after tax of — PKR 486.391 million

Power Cement has decided to expand its production facility to 3.1 million tons per annum from current 900,000 tons per annum. It will provide your Company the opportunity to increase your investment in the Cement sector.

Real Estate

The Naya Nazimabad housing project is progressing as per schedule and has achieved the milestones that had been set for it. Javedan Corporation Limited has recorded a profit after tax of PKR 695.616 million as compared to PKR 800.521 million in the previous year. Your Company has acquired commercial land in the project to partner in this extensive development initiative.

PKR 695.616 million — profit after tax

Wind power

Your Company's investment in the wind power sector, through Sachal Energy Development (Pvt.) Limited (SEDPL) has achieved major milestones, with respect to the project development and financing.

During the current year SEDPL signed Sinosure-backed USD 100 million facility agreement with ICBC-China and USD 7.134 million equivalent PKR facility agreement with ICBC-Pakistan allowing it to issue Notice to Commence construction which is progressing on schedule. SEDPL is registered under the Clean Development Mechanism (CDM) registration within the framework of the Kyoto Protocol with UNFCCC and currently it is in the process of registration with the Gold Standard Foundation. The project is expected to be operational by 2017.

facility agreement ICBC — USD 107.134 million

Future Outlook

Low inflation, improved law and order situation, encouraging LSM numbers, and low interest rates are collectively expected to bring further investment, thus economic stability. The China Pakistan Economic Corridor (CPEC) projects are anticipated to spur activity majorly in the construction and power sectors resulting in a ripple effect for overall economic growth.

All our investee companies are likely to benefit from the awaited growth programmes announced by the Government. The fertiliser companies are expected to have improved sales during the second half, which should result in higher profitability. Fertiliser margins may remain under pressure but volumes in both Fatima and Pakarab are expected to exhibit significant increase on a sequential basis. Financial services companies, Arif Habib Limited and MCB-Arif Habib Savings & Investment Limited are expected to do well too, attributable to the robust outlook on capital market. Portfolio gains recorded in the Company's investment may increase too on the back of expectations of market performing well going forward.

In view of the above the future outlook of your Company looks stable.

Risk Management

The risk management system established by the Board comprises of a wide range of finely tuned organisational and procedural components and is capable of identifying events and developments impairing the going-concern status of the Company. The risk management system is designed to promote a balanced approach to risks at all organisational levels, identify and analyse the opportunities and risks at an early stage, their measurement and the use of suitable instruments to manage and monitor risks.

With the Company's key business being that of investing, it has evolved its risk management system as its investment strategy has evolved. The Company started with secondary market investments, and has always followed a policy of diversification between sectors and companies and at the same time, basing individual investment decisions on fundamental analysis and following the time-tested rule of value investing. The Company manages risk by applying caution with respect to the security selection; avoiding concentration risk, ensuring adequate underlying collateral and potential cashflows and assessing the capacity of the counterparty. In addition, the Company has played a continuing role through its representatives in the development of basic capital market infrastructure.

For its strategic investments, the Company has developed risk management systems suited to such investing. Business decisions are reached after deliberation of comprehensive project analyses, which identifies both potential risks and opportunities. To manage the risk, the Company focuses on core areas like governance by Board and senior management, preparation and implementation of policies and procedures, risk monitoring and management information system, and internal controls. The Company goes through a systematic process of identifying and evaluating risks and controls and, where necessary, improving the ways in which risks are managed. As an ongoing process and at least once each year, the management reviews the financial reporting statements and also statements regarding risk management, corporate social responsibility, integrity and compliance with the code of conduct, the accounting manual, statutory provisions and compliance with other rules and regulations.

For operational risk management, the starting point has always been carrying out an in depth analysis before making the investment, and supplementing that with hiring of qualified and experienced professionals to represent it on the Boards of investee companies, applying budgetary and other internal controls on such companies through the Board members, continuing review of performance of the investee companies and taking corrective measures as and when needed, including the dis-investment from businesses if that becomes the right option.

The Board has set up an Investment Committee, with the responsibility of vetting and continuous monitoring of all strategic investments. In turn, the Company's management staff is responsible for providing the Committee with timely reports on the strategic investments.

The detailed Qualitative Reports and Quantitative analysis on Risk management is presented in note 32 to the financial statements.

Capital Management and Liquidity

The Company has a policy to maintain a strong capital base so as to maintain investor, creditor and market confidence, sustain future development of the business, safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. There were no changes in Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

Human Resource

Your Company takes great pride in the commitment, competence and ownership shown by its employees in all realms of the business. The Company continues to take new initiatives to further align its HR policies to meet the growing needs of the business. People development continues to be a key focus area in your Company.

At AHCL, the Human Resources Department, in its business partner role, implements strategies to raise the performance of each team member to their maximum potentials. The primary reason for our success is that our organisation is built around the people who are willing to go the extra mile.

Employees are recognised and rewarded based on their performance, which results in enhanced retention and motivation across all levels. All our operational activities are carried out transparently and in lieu with our code of ethics, on which there can be no compromise.

Corporate Social Responsibility

Sustainable and responsible development has remained one of our key concerns since inception which is why we continue to encourage our group companies to demonstrate responsibility and sensitivity toward the people and environment in which they operate.

Today, the Arif Habib Group companies are running a sizeable CSR program in Pakistan covering various sectors requiring foremost attention, with a special focus in the areas of education, healthcare, environment, community welfare, sports and relief work and aims to enhance its scope and contribution in the future.

We, at the Arif Habib Group are conscious of the well-being of our employees as well as community at large. The group companies focus on energy conservation and all departments and employees adhere to power conservation measures.

Your Company takes its contribution towards national economy seriously and has always discharged its obligations in a transparent, accurate and timely manner.

Details of the contributions made by group companies are presented on page No. 65. Furthermore, AHCL has contributed an amount of PKR 56 million towards tax.

It is our vision to continue contributing to the economic growth and stability in Pakistan through actively investing in its economy, its people and the sustainability of its environment.

Corporate Governance

AHCL is listed at the Pakistan Stock Exchange. The Company's Board and management are committed to observe the Code of Corporate Governance prescribed for listed companies and are familiar with their responsibilities and monitor the operations and performance to enhance the accuracy, comprehensiveness and transparency of financial and non-financial information.

The Board would like to state that proper books of accounts of the Company have been maintained and appropriate accounting policies have been adopted and consistently applied except for new accounting standards and amendments to existing standards as stated in note 2.5 of the financial statements. Preparation of accounts and accounting estimates are based on reasonable and prudent judgment. International Financial Reporting Standards, as applicable in Pakistan, are followed in the preparation of the financial statements. The system of internal controls is sound in design and has been effectively implemented and monitored. The financial statements of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity. No material payment has remained outstanding on account of any taxes, duties, levies or charges. The Company has no outstanding obligations under gratuity, pension or provident fund.

In compliance with the Code, the Board hereby reaffirm that there is no doubt whatsoever about the Company's ability to continue as a going concern and that there has been no material departure from the best practices of corporate governance as detailed in the listing regulations and transfer pricing.

It has always been the Company's endeavour to excel through better Corporate Governance and fair and transparent practices, many of which have already been in place even before they were mandated by law.

Trading in Company's Shares by Directors and Executives

All Directors including the Chief Executive, Chief Financial Officer and Executives of the Company were delivered written notices by the Company Secretary to immediately inform in writing any trading in the Company's shares by themselves or by their spouses and to deliver a written record of the price, number of shares and CDC statement within 2 days of such transaction to the Company Secretary. A statement showing the Company's shares bought and sold by its Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor family members is annexed as Annexure-I.

Attendance at Board Meetings

A statement showing attendance at Board meetings is annexed as Annexure-II.

Pattern of Shareholding

The shares of the Company are listed on the Pakistan Stock Exchange. There were 5,260 shareholders of the Company as of 30th June 2016. The detailed pattern of shareholding and categories of shareholding of the Company including shares held by directors and executives, if any, are annexed as Annexure-III.

Financial and Business Highlights

The key operating and financial data has been given in summarised form under the caption "Financial & Business Highlights – Six years at a glance" (Page 75) and graphic representation of the important statistics is presented on (Page 77 to 78).

Investment in Retirement Benefits

The value of investment, made by the staff Provident Fund operated by the Company as per their respective audited financial statements as of 30th June 2015 amounts to PKR 16.3 million.

Audit Committee

As required under the Code of Corporate Governance, the Audit Committee continued to perform as per its terms of reference duly approved by the Board. The Committee composition and salient features of its terms of reference are also attached with this report.

Auditors

The present external auditors M/s. KPMG Taseer Hadi & Co., shall retire at the conclusion of Annual General Meeting on 29th October 2016 and being eligible, have offered themselves for reappointment for the year ending on 30th June 2017. The external auditors hold satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) as required under their Quality Control Review Program. As suggested by the Audit Committee, the Board recommends reappointment of M/s. KPMG Taseer Hadi & Co., as auditors of the Company for the financial year ending on 30th June 2017 at a fee to be mutually agreed. Approval to this effect will be sought from the shareholders at the forthcoming Annual General Meeting scheduled on 29th October 2016.

Compliance with Secretarial Practices

The Company Secretary furnished a Secretarial Compliance Certificate, in the prescribed form, as required under prevalent listing regulation of Pakistan Stock Exchange, as part of the annual return filed with the Registrar of Companies to certify the secretarial and corporate requirements of the Companies Ordinance, 1984 and listing regulations have been duly complied with.

Election of Directors

In accordance with the provisions of Section 180 of the Companies Ordinance, 1984 the three years term of the seven directors elected in the annual general meeting of 2013 was completed on 21st September 2016. The Company in its Extra Ordinary General Meeting held on 21st September 2016 has elected eight directors, to serve for a three year term which will complete in September 2019.

Post Balance Sheet Events

There have been no material changes since 30th June 2016 to the date of this report except the declaration of a final Cash Dividend @ 25% which is subject to the approval of the Members at the 22nd Annual General Meeting to be held on 29th October 2016. The effect of such declaration shall be reflected in the next year's financial statements.

Related Party Transactions

In order to comply with the requirements of listing regulations, the Company presented all related party transactions before the Audit Committee and Board for their review and approval. These transactions have been approved by the Audit Committee and Board of Directors in their respective meetings. The details of related party transactions have been provided in note 36 of the annexed audited financial statements.

Acknowledgement

The Directors are grateful to the Company's stakeholders for their continuing confidence and patronage. We wish to place on record our appreciation and thanks for the faith and trust reposed by our Business Partners, Bankers & Financial Institutions. We thank the Ministry of Finance, the Securities & Exchange Commission of Pakistan, the State Bank of Pakistan, the Competition Commission of Pakistan, Central Depository Company of Pakistan and the Management of Pakistan Stock Exchange for their continued support and guidance which has gone a long way in giving present shape to the Company.

The results of an organisation are greatly reflective of the efforts put in by the people who work for and with the company. The Directors fully recognise the collective contribution made by the employees of the company for successful operations of the Company. We also appreciate the valuable contribution and active role of the members of the audit and other committees in supporting and guiding the management on matters of great importance.

For and on behalf of the Board

Arif Habib
Chief Executive

Karachi: 27th September 2016

Annexure I

Statement showing shares bought and sold by Directors, CEO, CFO, Company Secretary and their Spouses and Minor Children
From 1st July 2015 to 30th June 2016

Name	Designation	Shares bought	Shares sold	Remarks
Mr. Asadullah Khawaja	Chairman	30,000	-	-
Mr. Arif Habib	Chief Executive	-	-	-
Mr. Nasim Beg	Director	-	-	-
Mr. Samad A. Habib	Director	-	-	-
Mr. Kashif A. Habib	Director	-	-	-
Mr. Muhammad Ejaz	Director	-	-	-
Mr. Sirajuddin Cassim	Director	-	-	-
Mr. Mohsin Madni	CFO	-	-	-
Mr. Manzoor Raza	Company Secretary	-	-	-
Mr. Mujeeb Memon	Head of Internal Audit	-	-	-
Mrs. Zetun Arif	Spouse of Mr. Arif Habib	-	* 3,034,000	-
Minor children	-	-	-	-

Statement includes 3,034,000 shares sold by Mrs. Zetun Arif on 29th June 2015. The shares sold were transferred in the year under review.

Annexure II

Statement showing attendance at Board Meetings
From 1st July 2015 to 30th June 2016

Name	Designation	Total	Eligible to attend	Attended	Leaves granted	Remarks
Mr. Asadullah Khawaja	Chairman	5	5	5	-	-
Mr. Arif Habib	Chief Executive	5	5	5	-	-
Mr. Nasim Beg	Director	5	5	4	1	-
Mr. Samad A. Habib	Director	5	5	4	1	-
Mr. Kashif A. Habib	Director	5	5	5	-	-
Mr. Muhammad Ejaz	Director	5	5	3	2	-
Mr. Sirajuddin Cassim	Director	5	5	3	2	-

Annexure III
Pattern of Shareholding

Categories of Shareholders as at 30th June 2016

Category	Number of shareholders	Number of shares held	Holding %
Directors, Chief Executive, and their Spouses and minor children	8	336,020,361	74.05
Executives	-	-	-
NIT and ICP	1	734,292	0.16
Associated Companies, Undertakings and Related Parties	1	189,063	0.04
Public Sector Companies and Corporations	2	3,539,589	0.78
Bank, Development Finance Institutions, Non-Banking Finance Institutions	4	134,606	0.03
Insurance Companies	3	90,080	0.02
Modaraba	-	-	-
Mutual Funds	1	28,437	0.01
Others	79	67,432,579	14.86
General Public - Local	5,159	45,580,864	10.05
General Public - Foreign	2	129	0.00
	5,260	**453,750,000**	**100.00**

Pattern of Shareholding

Categories of Shareholders as at 30th June 2016

Category	Number of shareholders	Number of shares held	Holding %
Directors, Chief Executive, and their spouses and minor children			
Mr. Arif Habib	1	261,772,967	57.69
Mr. Asadullah Khawaja	1	81,006	0.02
Mr. Nasim Beg	1	2,078	0.00
Mr. Samad A. Habib	1	1,006	0.00
Mr. Kashif A. Habib	1	35,290	0.01
Mr. Muhammad Ejaz	1	121	0.00
Mr. Sirajuddin Cassim	1	229,893	0.05
Mrs. Zetun Arif	1	73,898,000	16.29
	8	**336,020,361**	**74.05**
Executives	**-**	**-**	**-**
Associated Companies, Undertakings and Related Parties			
Summit Bank Limited	1	189,063	0.04
	1	**189,063**	**0.04**
NIT and ICP			
CDC - Trustee National Investment (Unit) Trust	1	734,292	0.16
	1	**734,292**	**0.16**
Joint Stock Companies			
Public Sector Companies and Corporations	2	3,539,589	0.78
Bank, Development Finance Institutions, Non-Banking Finance Institutions	4	134,606	0.03
Insurance Companies	3	90,080	0.02
Modarabas	-	-	0.00
	9	**3,764,275**	**0.83**
Mutual Funds			
CDC - Trustee AKD Index Tracker Fund	1	28,437	0.01
	1	**28,437**	**0.01**
Others	79	67,432,579	14.86
General Public			
Local	5,159	45,580,864	10.05
Foreign	2	129	0.00
	5,161	**45,580,993**	**10.05**
	5,260	**453,750,000**	**100.00**
Shareholders holding 5% or more			
Mr. Arif Habib	1	261,772,967	57.69
Mrs. Zetun Arif	1	73,898,000	16.29

Pattern of Shareholding

Categories of Shareholders as at 30th June 2016

Number of Shareholders	Shareholdings' Slab			Holding
997	1	to	100	24,964
1058	101	to	500	335,973
807	501	to	1,000	652,230
1487	1,001	to	5,000	3,616,205
352	5,001	to	10,000	2,643,479
151	10,001	to	15,000	1,875,720
89	15,001	to	20,000	1,560,669
50	20,001	to	25,000	1,150,080
33	25,001	to	30,000	923,390
15	30,001	to	35,000	488,589
21	35,001	to	40,000	791,625
14	40,001	to	45,000	599,526
24	45,001	to	50,000	1,163,074
12	50,001	to	55,000	626,630
11	55,001	to	60,000	639,033
12	60,001	to	65,000	749,260
3	65,001	to	70,000	203,220
6	70,001	to	75,000	443,107
7	75,001	to	80,000	542,937
5	80,001	to	85,000	409,331
4	85,001	to	95,000	352,139
13	95,001	to	100,000	1,296,125
1	100,001	to	110,000	110,000
8	110,001	to	115,000	904,137
2	115,001	to	120,000	232,500
3	120,001	to	125,000	363,320
1	125,001	to	130,000	128,452
3	130,001	to	135,000	398,954
1	135,001	to	140,000	140,000
2	140,001	to	145,000	286,550
2	145,001	to	150,000	300,000
2	150,001	to	155,000	302,517
1	155,001	to	160,000	158,500
2	160,001	to	175,000	323,079
2	175,001	to	185,000	355,625
1	185,001	to	190,000	189,063
2	190,001	to	200,000	386,758
1	200,001	to	215,000	201,500
2	215,001	to	225,000	435,023
2	225,001	to	240,000	456,768
1	240,001	to	250,000	240,071
1	250,001	to	275,000	275,000
1	275,001	to	285,000	283,500
2	285,001	to	290,000	572,500
2	290,001	to	300,000	597,100
1	300,001	to	350,000	302,500
1	350,001	to	360,000	352,000
1	360,001	to	365,000	360,048
1	365,001	to	370,000	370,000

Pattern of Shareholding

Categories of Shareholders as at 30th June 2016

Number of Shareholders	Shareholdings' Slab			Holding
1	370,001	to	375,000	373,500
1	375,001	to	400,000	400,000
1	400,001	to	425,000	410,500
1	425,001	to	445,000	428,500
1	445,001	to	450,000	450,000
2	450,001	to	465,000	924,975
1	465,001	to	490,000	489,000
1	490,001	to	500,000	490,193
1	500,001	to	515,000	504,165
1	515,001	to	525,000	516,000
1	525,001	to	550,000	527,500
1	550,001	to	575,000	565,500
1	575,001	to	700,000	577,218
1	700,001	to	730,000	700,400
1	730,001	to	800,000	734,292
1	800,001	to	845,000	842,500
1	845,001	to	850,000	847,000
1	850,001	to	900,000	888,206
1	900,001	to	970,000	950,867
1	970,001	to	995,000	974,000
1	995,001	to	1,000,000	1,000,000
1	1,000,001	to	1,100,000	1,008,500
1	1,100,001	to	1,350,000	1,177,566
2	1,350,001	to	1,500,000	2,709,000
1	1,500,001	to	1,800,000	1,537,965
1	1,800,001	to	2,000,000	1,835,500
1	2,000,001	to	2,450,000	2,420,000
2	2,450,001	to	2,500,000	5,000,000
1	2,500,001	to	2,600,000	2,588,722
1	2,600,001	to	5,000,000	2,879,693
1	5,000,001	to	9,000,000	8,198,500
1	9,000,001	to	10,000,000	9,678,500
1	10,000,001	to	11,500,000	11,125,500
1	11,500,001	to	12,000,000	11,503,000
1	12,000,001	to	50,000,000	12,709,500
1	50,000,001	to	100,000,000	73,898,000
1	100,000,001	to	261,775,000	261,772,967
5260				**453,750,000**

Corporate Social Responsibility

Sustainability Report - Investing in Pakistani Economy, Society and Environment

CEO's Message

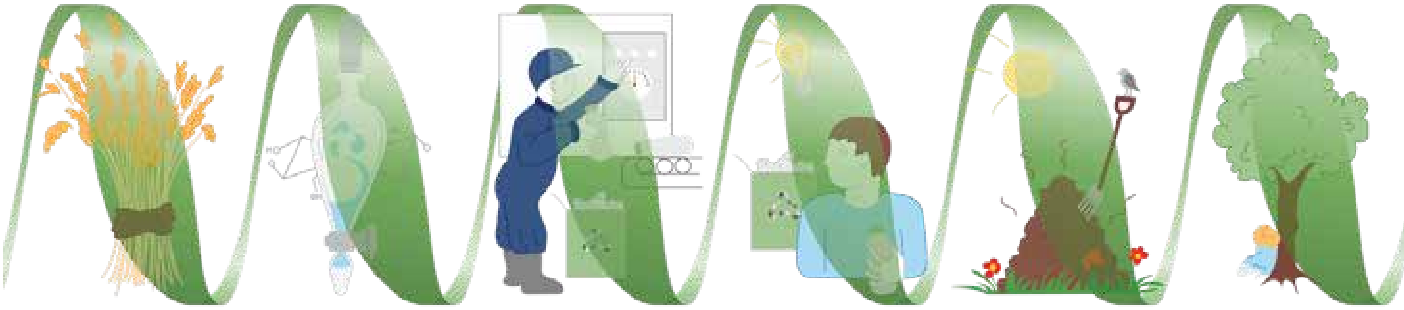
Being a socially conscious conglomerate, the Arif Habib Group believes a truly successful company understands that the link between what is good for the world and what is good for business is closer than ever before.

We believe in making a difference through several means, including financially and morally supporting credible causes, helping the environment, and improving the society in general for all our stakeholders.

Our practice of giving back to society from where we earn evokes trust among our partners, employees, shareholders, and the community. We remain committed to protecting our heritage through a bridge of trust and it is reflected in the manner we conduct our business.

It is my hope that we set an example for other companies by demonstrating that these contributions go a long way in creating awareness to save our planet, enabling us to take great pride in making the world a safer and more sustainable place for future generations.

Our Vision for Sustainability



Societies around the world today face a wide range of pressing needs in nearly every aspect of life including issues like global warming and human rights violations that are far too common

The ever-increasing global population is putting a strain on our energy, water and food resources. At the same time, resources such as power, transportation and communications infrastructure, along with fundamental community services like education and healthcare, are unable to keep pace.

Despite staring down the barrel of several challenges, the Pakistani economy has recovered through effective management, good governance, transparency and sincere commitment. However, the road remains lengthy in ensuring socio-economic growth as many areas in the country remain deprived of even basic necessities such as education, healthcare, energy and clean water amongst others. Here, we have only scratched the surface.

Our businesses at the Arif Habib Group span across the country, and through our daily interaction with stakeholders we are able to understand on-ground reality – the real needs of our society. Our aim is always to undertake worthwhile businesses that draw on this understanding and help in addressing core societal issues. In every business domain, we are driven by a sense of challenge that seeks to build a track record of improved service in Pakistan and worldwide. As a company, we want to be valued by society and viewed as one that contributes to a better, more sustainable future where the aspirations of people are fulfilled.

We strive to ensure that we maximise positive impacts and minimise, as much as we can, the negatives on communities and environment. It is our vision to continue contributing to economic growth and stability in Pakistan through actively investing in its economy, its people and the sustainability of its environment.

Our Approach

Some of the major themes we actively engaged with through our initiatives include:

Arif Habib Foundation

Our goal is charitable giving and to better align our objectives the Arif Habib Foundation was established. In the current year the Foundation has donated almost PKR 180 million in cash and grants to several groups and individuals.

Some of the esteemed and devoted organizations that Arif Habib Foundation works with include The Citizens Foundation, The Cardiovascular Foundation, Jinnah Foundation, The Kidney Centre, Fatimid Foundation, Marie Adelaide Leprosy Centre and Hunar Foundation.

The Foundation hopes to contribute and empower others in eliminating the dearth of basic necessities that should be available to all regardless of financial income, religion, gender or national origin. We believe that only a nation that has access to basic necessities will be able to contribute positively to the country.

Jinnah Foundation

Arif Habib Group, has assumed responsibility of the Jinnah Foundation Memorial Trust, which renders services in the fields of health and education with emphasis on female literacy. The Group aims to augment Jinnah Foundation's commitment to serve Pakistan in the field of education with future plans for the establishment of institutions for higher education. Subject to regulatory approvals the foundation will be renamed to reflect this change.

Jinnah Foundation is the first institution dedicated to the memory of the Founder of Pakistan and the first institution to recognise the need of rendering services in the field of human development as a Nation Building Exercise.

The foundation is fulfilling this vision through the Jinnah Foundation Secondary School. The school has an enrolment of over 1300 students being taught by a dedicated team of 96 teachers (including 27 former students who graduated from Jinnah Foundation School), 3 head mistresses and one principal. The school is located at Bhitai Colony, Korangi, Karachi. The school has libraries, a home economics section, computer division and physics and chemistry laboratories for hands on learning. Success rate for students in the matriculation examination ranges between 95-100%.

Investing in Education

In our pledge to support the Pakistani economy, the Arif Habib Group is dedicated to contributing towards the improvement and development of local educational institutions in order to produce the future leaders of Pakistan.

We believe that improving institutions and providing better access to higher education will be a critical factor in further developing Pakistan's economy in the coming years.

The Group companies have collectively pledged support to Institute of Business Administration (IBA), Karachi School for Business & Leadership (KSBL), Habib University Foundation (HUF) Lahore University of Management Sciences (LUMS), Ghulam Ishaq Khan Institute of Engineering Sciences and Technology (GIKI) and Namal Education Foundation.

Other causes supported by the Group include CARE Foundation, Progressive Education Network, The Citizens Foundation and Fatima Fertilizer School amongst others.

Investing in the Enabling Environment

A supportive operating environment for business and industry is essential in creating a healthier economy. At the Arif Habib Group we believe that engagement with media and dialogue, capacity building, contributing to professional development and supporting networking opportunities for business is part of our responsibility to the country.

Being an active member of Pakistan's economy, we work tirelessly on nurturing the development and advancement of events and projects that directly result in the enhancement of the sector. During the year under review, Arif Habib Limited contributed and participated in a number of initiatives in order to help create this environment. Similarly, Arif Habib Commodities was one of the pioneering partners to help the Pakistan Mercantile Exchange Limited Red Chilli deliverable contracts which has resulted in better quality red chilli production, quick cash payout to the farmers and overall efficiency in the red chilli trade.

Investing in Health

We believe that a healthy population is essential to a healthy economy, thus over the past year, the Group has played its role in contributing to better health for our human resource and the communities in which we work.

Group companies have contributed to various causes which include but are not limited to Shaukat Khanum Memorial Cancer Hospital and Research Centre, Patients Behbud Society (Agha Khan University), Multan Diabetic Foundation, Sindh Institute of Urology and Transplantation (SIUT), Aman Foundation, Cancer Foundation, Layton Rehmatullah Benevolent Trust (LRBT), Patients Welfare Society, Fatimid Foundation and The Kidney Centre.

Investing in Culture and Diversity

The Arif Habib Group is committed to encouraging and supporting a vibrant local culture, as we believe that it is essential to building identity and national pride. Many of the Group companies arranged celebratory activities to commemorate the historic events of Independence Day and paying tribute to the country which has allowed us to flourish.

As a Group operating across the country we have the opportunity to support various cultural and sporting events. To lead by example, JCL's housing project, Naya Nazimabad partnered with the Karachi Kings offering Naya Nazimabad Lawai Cricket Stadium as their home ground on which the annual Ramadan Peace Cup Tournament was also hosted.

The Group also supported the Amir Khan Trust which is reviving the sport of boxing in Pakistan and raisings funds for the drought affected of Thar.

Investing in the Environment

We believe that sustainable use of resources lies at the heart of maintaining a healthy environment. The Group continuously endeavours to support initiatives to reduce resource consumption and encourage research into renewable energy.

Renewable energy is the future of energy in this country and around the world. We believe that in order to address the issue indigenous sources of power generation must be enabled and invested in. SEDPL is a special-purpose company that has been acquired to commission and operate a 50 MW wind farm at Jhimpir, Sindh through which we hope to contribute to a more sustainable future for the country's energy needs.

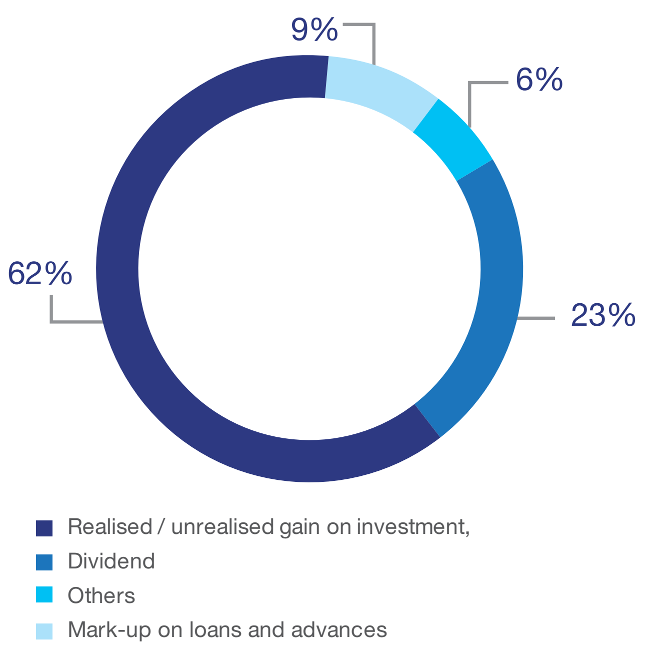
Raising awareness around environmental issues and sustainable resource allocation is critical to environmental sustainability. In order to reduce the environmental burden, tree plantation was carried out in operational areas including neighbouring township by Fatima Fertilizer and Naya Nazimabad respectively, where thousands of different flowers, trees, vegetation etc. were planted.


20.0
15.0
10.0
5.0
0.0

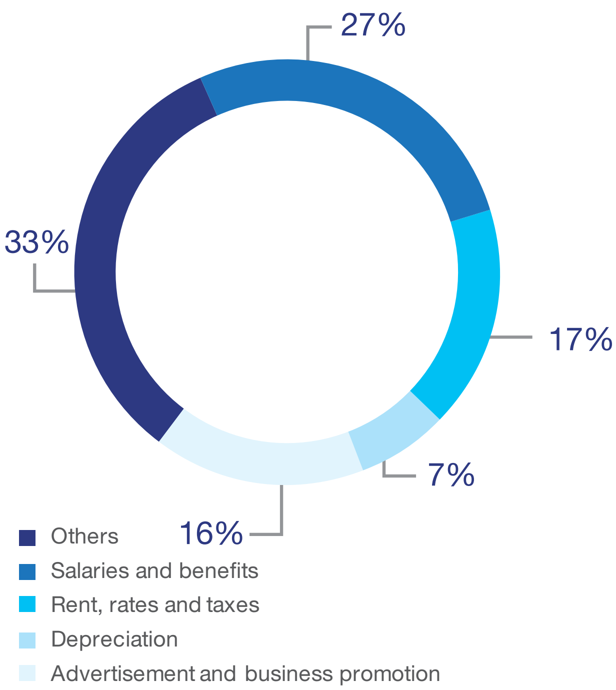
Financial highlights

AHCL at a Glance

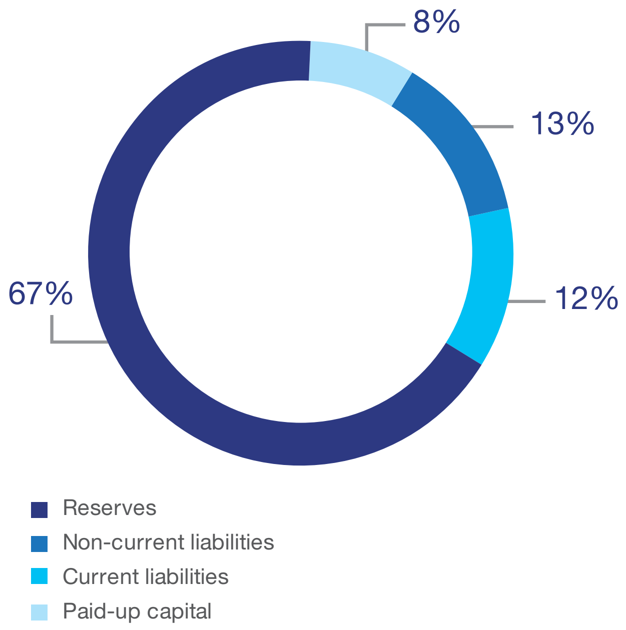
Operating Revenue



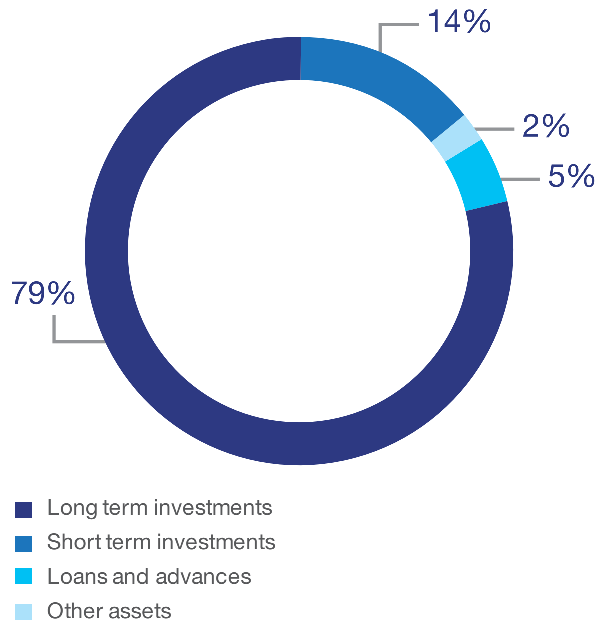
Operating & Administrative Expenses



Equity and Liabilities



Assets



Key Figures & Highlights

Total Revenue
(Rs. in million)
1,976.30
2016
5,241.67 (2015) | 2,032.91 (2014)

Profit After Tax
(Rs. in million)
1,281.12
2016
4,438.75 (2015) | 2,306.32 (2014)

EBITDA
(Rs. in million)
1,854.54
2016
4,496.27 (2015) | 2,491.64 (2014)

Total Assets
(Rs. in million)
36,764.44
2016
39,593.76 (2015) | 33,510.68 (2014)

Total Equity
(Rs. in million)
29,063.03
2016
29,444.93 (2015) | 25,750.58 (2014)

Net Assets per Share
(Rs.)
64.05
2016
64.89 (2015) | 56.75 (2014)

Return on Equity
(%)
4.4
2016
16.08% (2015) | 9.15% (2014)

Dividend Payout Ratio
(%)
88.55
2016
40.89% (2015) | 49.19% (2014)

Market Capitalization
Year-end - (Rs. in million)
17,900.31
2016
24,148.58 (2015) | 12,632.40 (2014)

Number of Shareholders
No. of individuals
5,260
2016
5,266 (2015) | 7,198 (2014)

Market Price per Share
(year end) (Rs.)
39.45
2016
53.22 (2015) | 27.84 (2014)

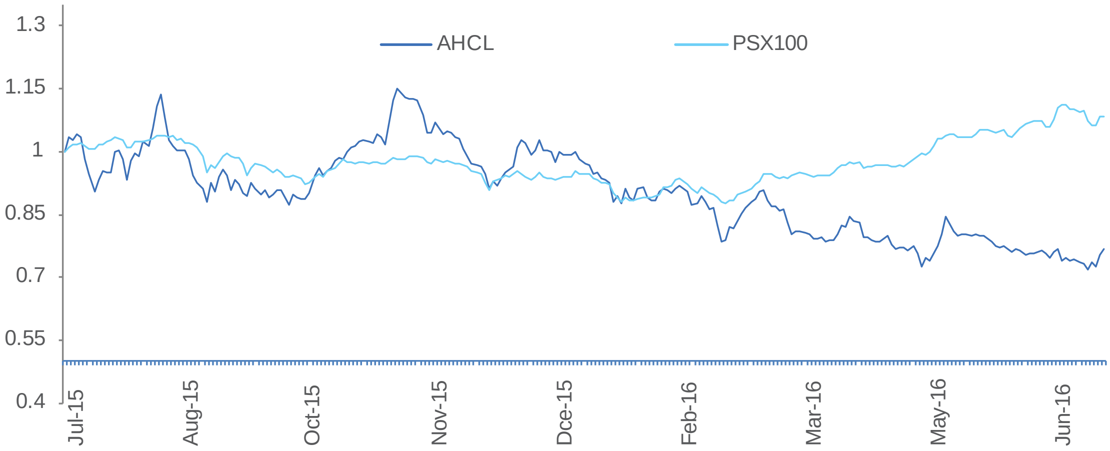
Earnings per Share
(Rs.)
2.82
2016
9.78 (2015) | 5.08 (2014)

Financial & Business Highlights
Six Years at a Glance

Year ended 30 June	2016	2015	2014	2013	2012	2011
Profit and Loss Account (Rs. in million)						
Total revenue	1,976.30	5,241.67	2,032.91	2,033.22	4,417.37	4,318.49
Operating & administrative expenses	(133.36)	(329.97)	534.95	(226.99)	(122.38)	(993.30)
Finance cost	(277.67)	(241.61)	(208.40)	(292.03)	(300.76)	(177.12)
Operating profit	1,842.94	4,483.69	2,484.06	1,806.23	4,295.00	3,303.12
Profit before tax	1,568.35	4,245.08	2,275.65	1,514.20	3,994.23	3,148.07
Profit after tax	1,281.12	4,438.75	2,306.32	1,365.74	4,254.31	2,840.48
EBITDA	1,854.4	4,496.27	2,491.64	1,813.11	4,302.87	3,334.17
Balance Sheet (Rs. in million)						
Share capital	4,537.50	4,537.50	4,537.50	4,537.50	4,125.00	3,750.00
Reserves	24,525.53	24,907.43	21,213.08	20,147.03	20,120.02	17,361.65
Property and equipment	43.44	50.79	57.42	39.59	46.21	53.33
Long term investments	28,810.29	31,123.83	27,407.13	26,649.85	26,596.46	23,840.73
Current assets	6,261.88	5,755.12	3,381.29	2,777.40	3,424.82	1,787.87
Current liabilities	4,929.69	5,770.01	3,117.82	2,375.15	2,336.02	1,480.77
Deferred liabilities	2,623.90	2,331.79	2,747.68	2,910.45	2,832.88	3,092.02
Total assets	36,764.44	39,593.76	33,510.68	29,970.12	30,070.46	25,684.45
Total liabilities	7,701.41	10,148.83	7,760.10	5,285.59	5,825.44	4,572.80
Ratios						
Performance						
Return on equity (%)	4.4%	16.08%	9.15%	5.58%	18.76%	13.89%
Return on Assets (%)	3.4%	12.14%	7.27%	4.55%	15.26%	11.58%
Return on capital employed (%)	5.8%	13.26%	8.17%	6.55%	15.49%	13.74%
Income / expense ratio (x)	11.18	15.89	11.19	5.77	36.09	1.92
Earning Asset / Total Asset Ratio (%)	99.35%	95.48%	95.99%	96.24%	97.17%	96.96%
Break-up value (PKR)	64.05	64.89	56.75	54.40	58.78	56.30
Leverage						
Total liabilities to shareholders' equity ratio (%)	26.5%	34.47%	30.14%	21.41%	24.03%	21.66%
Cost of debt (%)	9.05%	9.22%	10.83%	13.93%	12.32%	14.67%
Debt to equity ratio (%)	0.5%	6.95%	7.36%	2.66%	2.71%	-
Interest cover ratio (x)	6.65	18.57	11.92	6.19	14.28	18.77

Year ended 30 June	2016	2015	2014	2013	2012	2011
Liquidity						
Current ratio (x)	1.27	1.00	1.08	1.17	1.47	1.21
Cash to current liabilities (%)	0.5%	35.10%	0.74%	4.09%	0.48%	0.58%
Valuation						
Price earning ratio (x)	13.97	5.44	5.48	7.36	3.30	3.82
Break-up value per share (PKR)	64.05	64.89	56.75	54.40	58.78	56.30
Cash dividend per share (PKR)	2.5*	4	2.5	2.5	2.0	2.0
Specie dividend per share (PKR)	-	-	-	-	1.0	-
Dividend Declared (%)	25%	40%*	25%	25%	40%	30%
Dividend yield (%)	6.34%	7.52%	8.98%	11.28%	12.93%	11.41%
Dividend payout ratio (%)	88.55%	40.89%	49.19%	83.06%	38.78%	39.61%
Dividend cover ratio (x)	1.13	2.45	2.03	1.20	2.58	2.52
Bonus shares issued (%)	-	-	-	-	10.00%	10.00%
Market value per share (end of year) (PKR)	39.45	53.22	27.84	22.16	30.93	26.30
High (during the year) (PKR)	66.55	53.22	32.00	29.11	36.09	35.65
Low (during the year) (PKR)	36.00	22.27	19.16	22.01	20.72	18.84
Earnings Per Share (PKR)	2.82	9.78	5.08	3.01	9.38	6.89
*Proposed						
Shareholders' Return						
Arif Habib Corporation Limited (AHCL)						
- annual total return (%)	(20.01%)	111.52%	39.67%	(16.01%)	36.43%	(10.15%)
Pakistan Stock Exchange 100 Index (PSX)						
- annual return (%)	10.00%	15.67%	41.20%	52.20%	22.41%	28.53%
Shareholders' return differential:						
AHCL-PSX-100 Index (%)	(30.01%)	95.84%	(1.53%)	(68.26%)	14.02%	(38.68%)

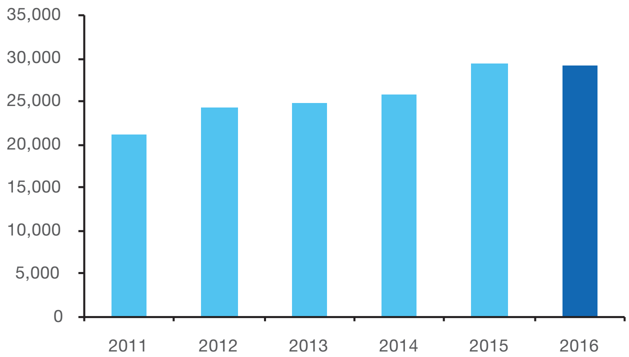
Graph for the year ended on 30th June 2016



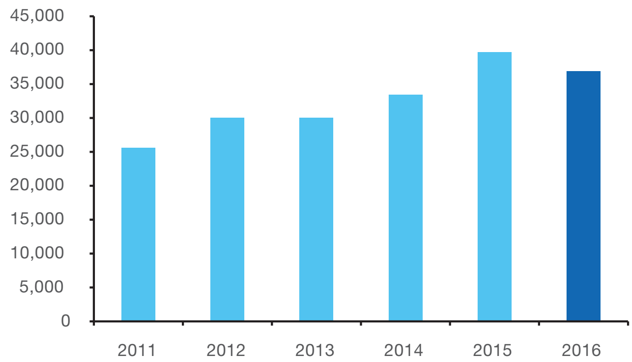
Source: Bloomberg,
Arif Habib Limited,
Equity Research Division

Graphical Representation

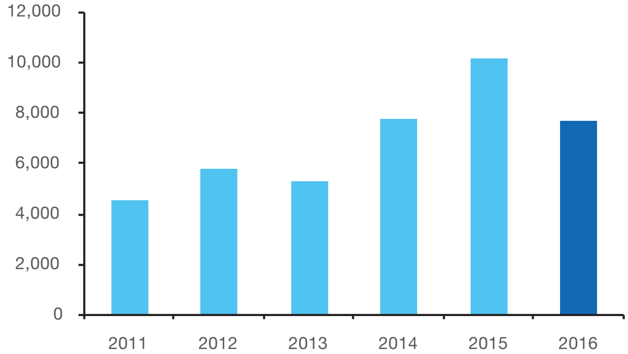
Shareholders equity
Rupees in million



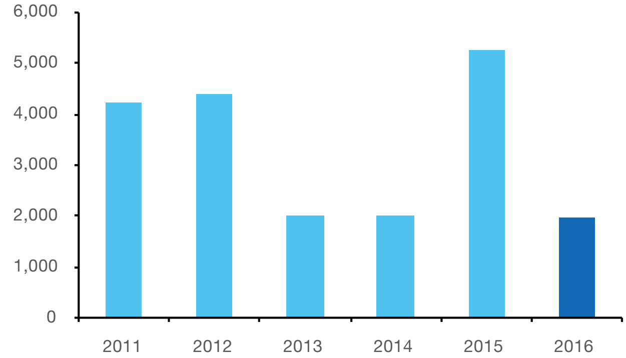
Total assets
Rupees in million



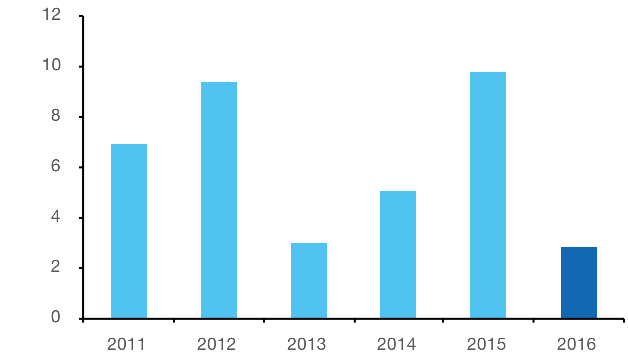
Total liabilities
Rupees in million



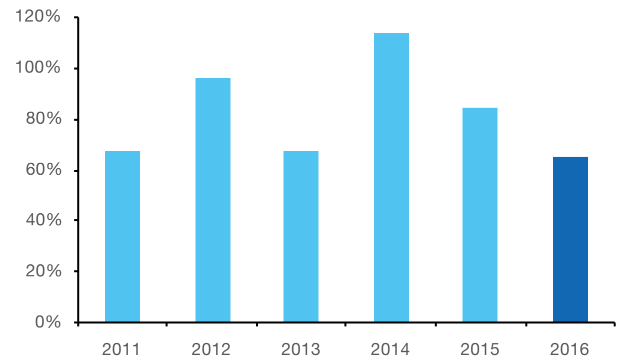
Net turnover
Rupees in million



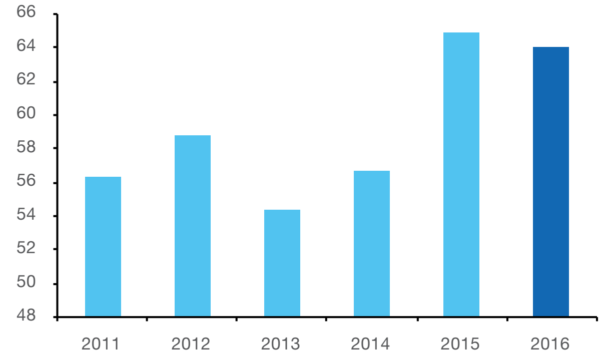
Earnings per share
Rupees



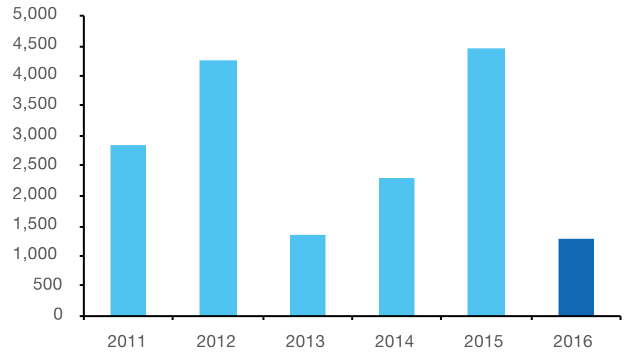
Net margin
Percentage



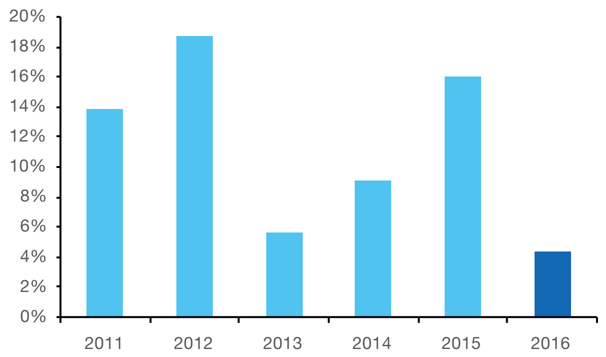
Break-up value per share
Rupees



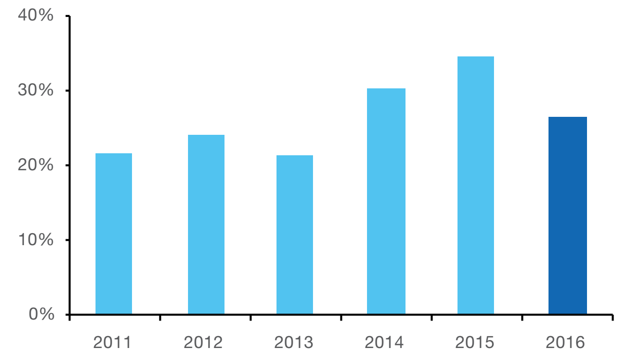
Profit after tax
Rupees in million



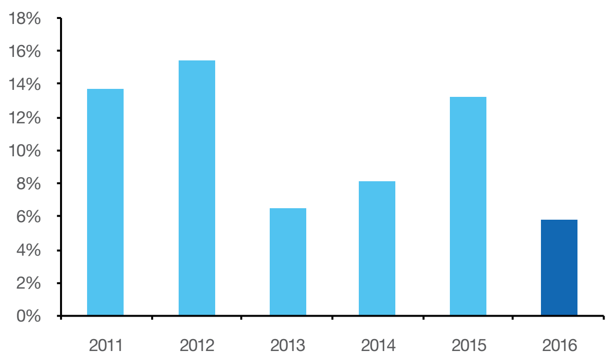
Return on equity
Percentage



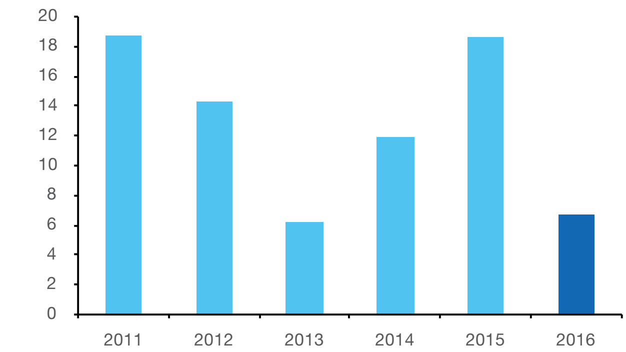
Total liabilities to equity
Percentage



Return on capital employed
Percentage



Interest cover ratio
Times



Horizontal Analysis of Financial Statements

	2016	%Δ YoY 2016-15	2015	%Δ YoY 2015-14	2014	%Δ YoY 2014-13
Balance Sheet	Rupees in million		Rupees in million		Rupees in million	
Total equity	29,063.03	(1.3)	29,444.9	14.3	25,750.58	4.3
Total non-current liabilities	2,771.72	(36.7)	4,378.8	(5.7)	4,642.27	59.5
Total current liabilities	4,929.69	(14.6)	5,773.1	85.2	3,117.82	31.3
Total equity and liabilities	36,764.44	(7.2)	39,596.9	18.2	33,510.7	11.8
Total non-current assets	30,502.56	(9.9)	33,838.6	12.3	30,129.39	10.8
Total current assets	6,261.88	8.7	5,758.2	70.3	3,381.29	21.7
Total assets	36,764.44	(7.2)	39,596.9	18.2	33,510.7	11.8
Profit and Loss Account						
Total revenue	1,491.08	(71.6)	5,241.7	157.8	2,032.91	(0.0)
Operating and administrative expenses	(117.01)	(18.4)	(143.3)	44.2	(99.37)	4.5
Unrealised gain on remeasurement of investment property	485.21	100.0	-	-	-	-
Impairment reversal / (loss) on investments	-	(100.0)	(428.0)	(167.6)	632.82	404.6
Operating (loss) / profit	1,859.29	(60.2)	4,670.3	82.0	2,566.4	24.4
Other incomes / (charges) - net	(13.27)	(92.8)	(183.7)	123.1	(82.31)	(68.0)
Finance cost	(277.67)	14.9	(241.6)	15.9	(208.40)	(28.6)
Profit / (loss) before tax	1,568.35	(63.1)	4,245.1	86.5	2,275.7	50.3
Taxation	(287.22)	(248.3)	193.7	531.5	30.67	(120.7)
Profit / (loss) before tax	1,281.12	(71.1)	4,438.8	92.5	2,306.3	68.9

	2013	%Δ YoY 2013-12	2012	%Δ YoY 2012-11	2011
Balance Sheet	Rupees in million		Rupees in million		Rupees in million
Total equity	24,684.5	1.8	24,245.0	14.8	21,112.0
Total non-current liabilities	2,910.4	(16.6)	3,489.4	12.9	3,092.0
Total current liabilities	2,375.1	1.7	2,336.0	57.7	1,481.0
Total equity and liabilities	29,970.1	(0.3)	30,070.5	17.1	25,685.0
Total non-current assets	27,192.7	2.1	26,645.6	11.5	23,897.0
Total current assets	2,777.4	(18.9)	3,424.8	91.5	1,788.0
Total assets	29,970.1	(0.3)	30,070.5	17.1	25,685.0
Profit and Loss Account					
Total revenue	2,033.0	(54.0)	4,417.0	1.1	4,368.1
Operating and administrative expenses	(95.1)	11.4	(85.3)	22.9	(69.4)
Unrealised gain on remeasurement of investment property	-	-	-	-	-
Impairment reversal/(loss) on investments	125.4	-	-	-	(995.5)
Operating (loss) / profit	2,063.4	(52.4)	4,331.6	31.1	3,303.1
Other incomes / (charges) - net	(257.2)	601.8	(36.6)	(266.0)	22.1
Finance cost	(292.0)	(2.9)	(300.8)	69.8	(177.1)
(Loss) / profit before tax	1,514.2	(62.1)	3,994.2	26.9	3,148.1
Taxation	(148.5)	(157.1)	260.1	(184.6)	(307.6)
(Loss) / profit after tax	1,365.7	(67.9)	4,254.3	49.8	2,840.5

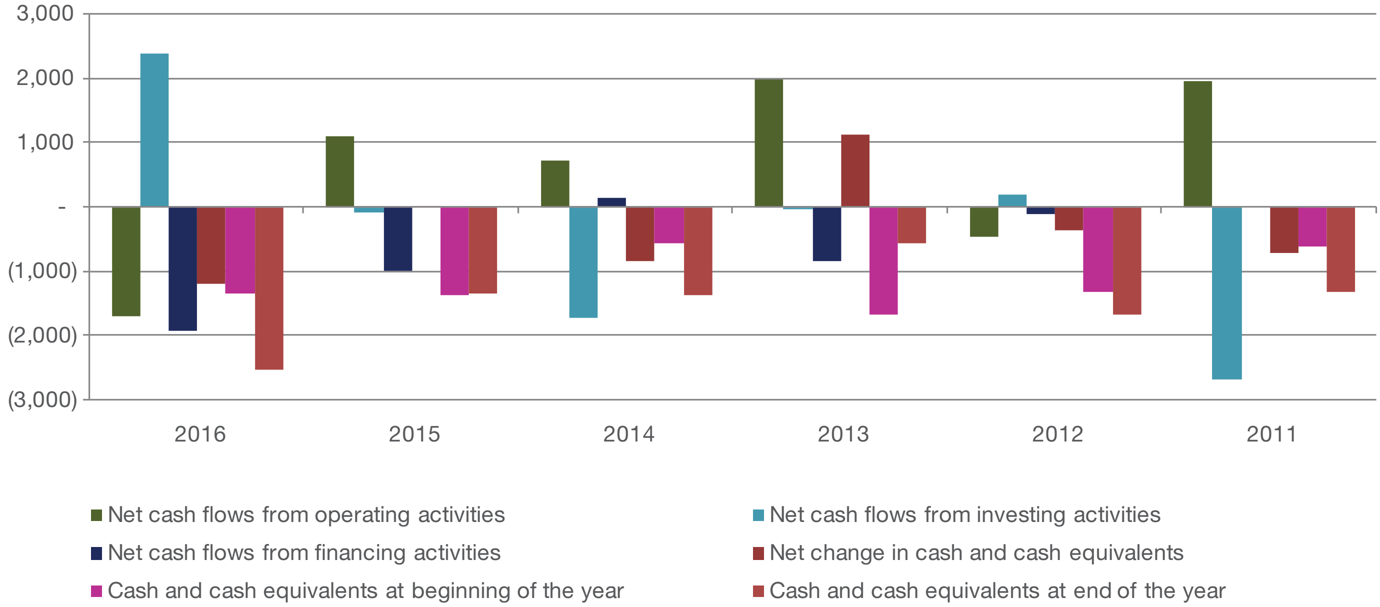
Vertical Analysis of Financial Statements

	2016		2015		2014	
	Rupees in million	%	Rupees in million	%	Rupees in million	%
Balance Sheet						
Total equity	29,063.0	79.1	29,444.9	74.4	25,750.6	76.8
Total non-current liabilities	2,771.7	7.5	4,378.8	11.1	4,642.3	13.9
Total current liabilities	4,929.7	13.4	5,773.1	14.6	3,117.8	9.3
Total equity and liabilities	36,764.4	100.0	39,596.9	100.0	33,510.7	100.0
Total non-current assets	30,502.6	83.0	33,838.6	85.5	30,129.4	89.9
Total current assets	6,261.9	17.0	5,758.2	14.5	3,381.3	10.1
Total assets	36,764.4	100.0	39,596.9	100.0	33,510.7	100.0
Profit and Loss Account						
Total revenue	1,491.1	100.0	5,241.7	100.0	2,032.9	100.0
Operating and administrative expenses	(117.0)	(7.8)	(143.3)	(2.7)	(99.4)	(4.9)
Unrealised gain on remeasurement of investment property	485.2	32.5	-	-	-	-
Impairment (loss) / reversal on investements	-	-	(428.0)	(8.2)	632.8	31.1
Operating profit / (loss)	1,859.3	124.7	4,670.3	89.1	2,566.4	126.2
Other incomes / (charges) - net	(13.3)	(0.9)	(183.7)	(3.5)	(82.3)	(4.0)
Finance cost	(277.7)	(18.6)	(241.6)	(4.6)	(208.4)	(10.3)
Profit / (loss) before tax	1,568.3	105.2	4,245.1	81.0	2,275.7	111.9
Taxation	(287.2)	(19.3)	193.7	3.7	30.7	1.5
Profit / (loss) after tax	1,281.12	85.9	4,438.8	84.7	2,306.3	113.4

	2013		2012		2011	
	Rupees in million	%	Rupees in million	%	Rupees in million	%
Balance Sheet						
Total equity	24,684.5	82.4	24,245.0	80.6	21,112.0	82.2
Total non-current liabilities	2,910.4	9.7	3,489.4	11.6	3,092.0	12.0
Total current liabilities	2,375.1	7.9	2,336.0	7.8	1,481.0	5.8
Total equity and liabilities	29,970.1	100.0	30,070.5	100.0	25,685.0	100.0
Total non-current assets	27,192.7	90.7	26,645.6	88.6	23,897.0	93.0
Total current assets	2,777.4	9.3	3,424.8	11.4	1,788.0	7.0
Total assets	29,970.1	100.0	30,070.5	100.0	25,685.0	100.0
Profit and Loss Account						
Total revenue	2,033.0	100.0	4,417.0	100.0	4,368.1	100.0
Operating and administrative expenses	(95.1)	(4.7)	(85.3)	(1.9)	(69.4)	(1.6)
Unrealised gain on remeasurement of investment property	-	-	-	-	-	-
Impairment (loss)/reversal on investements	125.4	6.2	-	-	(995.5)	(22.8)
Operating profit / (loss)	2,063.4	101.5	4,331.6	98.1	3,303.1	75.6
Other incomes / (charges) - net	(257.2)	(12.6)	(36.6)	(0.8)	22.1	0.5
Finance cost	(292.0)	(14.4)	(300.8)	(6.8)	(177.1)	(4.1)
Profit / (loss) before tax	1,514.2	74.5	3,994.2	90.4	3,148.1	72.1
Taxation	(148.5)	(7.3)	260.1	5.9	(307.6)	(7.0)
Profit / (loss) after tax	1,365.7	67.2	4,254.3	96.3	2,840.5	65.0

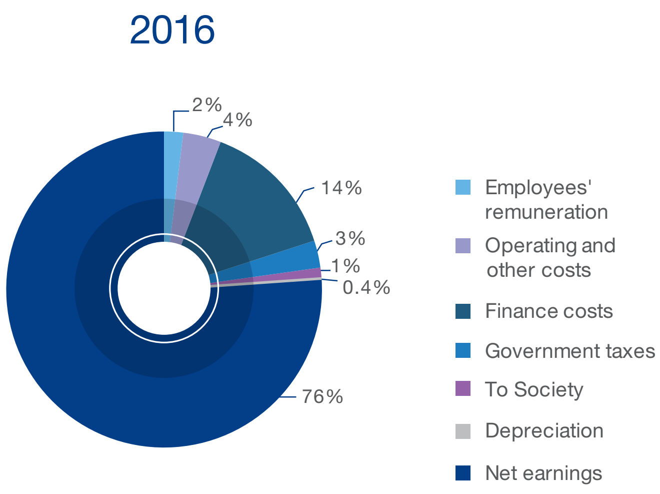
Summary of Cash flows Statement

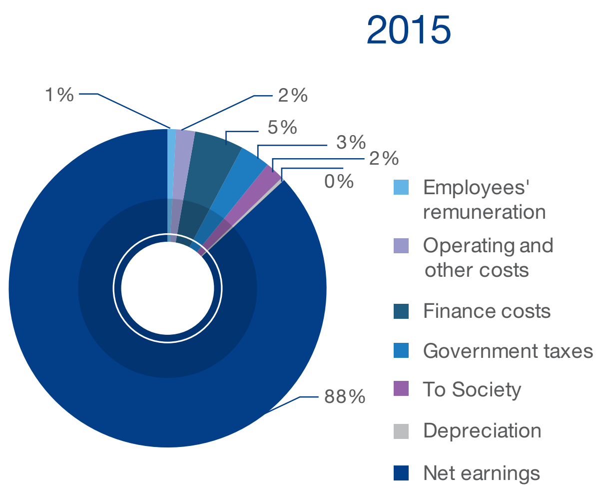
Year ended 30th June , 2016



	2016	2015	2014	2013	2012	2011
			Rupees in million			
Net cash flows from operating activities	(1,680.29)	1,103.10	740.87	1,988.19	(464.90)	1,963.26
Net cash flows from investing activities	2,406.47	(84.78)	(1,719.28)	(34.08)	202.74	(2,669.35)
Net cash flows from financing activities	(1,914.04)	(981.51)	152.28	(825.00)	(93.45)	-
Net change in cash and cash equivalents	(1,187.86)	36.81	(826.14)	1,129.11	(355.61)	(706.09)
Cash and cash equivalents at beginning of the year	(1,334.72)	(1,371.53)	(545.39)	(1,674.50)	(1,318.89)	(612.81)
Cash and cash equivalents at end of the year	(2,522.58)	(1,334.72)	(1,371.53)	(545.39)	(1,674.50)	(1,318.90)

Statement of Value Added and its Distribution



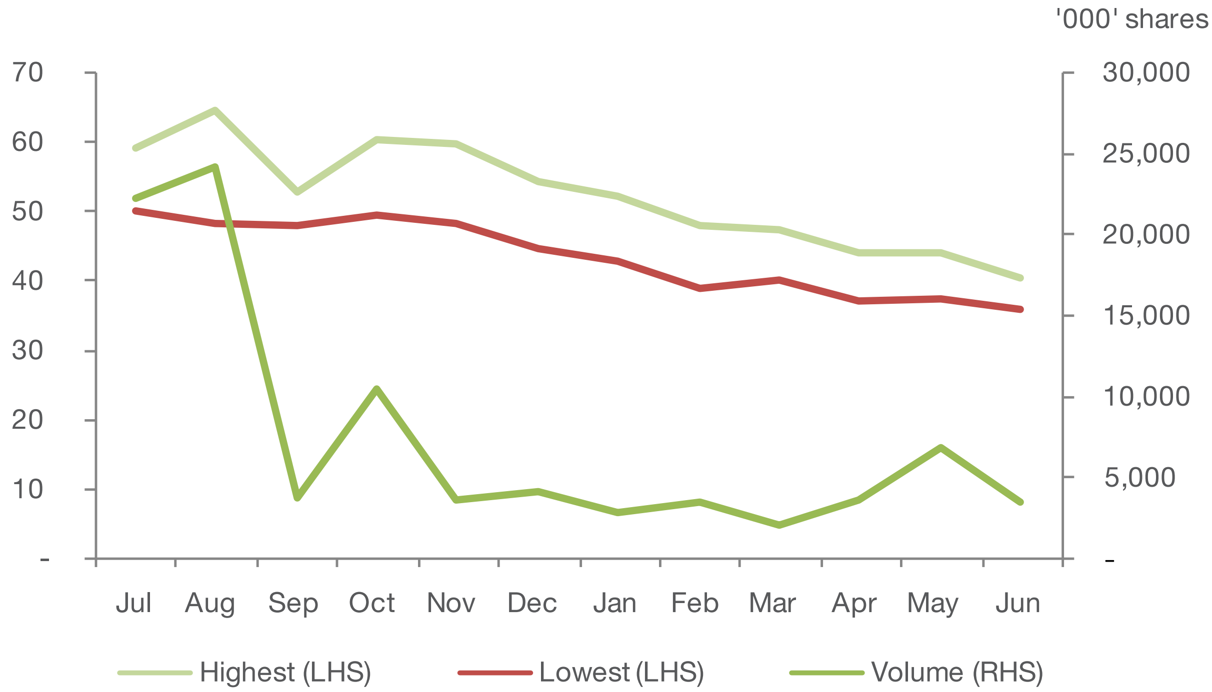


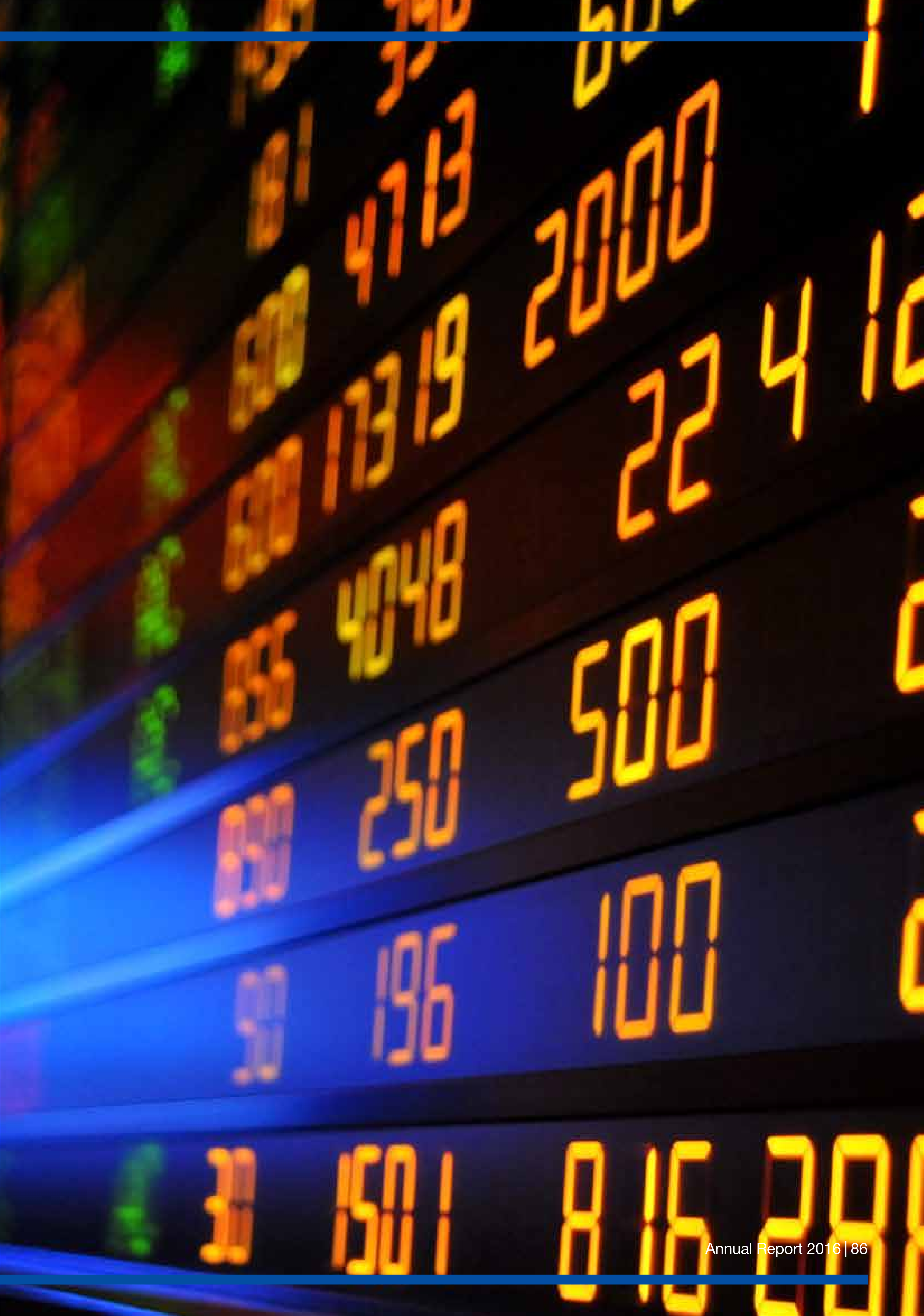
	2016		2015	
Value Added	**Rupees in million**	**%**	**Rupees in million**	**%**
Operating revenue	1,491.08	75.33	5,241.67	99.94
Unrealised gain remeasurement of investment property	485.21	24.51	-	-
Other income	3.08	0.16	3.00	0.06
	1,979.37	100.00	5,244.67	100.00
Distributed As Follows				
Employees' remuneration	31.43	1.59	33.71	0.64
Operating and other costs	77.25	3.90	100.02	1.91
Finance costs	277.67	14.03	241.61	4.61
Government taxes	56.17	2.84	140.01	2.67
To Society	16.30	0.82	100.00	1.91
Retained within the business:				
Depreciation	8.32	0.42	9.58	0.18
Net earnings	1,512.22	76.40	4,619.74	88.08
	1,520.54	76.82	4,629.32	88.27
	1,979.37	100.00	5,244.67	100.00

Share Price / Volume Analysis

Month	Highest (LHS)	Lowest (LHS)	Volume (RHS)
AHCL Share Price on the PSX			
July-15	59.00	50.10	22,206,500
August-15	64.55	48.16	24,183,500
September-15	52.69	48.10	3,711,500
October-15	60.40	49.55	10,433,000
November-15	59.85	48.25	3,626,500
December-15	54.39	44.64	4,130,000
January-16	52.10	43.02	2,779,500
February-16	48.00	39.02	3,521,000
March-16	47.25	40.15	2,044,000
April-16	43.95	37.09	3,647,500
May-16	44.19	37.50	6,874,000
June-16	40.45	36.00	3,507,000

Share price movement at PSX during FY16





Comments on the Results of Financial Performance

Comments on six years Profitability

Post capital market crises in 2008-09, the return on equity fluctuated from 4.4% to 21.5%. The variation is mainly attributable to Company's nature of business and dependence on performance of its investee companies and capital market.

Comments on six years Liquidity

The company has maintained its current ratio equivalent to or beyond 1.0x throughout the previous five years demonstrating sufficient capacity to pay its short term obligations.

Comments on six years Investment / Market

The company has made consistent annual distributions to its shareholders including cash dividends, bonus shares and specie dividends. The EPS of the Company hasn't dipped below the level of Rs. 2 per share during the six years.

Comments on six years Capital Structure

With a successful investment history, the company exhibited a healthy equity base. Approximately 90% of the assets of the Company contributed towards the earnings of the Company during the preceding five years indicating the efficient use of assets. Owing to the nature of the business, the Company endeavors to maintain a diversified portfolio.

Comments on six years Cash Flows

The company efficiently manages its cash flows which is reflected in its summary of cash low statement. The nature of business requires the company to inject cash through equity and loan in some of its strategic investments which is usually resourced from the dividends received from stable investee companies and financing from banks.

Comments on six years Balance sheet analysis

Currently, total asset base of the company stands at Rs. 36.8 billion, growing from Rs. 25.7 billion in the last 5 years. This translated in to compound growth rate of 6.17% per year.

Shareholders' equity have compound growth of 5.5% per year during the last six years. Reiteratively, the growth rate in equity is in addition to earnings distributed the shareholders as dividends.

Sound balance sheet strategy of the company has been witnessed in optimal use of financial leverage. Financial leverage ratio (Total liabilities to shareholders equity) of the company hovered in the range of 20-35%. At the end of current year, the ratio stands at 26.5%.

Comments on six years Profit and Loss analysis

Owning to the nature of business of the company inherent to implied risk factors sensitive to capital market, dividends and capital appreciation in value of strategic investments are the main contributors for revenues of the company whereas impairment loss and finance cost remained the major expenses in most of the years.

Analysis of Quarterly Results

		Quarter ended			
		Jun-16	Mar-16	Dec-15	Sep-15
Operating revenue	Quarter end	409,532,902	(2,202,937,964)	563,753,239	2,720,733,925
	Contribution to FY2016	27.5%	(147.7%)	37.8%	182.4%
	Year to date	1,491,082,102	1,081,549,200	3,284,487,164	2,720,733,925
Profit after tax	Quarter end	556,191,461	(2,196,190,513)	382,188,743	2,538,934,297
	Contribution to FY2016	43.5%	(171.4%)	29.8%	198.1%
	Year to date	1,281,123,988	724,932,527	2,921,123,040	2,538,934,297

Analysis of quarterly results

Significant portion of the Company's strategic investments are marked to market; and the interim operating results of the Company reflect the fluctuation in the capital market. Moreover, dividend income is essentially seasonal as dividend announcements are generally made periodically and accrued as income by the Company.

Operating revenues:

During the 1st quarter of the year under review, the company earned 182.4% of its annual operating revenue being Rs. 2,720.7 million, majorly based on gain on remeasurement on investment and dividend income amounting to Rs. 1,981.01million and 266.5 million respectively. Whereby, operating revenue in second quarter were also increased by 20.7% from the revenue earned in first quarter. The revenue was reduced in the third quarter which is due to loss on remeasurement of investment. However, the market price of shares were recovered which has resulted in increase in revenue in the fourth quarter.

Operating & other expenses:

Operating expenses were more uniformly distributed throughout the four quarters where the 3rd quarter emerged as the most efficient, contributing 20% to total operating expenses for the year while the 2nd quarter had the highest contribution of 34%. Other charges, which were largely incurred during the 4th quarter, stood at Rs. 16.3 million. The main component of other charges was donations during the period amounting to Rs. 16.3 million.

Finance costs:

Finance costs were mainly incurred on the short term borrowings facilities availed by the Company. The major expense contribution of 30% were made in the first quarter. However, the Company has efficiently reduced finance cost over the following three quarters and due to downward trend in interest by central bank's monetary policy throughout the year under review. The fourth quarter was the most efficient by contributing 17% of the finance cost and reduced cost by 21% as compare to third quarter.

Profit after tax:

The company's profitability principally followed the quarterly trends observed in operating revenues with Rs. 2,539 million of net income earned during the 1st quarter. The 1st quarter were also emerged as the best performing; contributing Rs. 2,539 million (198.1%) to profitability as the major share of operating revenues were recorded in the said quarter. Whereas, 4th quarter qualified as runner up with the net contribution of Rs. 556 million (43.5%) towards the net profit for the financial year 2015-16.

Shareholders' Information

Registered & Corporate Office

Arif Habib Centre
23, M.T. Khan Road
Karahi-74000
Tel: (021)32460717-9 Fax No: (021)32429653, 32468117
Email: info@arifhabibcorp.com
Website: www.arifhabibcorp.com

Share Registrar Office

Central Depository Company of Pakistan
Share Registrar Department
CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi
Tel: (021) 111-111-500 Toll Free:0800-23275
Fax: (021)34326053
URL: www.cdcpakistan.com
Email: info@cdcpak.com

Listing on Stock Exchanges

AHCL equity shares are listed on Pakistan Stock Exchange (PSX).

Stock Code

The stock code for dealing in equity shares of the Company at the stock exchanges is AHCL.

Investor Service Centre

AHCL share department is operated by Central Depository Company of Pakistan (CDC) Registrar Services. It also functions as an Investor Service Centre and has been servicing nearly 5,262 shareholders. The Investor Service Centre is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registration function. Team is headed by Mr. Abdus Samad at Registrar Office and Company Secretary at AHCL Registered Office.

For assistance, shareholders may contact either the Registered Office or the Share Registrar Office.

Contact Persons:

Mr. Manzoor Raza
Tel: (021)32467456
Email:manzoor.raza@arifhabibcorp.com

Mr. Altaf Jatoi
Tel: (021) 111-111-500
Email: altaf_jatoi@cdcpak.com

Statutory Compliance

During the year the Company has complied with all applicable provisions, filed all returns/forms and furnished all the relevant information as required under the Companies Ordinance, 1984 and allied laws and rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the Listing Regulations.

Cash Dividend Announcement

A final Cash Dividend for the year ended 30th June 2016 at Rs. 2.5 per share i.e. 25% has been recommended by the Board of Directors.

Book Closure Dates

The Share Transfer Books of the Company will be closed from 22nd October, 2016 to 29th October, 2016 (both days inclusive). Transfers received in order at the office of our Share Registrar M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi at the close of the business on Friday, 21st October, 2016 will be considered in time for the determination of entitlement of shareholders to cash dividend and to attend and vote at the meeting

Dispatch of dividend warrants

Subject to the approval by members in the AGM, the company expects to dispatch the final dividend warrants on or before 30th November 2016, being the statutory limit of 30 days from the date of General Meeting in which the dividend is approved.

Legal Proceedings

No case has ever been filed by shareholders against the Company for non-receipt of share / dividend.

General Meetings & Voting Rights

Pursuant to Section 158 of the Companies Ordinance, 1984, AHCL holds a General Meeting of Shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all the shareholders at least 21 days before the meeting and also published in at least one English and one Urdu newspaper having circulation in all provinces.

Proxies

Pursuant to Section 161 of the Companies Ordinance, 1984 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote a General Meeting of the Company can appoint another member as his / her proxy to attend and vote at the meeting. Every notice calling a General Meeting of the Company contains a statement that shareholder entitled to attend and vote is entitled to appoint a proxy.

The instrument appointing proxy, duly signed by the shareholder should be deposited at the office of the Share Registrar of the Company not less than 48 hours before the meeting.

Web Presence

The website of the company has been redesigned to give an investor friendly look. Further, the website has been updated in accordance with SRO 25(I)/2012 of SECP dated 16th January 2012. Updated information about the Company and its affiliates can be accessed at AHCL web site, www.arifhabibcorp.com

Shareholding Pattern

The shareholding pattern of the equity share capital of the Company as on 30th June 2016 alongwith categories of shareholders are given on page 61 to 64 of this report.

Corporate Memberships

Enjoying the status of being one of the most diversified corporate entities, AHCL has associated itself with some well-reputed professional bodies to further strengthen its management practices. These institutions include:

Pakistan Institute of Corporate Governance

Good corporate governance is an essential pre-requisite for the integrity and credibility of any company. It builds greater confidence and trust by ensuring transparency, fairness and accountability with respect to shareholders and other stakeholders. Giving due importance to this objective, AHCL has obtained corporate membership of the Pakistan Institute of Corporate Governance (PICG). The PICG aims to becoming the leading provider of knowledge about best practices in corporate governance to all key stakeholders involved in or affected by corporate governance with the objective of bringing about national economic and social transformations by improving the quality of corporate governance in Pakistan that are comparable with the best global practices in good governance. PICG is involved in training and education, creating awareness, undertaking research, publishing guidelines and other resource material. It also serves as a platform to provide value-added services and regular activities that in addition to other benefits also offer networking opportunities. Being an associate member of the PICG, AHCL aims to take full advantage of these resources at PICG to implement best practices and good corporate governance throughout the Company.

Management Association of Pakistan

Management Association of Pakistan (MAP) was formed in 1964 by a small group of dedicated entrepreneurs and senior professional managers, who were keenly aware of the demands that were likely to be made on managerial talent within the country, as a result of the rapid increase in the tempo of industrial activity.

MAP offers the opportunity to network, learn and get involved with an objective to improve the effectiveness of individuals and organisations in product development and management. Since its inception the Association has established itself as a major forum for training and communication of ideas in the field of management in Pakistan. Its status and contribution are widely recognised.

The Association organises programmes covering a wide range of management principles and practices. Being an associate member of the MAP, AHCL aims to take full advantage of these resources at MAP to implement best practices of corporate excellence and good corporate governance throughout the Company.

Pakistan Centre for Philanthropy

Pakistan Centre for Philanthropy (PCP) is an independent non-profit support organisation registered under the Companies Ordinance, 1984 with a vision “to link the three sectors of society i.e. government, business and civil society organisations in a synergistic partnership for development” and mission “to promote the volume and effectiveness of philanthropy for social development in Pakistan”. PCP is led by an active and effective Board, comprising of eminent citizens, representatives of civil society organisations and business leaders.

Giving due importance to this objective, AHCL has obtained corporate membership of the PCP.

Report of the Audit Committee on Adherence to the Best Practices of Code of Corporate Governance

The audit committee has concluded its annual review of the conduct and operations of the Company during financial year ended on 30th June 2016, and reports that:

- The Company has adhered in full, without any material departure, with both mandatory and voluntary provisions of the listing regulation of Pakistan Stock Exchange, Company's statement of ethics and values and the international best practices of Governance throughout the year.

- Compliance has been confirmed from the members of the Board, the Management and employees of the Company individually. Equitable treatment of shareholders has also been ensured.

- The Company has issued a "Statement of Compliance with the Best Practices of Code of Corporate Governance" which has also been reviewed by the auditors of the Company.

- Appropriate accounting policies have been consistently applied except for adoption of certain new standards and amendments to existing standards as disclosed in notes 2.5 to the financial statements. Applicable accounting standards were followed in preparation of financial statements of the Company and consolidated financial statements on a going concern assumption basis, for the financial year ended 30th June 2016, which present fairly the state of affairs, results of operations, profits, cash flows and changes in equities of the Company and its subsidiaries for the year under review.

- The Chief Executive Officer and the Chief Financial Officer have reviewed the financial statements of the Company, consolidated financial statements and the Directors' Report and presented the financial statements, duly endorsed under their respective signatures, for consideration and approval of the Board of Directors. They acknowledge their responsibility for true and fair presentation of the financial statements, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and system of the Company.

- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with Companies Ordinance, 1984.

- The financial statements comply with the requirements of the Fourth Schedule to the Companies Ordinance, 1984 and applicable "International Accounting Standards/International Financial Reporting Standards (IFRS)" notified by SECP.

- All direct and indirect trading and holdings of the Company's shares by Directors & Executives or their spouse were notified in writing to the Company Secretary along with the price, number of shares, form of share certificate and nature of transaction which were notified by the Company Secretary to the Board with in the stipulated time. All such holdings have been disclosed in the pattern of Shareholdings.

Internal Audit

The internal control framework has been effectively implemented through an independent in-house Internal Audit function established by the Board.

- The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy.

- The Audit Committee has ensured the achievements of operational, compliance and financial reporting objectives, safeguarding of the assets of the Company and the shareholders wealth through effective financial operational and compliance controls and risk management at all levels within the Company.

- The Head of Internal Audit has direct access to the Chairman of the Audit Committee and the Committee has ensured staffing of personnel with sufficient internal audit acumen.

- Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

External Auditors

- The statutory Auditors of the Company, M/s. KPMG Taseer Hadi & Co., Chartered Accountants, have completed their audit assignments of the "Company's Separate Financial Statements", the "Consolidated Financial Statements" and the "Statement of Compliance with the Code of Corporate Governance" for the financial year ended 30th June 2016 and shall retire on the conclusion of the 22nd Annual General Meeting.

- The Audit Committee has reviewed and discussed Audit observation and Draft Audit Management Letter with the External Auditors. Final Management Letter is required to be submitted within 45 days of the date of Auditors' Report on financial statements under the listing regulations and shall thereof accordingly be discussed in the next Audit Committee Meeting.

- The Audit Firm has been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by the ICAP. The Auditors attended the general meetings of the Company during the year and have confirmed attendance of the Annual General Meeting scheduled on 29th October 2016.

- Being eligible for re-appointment as Auditors of the Company, the Audit Committee recommends reappointment of M/s. KPMG Taseer Hadi & Co., Chartered Accountants for the financial year ending on 30th June 2017.

Karachi: 27th September 2016

Chairman – Audit Committee

Statement of Compliance with the Code of Corporate Governance

Arif Habib Corporation Limited
For The Year Ended 30th June 2016

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulations under Clause 5.19 (Code of Corporate Governance) of the Rule Book of Pakistan Stock Exchange Limited (PSX) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

Category	**Names**
Independent Director	Mr. Sirajuddin Cassim
Executive Director	Mr. Arif Habib
Non-Executive Directors	Mr. Asadullah Khawaja Mr. Nasim Beg Mr. Samad A. Habib Mr. Kashif A. Habib Mr. Muhammad Ejaz

The independent director meets the criteria of independence under clause 5.19.1.(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies).

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a Broker of the stock exchange, has been declared as a defaulter by the stock exchange.

4. No casual vacancy has occurred on the board during the reporting period.

5. The company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.

8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. No director is required to attend the directors training course conducted by the Pakistan Institute of Corporate Governance (PICG) during the year. Three directors had already completed this course earlier. Other directors are exempt from attending the directors training program as per criteria approved under Code of Corporate Governance.

10. The board has approved appointment of Head of Internal Audit, including his remuneration and terms and conditions of employment. Further, no new appointments of CFO & Company Secretary were made during the year under review.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises 3 members, of whom all are non-executive directors and the chairman of the committee is an independent director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed an HR and Remuneration Committee. It comprises 4 members, of whom 3 are non-executive directors and the chairman of the committee is a non-executive director.

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

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

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.

22. Material/price sensitive information has been disseminated among all market participants at once through the stock exchange.

23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

24. We confirm that all other material principles enshrined in the CCG have been complied with.

ARIF HABIB
Chief Executive Officer

Karachi, 27th September 2016

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

Telephone + 92 (21) 3568 5847
Fax + 92 (21) 3568 5095
Internet www.kpmg.com.pk

Review Report to the Members on Statement of Compliance of Code of the Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of **Arif Habib Corporation Limited** ("the Company") for the year ended 30 June 2016 to comply with the requirements of Listing Regulations of Pakistan Stock Exchange where the Company is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2016.

Date: 27 September 2016

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Moneeza Usman Butt

Audited Financial Statements
For the year ended 30th June 2016

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

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Auditors' Report to the Members

We have audited the annexed balance sheet of **Arif Habib Corporation Limited** ("the Company") as at 30 June 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied except for the changes as stated in note 2.5 with which we concur;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

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c) in our opinion, and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of the profit, other comprehensive income, its cash flows and changes in equity for the year then ended; and

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

Date: 27 September 2016

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Moneeza Usman Butt

Balance Sheet
As at 30th June 2016

	Note	2016	2015
		(Rupees)	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital		**10,000,000,000**	10,000,000,000
Issued, subscribed and paid up share capital	4	**4,537,500,000**	4,537,500,000
Reserves		**24,525,530,636**	24,907,431,695
		29,063,030,636	29,444,931,695
Non-current liabilities			
Deferred taxation	5	**2,623,901,023**	2,331,789,966
Long term loan	6	**147,819,191**	346,854,503
Long term payable		**-**	1,700,179,646
		2,771,720,214	4,378,824,115
Current liabilities			
Trade and other payables	7	**1,905,179,120**	1,815,576,478
Mark-up accrued on borrowings		**173,878,386**	42,945,861
Short term borrowings	8	**2,547,610,430**	3,360,000,000
Current maturity of long term loan	6	**149,035,318**	49,035,322
Provision for taxation		**153,988,654**	505,567,741
		4,929,691,908	5,773,125,402
		36,764,442,758	39,596,881,212
Contingencies and commitments	9		

Balance Sheet

As at 30th June 2016

	Note	2016	2015
		(Rupees)	
ASSETS			
Non-current assets			
Operating fixed assets	10	**43,437,245**	50,787,754
Intangible assets	11	**353,760**	566,016
Investment properties	12	**1,646,538,800**	2,661,504,400
Long term investments	13	**28,810,290,871**	31,123,833,356
Long term deposits	14	**1,938,930**	1,951,390
		30,502,559,606	33,838,642,916
Current assets			
Loans and advances	15	**785,706,360**	1,087,898,563
Prepayments		**1,577,137**	15,190,280
Advance tax		**169,477,037**	487,184,477
Mark-up receivable	16	**19,756,811**	18,855,901
Other receivables	17	**2,461,964**	1,216,811,964
Short term investments	18	**5,227,924,435**	907,015,462
Cash and bank balances	19	**25,033,510**	2,025,281,649
Assets held for sale	20	**29,945,898**	-
		6,261,883,152	5,758,238,296
		36,764,442,758	39,596,881,212

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

Chief Executive Officer

Director

Profit and Loss Account

For the year ended 30th June 2016

	Note	2016	2015
		(Rupees)	
Operating revenue	21	**1,491,082,102**	5,241,669,567
Operating and administrative expenses	22	**(117,011,097)**	(143,311,687)
Unrealised gain on remeasurement of investment property	12	**485,214,046**	-
Impairment loss on investments		**-**	(428,009,244)
Other income	23	**3,078,009**	3,002,061
Finance cost	24	**(277,668,410)**	(241,612,409)
Other charges	25	**(16,348,531)**	(186,659,023)
Profit before tax		**1,568,346,119**	4,245,079,265
Taxation	26	**(287,222,131)**	193,674,007
Profit after tax		**1,281,123,988**	4,438,753,272
Earnings per share - basic and diluted	27	**2.82**	9.78

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

Chief Executive Officer

Director

Statement of Comprehensive Income

For the year ended 30th June 2016

	Note	2016	2015
		(Rupees)	
Profit for the year		**1,281,123,988**	4,438,753,272
Other comprehensive income			
Items that are or may be reclassified subsequently to profit and loss account			
Unrealised diminution during the year on remeasurement of investments classified as 'available for sale'		**(32,469,533)**	(103,996,280)
Related tax thereon		**(27,191,991)**	-
		(59,661,524)	(103,996,280)
Reclassification adjustments relating to disposal of investments - net		**211,636,477**	65,961,019
Impairment loss recognised on investment		**-**	428,009,244
		211,636,477	493,970,263
Other comprehensive income		**151,974,953**	389,973,983
Total comprehensive income		**1,433,098,941**	4,828,727,255

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

Chief Executive Officer

Director

Cash Flow Statement

For the year ended 30th June 2016

	Note	2016	2015
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) generated from operations	29	**(1,958,511,557)**	60,283,711
Income taxes paid		**(56,174,712)**	(140,006,894)
Dividend received		**336,908,617**	1,194,276,536
Interest received		**144,220,012**	245,525,038
Finance cost paid		**(146,735,885)**	(256,978,937)
Net cash (used in) generated from operating activities		**(1,680,293,525)**	1,103,099,454
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		**(1,064,673)**	(3,037,414)
Proceeds from sale of operating fixed assets		**44,790**	67,352
Acquisition of long term investments		**(2,270,419,390)**	(1,114,597,987)
Proceeds from sale of long term investments		**4,677,897,085**	1,032,186,015
Long term deposits - net		**12,460**	600,000
Net cash (used in) investing activities		**2,406,470,272**	(84,782,034)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of long term loan		**-**	201,724,100
Repayment of long term loan		**(99,035,316)**	(48,855,727)
Dividend paid		**(1,815,000,000)**	(1,134,375,000)
Net cash used in financing activities		**(1,914,035,316)**	(981,506,627)
Net decrease in cash and cash equivalents		**(1,187,858,569)**	36,810,793
Cash and cash equivalents at beginning of the year		**(1,334,718,351)**	(1,371,529,144)
Cash and cash equivalents at end of the year	30	**(2,522,576,920)**	(1,334,718,351)

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

Chief Executive Officer

Director

Statement of Changes in Equity

For the year ended 30th June 2016

	Issued, subscribed and paid up share capital	Revenue reserves				Total
		Unrealized appreciation / (diminution) on remeasurement of investments classified as 'available for sale'	General reserve	Unappropriated profit	Sub total	
			(Rupees)			
Balance as at 1 July 2014	4,537,500,000	(601,609,981)	4,000,000,000	17,814,689,421	21,213,079,440	25,750,579,440
Total comprehensive income for the year						
Profit for the year	-	-	-	4,438,753,272	4,438,753,272	4,438,753,272
Other comprehensive income						
Unrealised diminution during the year on remeasurement of investments classified as 'available for sale'	-	(103,996,280)	-	-	(103,996,280)	(103,996,280)
Reclassification adjustments relating to disposal of investments - net	-	65,961,019	-	-	65,961,019	65,961,019
Impairment loss recognised on investment	-	428,009,244	-	-	428,009,244	428,009,244
	-	389,973,983	-	4,438,753,272	4,828,727,255	4,828,727,255
Transactions with owners recorded directly in equity - Distributions						
Final cash dividend at the rate of Rs. 2.5 per share for the year ended 30 June 2014	-	-	-	(1,134,375,000)	(1,134,375,000)	(1,134,375,000)
Balance as at 30 June 2015	**4,537,500,000**	**(211,635,998)**	**4,000,000,000**	**21,119,067,693**	**24,907,431,695**	**29,444,931,695**
Total comprehensive income for the year						
Profit for the year	-	-	-	1,281,123,988	1,281,123,988	1,281,123,988
Other comprehensive income						
Unrealised diminution during the year on remeasurement of investments classified as 'available for sale' - net of related tax	-	(59,661,524)	-	-	(59,661,524)	(59,661,524)
Reclassification adjustments relating to disposal of investments - net	-	211,636,477	-	-	211,636,477	211,636,477
	-	151,974,953	-	1,281,123,988	1,433,098,941	1,433,098,941
Transactions with owners recorded directly in equity - Distributions						
Final cash dividend at the rate of Rs. 4 per share for the year ended 30 June 2015	-	-	-	(1,815,000,000)	(1,815,000,000)	(1,815,000,000)
Balance as at 30 June 2016	**4,537,500,000**	**(59,661,045)**	**4,000,000,000**	**20,585,191,681**	**24,525,530,636**	**29,063,030,636**

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

Chief Executive Officer

Director

Notes to the Financial Statements
For the year ended 30th June 2016

1. STATUS AND NATURE OF BUSINESS

Arif Habib Corporation Limited ("the Company") was incorporated in Pakistan on 14 November 1994 as a public limited company under the Companies Ordinance, 1984. The Company is listed on the Pakistan Stock Exchange Limited. The principal activity of the Company is to make strategic investments in subsidiary companies and associates engaged in diversified sectors and investment in other securities. The registered office of the Company is situated at Arif Habib Centre, 2nd Floor, 23, M. T. Khan Road, Karachi, Pakistan. The Company is domiciled in the province of Sindh.

These financial statements are separate financial statements of the Company in which investments in subsidiaries and associates are accounted for on the basis of direct equity interest rather than on the basis of reported results. Consolidated financial statements are prepared separately.

The Company has following long term investments:

Name of Companies

Subsidiaries	*Shareholding*
- Arif Habib Limited, a brokerage house	73.29%
- Pakistan Opportunities Limited	85.00%
- Sachal Energy Development (Private) Limited, a wind power generation company	99.99%
Associates	
- MCB - Arif Habib Savings and Investments Limited	30.09%
- Pakarab Fertilizers Limited	30.00%
- Fatima Fertilizer Company Limited	15.19%
Others	
- Takaful Pakistan Limited	10.00%
- Al-Khabeer Financial Services (Private) Limited	5.00%
- Sunbiz (Private) Limited	4.65%

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for investment property, derivatives, investments classified as ‘held for trading’ and ‘available for sale’ which are stated at fair value and assets classified as ‘held for sale’ which are measured at lower of fair value less cost to sell and carrying amount.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Company’s functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded to the nearest rupee.

2.4 Use of estimates and judgments

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

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

- Provision for taxation (note 3.2)
- Useful lives and residual values of operating fixed assets (note 3.3)
- Useful lives and residual values of intangible assets (note 3.4)
- Classification of investments (note 3.5.1 - 3.5.1.6)
- Fair value of investments (note 3.5.1 - 3.5.1.6)
- Impairment of investments (note 3.5.2)
- Investment property (note 3.7)
- Derivative financial instruments (note 3.9)

2.5 Amendments / interpretation to existing standard and forthcoming requirements

Standards, amendments or interpretations which became effective during the year

During the year certain new standards and amendments to existing Standards became effective which did not have any significant impact on the Company's financial statements except for adoption of IFRS - 13 'Fair Value Measurement'. IFRS - 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as 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. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 Financial Instruments: Disclosures. As a result, the Company has included additional disclosures in this regard in note 33 to these financial statements. In accordance with the transitional provisions of IFRS 13, the Company has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosure. Notwithstanding the above, the change had no impact on the measurements of the Company's assets and liabilities.

New / revised accounting standards, amendments to published accounting standards and interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2016:

- Amendments to IAS 38 'Intangible Assets' and IAS 16 'Property, Plant and Equipment' (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 – 'Consolidated Financial Statements' and IAS 28 – 'Investments in Associates and Joint Ventures') [effective for annual periods beginning on or after 1 January 2016] clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on Company's financial statements.

- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on Company's financial statements.

- Amendment to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on Company's financial statements.

- Agriculture: 'Bearer Plants' [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

- Amendments to IFRS 2 - 'Share-based Payment' clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognised for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.

- Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2017). The new cycle of improvements contain amendments to the following standards:

  - IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

  - IFRS 7 'Financial Instruments - Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognised in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

  - IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

  - IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies set out below are consistently applied for all periods presented in these financial statements except for changes mentioned in note 2.5 to these financial statements.

3.1 Staff retirement benefits

Defined contribution plan

The Company operates a recognised provident fund for all its eligible permanent employees. Equal monthly contributions are made by the Company and employees to the fund at the rate of 12.50% of basic salary.

3.2 Taxation

Income tax expense comprises of current, prior year and deferred tax. Income tax expense is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of prior years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the balance sheet date between the tax base and carrying amount of assets and liabilities for financial reporting purposes.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and carried forward unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carried forward unused tax losses can be utilised. Carrying amount of all deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

3.3 Operating fixed assets

Owned

Operating fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset including borrowing cost incurred on qualifying assets. Subsequent costs are included in the asset's carrying amount 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 its cost can be measured reliably. Cost incurred to replace a component of an item of property and equipment is capitalised and the asset so replaced is retired from use and its carrying amount is derecognised. Normal repairs and maintenance are charged to the profit and loss account in the period in which they are incurred.

Depreciation on all operating fixed assets are charged to the profit and loss account using the reducing balance method over the asset's useful life at the rates specified in respective note. The depreciation is charged full in the month of acquisition and no depreciation is charged in the month of disposal. Gains or losses on disposal of an item of operating fixed assets are recognised in the profit and loss account. The assets' residual value and useful life are reviewed at each financial year end, and adjusted if appropriate. Further, when the written down value of the asset falls below Rs. 10,000 the same is charged directly to the profit and loss account.

Leased

Leased assets which are obtained under Ijarah agreement are not recognised in the Company's balance sheet and are treated as operating lease based on Islamic Financial Accounting Standard (IFAS) 2 issued by the Institute of Chartered Accountants of Pakistan and notified by Securities and Exchange Commission of Pakistan vide S.R.O. 43 (1) / 2007 dated 22 May 2007. Payments made under operating lease are charged to the profit and loss account on a straight line basis over the lease term.

3.4 Intangible assets

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged using the straight line method over assets estimated useful life at the rates stated therein, after taking into account residual value, if any. The residual values, useful lives and amortization methods are reviewed and adjusted, if appropriate, at each balance sheet date.

Amortization on additions is charged from the month the assets are put to use while no amortisation is charged in the month in which the assets are disposed off. Gain and losses on disposal of such assets, if any, are included in the profit and loss account.

3.5 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value. Financial assets are derecognised when the contractual right to the cash flow from the financial assets expires or is transferred. Financial liabilities are derecognised when they are extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires.

3.5.1 Investments

All investments are initially recognised at fair value, being the cost of the consideration given including transaction costs associated with the investment, except for those classified as fair value through profit or loss, in which case the transaction costs are charged to the profit and loss account.

All purchases and sales of securities that require delivery within the time frame established by regulation or market conventions such as 'T+2' purchases and sales are recognised at the trade date. Trade date is the date on which the Company commits to purchase or sell the financial assets.

Management determines appropriate classification of investment in accordance with the requirements of approved accounting standards as applicable in Pakistan.

The Company classifies its investments in the following categories:

3.5.1.1 Subsidiaries and associates

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

The Company considers its associates to be such entities in which the Company has ownership, of not less than twenty percent but not more than fifty percent, of the voting power and / or has significant influence, but not control or has joint control, over the financial and operating policies.

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

Investments in associates are accounted for under 'IAS 39 - Financial instruments Recognition and Measurement' considering each investment individually.

The Company manages its investment in associates classified at fair value through profit or loss upon initial recognition, with an intention to sell them in the future upon receiving its fair value in accordance with the Company's documented investment strategy.

Associates classified as at fair value through profit or loss are measured at fair value, and changes therein are recognised in the profit and loss account. Whereas, in the case of available for sale, such gain or loss is recognised directly in other comprehensive income. Where an active market of the quoted investment exists, fair value is determined through Pakistan Stock Exchange Limited's (formerly Karachi Stock Exchange Limited) daily quotation. In case of unquoted investment, where active market does not exist, fair value is determined using valuation techniques. The investment in equity instruments that do not have a market / quoted price in an active market and whose fair value cannot be reliably measured are carried at cost less impairment, if any.

3.5.1.2 At fair value through profit or loss

A financial assets is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Financial assets are designated at fair value through profit and loss if Company manages such investments and make purchase and sale decisions based on their fair values in accordance with Company's investment strategies. Investments which are acquired principally for the purpose of selling in the near term or the investments that are part of a portfolio of financial instruments exhibiting short term profit taking are classified at fair value through profit or loss - held for trading. Financial assets at fair value through profit or loss are measured at fair values with any resulting gains or losses recognised in the profit and loss account. The fair value of such investment, representing listed equity securities are determined on the basis of prevailing market prices at the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited) or redemption / repurchase prices, whichever is applicable, in case of other securities.

3.5.1.3 Available for sale

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity. At each balance sheet date, these investments are re-measured at fair value and the resulting gains or losses are recognised directly in other comprehensive income until the investment is disposed off or impaired at which time these are transferred to the profit and loss account.

Where active market of the quoted investment exists, fair value of quoted investments is determined using quotations of Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited). The investments for which a quoted market price is not available, are measured at cost, unless fair value can be reliably measured. Such fair value estimates are subjective in nature, and therefore, cannot be determined with precision.

3.5.1.4 Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are initially recognised at fair value plus any directly attributable transactions costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

3.5.1.5 Held to maturity

Held to maturity are non derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. These assets are initially recognised at fair value plus any directly attributable transactions costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

3.5.1.6 Financial Liabilities

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss. Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

3.5.2 Impairment

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

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

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

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

3.5.3 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and only the net amount is reported in the statement of assets and liabilities sheet when there is a legally enforceable right to set off the recognised amount and the Company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the Company or the counterparties.

3.6 Assets held for sale

Non-current assets or disposal groups comprising assets and liabilities are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets are generally measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held for sale, intangible assets and operating fixed assets are no longer amortised or depreciated, and any equity accounting investee is no longer equity accounted.

3.7 Investment property

Investment property comprises land and building, held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the supply of services or for administrative purposes.

Investment property is measured initially at cost. Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the profit and loss accounts in the period in which they arise.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the profit and loss account.

3.8 Purchase under resale agreement

Transactions of purchase under resale (Reverse-repo) of marketable securities are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resale at a specified future date (Reverse-repo) are not recognised in the balance sheet. Amounts paid under these agreements in respect of reverse repurchase transactions are included in assets.

The difference between purchase and resale price is treated as income from reverse repurchase transactions in marketable securities and accrued on a time proportion basis over the life of the reverse repo agreement.

3.9 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value with resulting changes in fair value recognised in the profit and loss account. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

3.10 Trade and other receivables

Trade and other receivables are carried at cost, which is the fair value of the consideration to be received, less provision for doubtful debts, if any.

3.11 Trade and other payables

Trade and other payables are carried at cost, which is the fair value of the consideration to be paid, in the future for goods and services received.

3.12 Short term borrowings

Mark-up bearing borrowings are recognised initially at fair value, less any directly attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the profit and loss account over the period of the borrowings on an effective interest basis.

3.13 Revenue recognition

- Gain / loss on sale of investments are recognised in the profit and loss account on the date of transaction.
- Dividend income is recognised when the Company's right to receive such dividend is established.
- Put Option fee is recognised on time proportion basis over the period of its tenor.
- Interest income on bank deposits and loans are recognised on time proportion basis that takes into account the effective yield.
- Guarantee fee is recognised based on the agreed rate with counter party.
- Miscellaneous income, if any, is recognised on receipt basis.

3.14 Provisions

Provision is recognised when, as a result of past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Subsequently, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.15 Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument and are measured initially at fair value. Financial assets are derecognised when the contractual right to the cash flow from the financial assets expires or is transferred. Financial liabilities are derecognised when they are extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires.

3.16 Foreign currency

Foreign currency transactions are translated into Pakistan Rupees using the exchange rates prevailing at the date of the transactions. All the monetary assets and liabilities in foreign currencies, at the balance sheet date, are translated into Pakistan Rupees at the exchange rates prevailing on that date. Foreign exchange gains and losses on translation are recognised in the profit and loss account. Non-monetary assets and liabilities, denominated in foreign currency that are measured at fair value are translated using exchange rate prevailing at the date the fair values are determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3.17 Mark-up bearing borrowings

Mark-up bearing borrowings including borrowing under Musharakah are recognised initially at fair value, less attributable transaction cost. Subsequent to their initial recognition, mark-up bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the profit and loss account over the period of borrowings on an effective interest basis.

3.18 Cash and cash equivalents

Cash and cash equivalent for the purpose of cash flow statement comprises of cash in hand, cash at bank and short term borrowings.

3.19 Dividend and appropriation to reserve

Dividend distribution to the Company's shareholders and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

The Company measures the liability to distribute non-cash assets as a dividend to the shareholders at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date. On settlement of the transaction, the Company recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit and loss account.

3.20 Expenses

All expenses are recognised in the profit and loss account on an accrual basis.

4. SHARE CAPITAL

4.1 Authorised share capital

2016	2015			2016	2015
(Number of shares)				(Rupees)	
1,000,000,000	1,000,000,000	Ordinary shares of Rs. 10 each		**10,000,000,000**	10,000,000,000

4.2 Issued, subscribed and paid up share capital

2016	2015		Note	2016	2015
5,000,000	5,000,000	Ordinary shares of Rs. 10 each fully paid in cash		**50,000,000**	50,000,000
450,750,000	450,750,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares		**4,507,500,000**	4,507,500,000
455,750,000	455,750,000			**4,557,500,000**	4,557,500,000
(2,000,000)	(2,000,000)	Ordinary shares of Rs. 10 each bought back at Rs. 360 per share	4.2.1	**(20,000,000)**	(20,000,000)
453,750,000	453,750,000			**4,537,500,000**	4,537,500,000

4.2.1 During financial year 2005-2006, the Company bought back two million shares of Rs. 10 each from its shareholders through tender notice at a price of Rs. 360 per share in accordance with section 95-A of the Companies Ordinance, 1984 and Companies (Buy-back of shares) Rules, 1999. The acquisition resulted in reduction of capital and unappropriated profit by Rs. 20 million and Rs. 700 million respectively, in the relevant year.

4.2.2 At year end, Mr. Arif Habib and Mrs. Zetun Arif held 57.69% (2015: 57.69%) and 16.29% (2015: 16.29%) of ordinary shares in the Company respectively.

5. DEFERRED TAXATION - net

Deferred tax liability comprises of taxable / (deductible) temporary differences in respect of the following:

	2016	2015
	(Rupees)	
Taxable temporary differences		
- Accelerated tax depreciation	**1,342,388**	911,105
- Investment in associates classified as at fair value through profit or loss	**2,696,908,313**	2,463,908,313
- Unrealised gain on investments	**58,679,774**	-
Deductible temporary differences		
- Unused tax credits	**(116,289,452)**	(116,289,452)
- Impairment loss on long term investment - unquoted	**(16,740,000)**	(16,740,000)
	2,623,901,023	2,331,789,966

6. LONG TERM LOAN - secured

	Note	2016	2015
From related party:			
Term finance loan - *Conventional*	6.1	**150,000,000**	200,000,000
Less: current portion		**(100,000,000)**	-
		50,000,000	200,000,000
Others:			
Term finance loan - *Conventional*	6.2	**145,812,870**	194,417,158
Less: current portion		**(48,604,290)**	(48,604,294)
		97,208,580	145,812,864
Diminishing musharakah financing - *Islamic*	6.3	**1,041,639**	1,472,667
Less: current maturity		**(431,028)**	(431,028)
		610,611	1,041,639
		147,819,191	346,854,503

6.1 The Company obtained term finance facility of Rs. 200 million from Summit Bank Limited, related party, under mark-up arrangement at the rate of 3 month KIBOR+2.00% to be charged on quarterly basis. The loan is repayable in eight equal quarterly instalments after completion of one year grace period ending on 18 November 2017. The loan is secured against ranking charge on an associate's property situated at Naya Nazimabad, Survey # 248, 249, 250 with 30% margin and personal guarantee of Chief Executive Officer of the Company.

Notes to the Financial Statements

For the year ended 30th June 2016

6.2 The Company obtained term finance facility of Rs. 243.021 million from a commercial bank under mark-up arrangement at the rate of 6 month KIBOR+2.50% to be charged on semi-annual basis. The loan is repayable in ten equal semi-annual instalments ending on 19 March 2019. The loan is secured against first pari passu charge of Rs. 333.333 million over present and future assets (excluding shares pledged against short term borrowings) of the Company inclusive of 25% margin and pledge of shares of associated undertaking with 30% margin. The market value of pledged shares as collateral amounts to Rs. 250.39 million (2015: Rs. 289.737 million) at balance sheet date.

6.3 The Company has acquired a vehicle under diminishing musharakah financing arrangement entered into with First Habib Modaraba for a period of 4 years with monthly principal repayment. The financing is secured against the respective vehicle and promissory note issued in favour of the lender. The effective rate of interest on the borrowing is 10% per annum.

7. TRADE AND OTHER PAYABLES

		2016	2015
		(Rupees)	
Creditors		-	5,959,200
Accrued liabilities		**1,376,926**	1,199,487
Other liabilities		**1,043,951**	481,623
Provision for Workers' Welfare Fund	7.1	**387,631,507**	387,631,507
Deposit from profit participant	7.2	**1,499,000,000**	-
Fair value of written put option	21.4	-	1,214,400,000
Unearned option fee		-	19,244,022
Unclaimed dividend		**16,126,736**	186,660,639
		1,905,179,120	1,815,576,478

7.1 During the year ended 30 June 2011, the Honourable High Court of Lahore vide their order in respect of writ petition No. 8763/2011, has declared amendments introduced through Finance Acts 2006 and 2008 in Workers' Welfare Ordinance, 1971 as unconstitutional. Further, the Company has also filed a writ petition in the High Court of Sindh at Karachi to impugn the amendments made to the Workers' Welfare Ordinance, 1971, vide Finance Act 2008. Moreover, the Appellate Tribunal Inland Revenue, Islamabad has also settled issue of Workers' Welfare Fund in the favour of taxpayers and against the Inland Revenue Service Department in ITA No. 38/1B/2012 (Tax year 2009), ITA No. 136/IB/2012 (Tax year 2009) and ITA No. 137/IB/2012 (Tax year 2010) dated 21 May 2012. During the third quarter ended 31 March 2013, the Honourable High Court of Sindh (SHC) vide their order in respect of Constitutional Petition bearing No. D-2753/2009 has declared that amendments to the Workers Welfare Fund Ordinance, 1971 through Finance Act 2006 and 2008 do not suffer from any constitutional or legal infirmity. On the basis of the aforementioned order of SHC, the Company's writ petition was disposed off on the same grounds.

Being aggrieved by the decision of SHC, the Company has filed a constitutional petition challenging the order of SHC before the Supreme Court of Pakistan. Management of the Company is contesting the case vigorously and as per the legal counsel, the Company has a reasonable case and management is confident that the petition will be decided in favour of the Company.

Consequent to eighteen amendments in the Finance Act 2010, the welfare of labour is now the domain of respective provinces of Pakistan. As a result, Sindh Workers' Welfare Fund Act, 2014 became effective from 21 May 2015. Management has sought legal advice on applicability of the Act to the Company. Based on the advice, management has not recognised further charge in respect of WWF as the nature of business / activities of the Company is not covered under the definition of industrial establishment provided in the Act. Management has discontinued recognising WWF charge under Worker Welfare Ordinance 1971 due to promulgation of SWWF Act, 2014 and maintained previous provision recognised under the Ordinance till the disposition of the case.

7.2 It represents deposit received from a profit participant procured by the existing sponsor of Silkbank Limited, under the Option Agreement dated 15 December 2015. As per the terms of the agreement, the Company has granted one year option to existing sponsor to purchase entire investment in Silkbank Limited at an agreed price not more than Rs. 1.872 per share. In the event of exercise of Purchase option, the profit will be shared by the Company with the profit participant in an agreed ratio and the deposit amount will be refunded to the profit participant. In case the option is not exercised, then the Company will adjust entire amount of deposit through sale and repurchase transaction between the Company and profit participant, thereby reducing the Company's purchase price as per agreement.

8. SHORT TERM BORROWINGS - conventional		**2016**	2015
		(Rupees)	
Secured - from banking companies			
From related parties:			
Term finance	8.1	**360,000,000**	360,000,000
Others			
Running finance under mark-up arrangement	8.2	**2,187,610,430**	-
Unsecured			
Other than banking companies - related party		**-**	3,000,000,000
		2,547,610,430	3,360,000,000

8.1 The Company availed Term Finance Loan of Rs. 360 million from Summit Bank Limited, related party, for a period of six months. The facility carries mark-up at the rate of 3 month KIBOR +2% and is payable on quarterly basis. The facility is secured against charge over receivables of the Company with 25% margin.

8.2 Short term running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 2,800 million (2015: Rs. 2,800 million), which represents the aggregate of sale prices of all mark-up agreements between the Company and the banks. These facilities have various maturity dates up to 31 January 2017. These arrangements are secured against pledge of marketable securities with minimum 30% margin (2015: 30% margin).

These running finance facilities carry mark-up ranging from 1 month KIBOR + 1% to 3 month KIBOR + 2.25% per annum (2015: 1 month KIBOR + 1% to 3 month KIBOR + 2.25% per annum) calculated on a daily product basis, and is payable quarterly. The aggregate amount of these facilities which have not been availed as at the balance sheet date amounts to Rs. 612.39 million (2015: Rs. 2,800 million).

8.3 The fair value of shares of associated companies, shares held for trading and other securities pledged as collateral against short term borrowings amount to Rs. 1,825.47 million (2015: Rs. 2,540.556 million). Further, Chief Executive Officer of the Company has offered his personal investments as collateral against Company's running finance.

9. CONTINGENCIES AND COMMITMENTS

9.1 The Company is contesting along with other defendants four suits filed by M/s. Diamond Industries Limited, Mr. Iftikhar Shafi, M/s. Shafi Chemicals Industries Limited and Mr. Nisar Elahi (The Plaintiffs) in the year 2002-2003 for damages jointly against Mr. Saleem Chamdia, Mr. Arif Habib, Mr. Aqeel Karim Dedhi, Mr. A. Ghaffar Usman Moosani, Mr. Shahid Ghaffar, the Pakistan Stock Exchange Limited (PSX) (formerly Karachi Stock Exchange Limited), the Securities and Exchange Commission of Pakistan (SECP), the Central Depository Company of Pakistan Limited (CDC), Saleem Chamdia Securities (Private) Limited, Arif Habib Corporation Limited, Moosani Securities Limited and Aqeel Karim Dedhi Securities Limited.

The suits are for recovery of damages amounting to Rs. 10,989,948,199, Rs. 5,606,611,760, Rs.1,701,035,843 and Rs. 428,440,971 against the decision of the PSX in respect of Risk Management System of its Clearing House during the year 2000. The Chief Executive Officer of the Company was the Chairman of the Board of Directors of PSX during 2000. The Company has been made party to the suits by the plaintiffs. All the suits at present are pending before the Honourable Sindh High Court, Karachi. Individual liability of respective parties and undertakings is not quantifiable.

The legal advisor of the Company is of the opinion that there are reasonable grounds for a favourable decision and that the suits are likely to be dismissed as these are not based on factual or legal basis and no financial liability is expected to accrue as a consequence of the said suits against the Company. Accordingly, no provision has been recognised there against.

9.2 During the year ended 30 June 2012, the Securities and Exchange Commission of Pakistan ("SECP") issued an order under Section 22 of the Securities and Exchange Ordinance, 1969 ("the Ordinance" regarding non compliance of orders passed by it under Section 18A of the Ordinance for depositing confiscated subscription money amounting to Rs. 3.14 million relating to fictitious applications received by the Company for subscription of shares of Summit Bank Limited that were offered to general public by the Company in 2007. On 2 November 2012, Appellate bench of the SECP dismissed the appeal filed by the Company against the order. The Company has filed a constitutional petition challenging the orders passed by the SECP before Honourable High Court of Sindh which has granted ad interim stay. The petition is being contested vigorously and management is confident that the petition will be decided in Company's favour.

9.3 The Company has issued Corporate Guarantees, on behalf of a subsidiary company, namely Sachal Energy Development (Private) Limited (SEDPL), amounting to USD 1,732,500 to Summit Bank Limited for issuance of seller's letter of credit in favour of National Transmission and Dispatch Company (NTDC) in pursuance of Energy Purchase Agreement entered between SEDPL and NTDC and amounting to USD 107,134,000 has been issued to Karachi Branch of Industrial Commercial Bank of China (ICBC) in relation to financing agreement of SEDPL.

The Company had also issued Corporate Guarantees on behalf of associated concern, namely Aisha Steel Mills Limited and Javedan Corporation Limited amounting to Rs. 2.5 billion and Rs. 200 million respectively and for the borrowings of Power Cement Limited, related party, to the extent of Rs. 267.86 million, the Company has pledged shares having fair value of Rs. 111.54 million there against. The Company has also obtained letter of indemnity from respective related parties.

Notes to the Financial Statements
For the year ended 30th June 2016

9.4 There were no significant commitments at the balance sheet date except as otherwise disclosed in these financial statements.

10. OPERATING FIXED ASSETS

	Vehicles	Furniture and office equipment	Computer and allied equipment	Leasehold improvements	Total
			(Rupees)		
Cost					
Balance as at 01 July 2014	27,443,393	678,029	2,247,905	67,750,472	98,119,799
Additions	2,463,000	60,000	514,414	-	3,037,414
Disposals / written off	-	(65,000)	(64,380)	-	(129,380)
Balance as at 30 June 2015	29,906,393	673,029	2,697,939	67,750,472	101,027,833
Balance as at 01 July 2015	29,906,393	673,029	2,697,939	67,750,472	101,027,833
Additions	198,500	279,373	586,800	-	1,064,673
Disposals / written off	-	-	(176,250)	-	(176,250)
Balance as at 30 June 2016	**30,104,893**	**952,402**	**3,108,489**	**67,750,472**	**101,916,256**
Depreciation					
Balance as at 01 July 2014	2,387,276	294,258	1,707,028	36,306,630	40,695,192
Charge for the year	4,849,824	56,409	270,480	4,405,450	9,582,163
Disposals / written off	-	(20,248)	(17,028)	-	(37,276)
Balance as at 30 June 2015	7,237,100	330,419	1,960,480	40,712,080	50,240,079
Balance as at 01 July 2015	7,237,100	330,419	1,960,480	40,712,080	50,240,079
Charge for the year	4,174,461	73,599	285,578	3,788,223	8,321,861
Disposals / written off	-	-	(82,929)	-	(82,929)
Balance as at 30 June 2016	**11,411,561**	**404,018**	**2,163,129**	**44,500,303**	**58,479,011**
Written down value as at 30 June 2015	22,669,293	342,610	737,459	27,038,392	50,787,754
Written down value as at 30 June 2016	**18,693,332**	**548,384**	**945,360**	**23,250,169**	**43,437,245**
Annual rates of depreciation	**20%**	**15%**	**33%**	**15%**	

10.1 During the year, computer and allied equipment having a cost of Rs. 0.1 million (2015: Rs. 0.042 million) and accumulated depreciation of Rs. 0.055 million (2015: Rs. 0.032 million) have been fully charged to the profit and loss account, as their written down value falls below Rs. 10,000 as per Company's Policy.

10.2 Particulars of the assets disposed off during the year

Particulars of the assets	Cost	Accumulated depreciation	Written down value	Sale proceeds	Mode of disposal	Particulars of buyer
		(Rupees)				
Computer and allied equipment						
Assets having written down value of less than Rs. 50,000 individually	**75,600**	**27,414**	**48,186**	**44,790**	Company policy	Various

11. INTANGIBLE ASSETS - computer software

	2016	2015
	(Rupees)	
Balance as at 1 July	**566,016**	778,272
Amortisation for the year	**(212,256)**	(212,256)
Written down value as at 30 June	**353,760**	566,016
Annual rate of amortisation	**25%**	25%

12. INVESTMENT PROPERTIES

	Note	2016	2015
Opening balance		**2,661,504,400**	2,661,504,400
Cancelled allotments	12.2	**(1,500,179,646)**	-
Change in fair value		**485,214,046**	-
Balance as at 30 June		**1,646,538,800**	2,661,504,400

12.1 This represents certain plots, purchased from related concern, situated at Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi. The fair value of investment property was determined by external independent property valuer having appropriate recognised qualification and relevant experience. A gain of Rs. 485.214 million representing change in fair value has been recognised in profit and loss account.

12.2 During the year, the Company has entered into an addendum agreement with Javedan Corporation Limited whereby the Company has relinquished its rights and entitlements on properties to the extent of unpaid amount stated above in full and final settlement of unpaid balance.

13. LONG TERM INVESTMENTS

	Note	2016	2015
Subsidiaries - at cost	13.1	**5,258,140,246**	3,833,385,578
At fair value through profit or loss	13.2	**23,552,050,625**	24,573,963,057
Available for sale	13.3	**100,000**	2,716,484,721
		28,810,290,871	31,123,833,356

13.1 Subsidiaries - at cost

	Note	Cost	Provision for impairment	Carrying amount 2016	Carrying amount 2015
		(Rupees)			
Arif Habib Limited (AHL)	13.1.1	**2,511,675,186**	**-**	**2,511,675,186**	2,375,720,796
Arif Habib DMCC (AHD)	20	**-**	**-**	**-**	29,945,898
Pakistan Opportunities Limited (POL)	13.1.2	**42,500,000**	**(42,500,000)**	**-**	-
Power Cement Limited (PCL)	13.1.3	**-**	**-**	**-**	815,718,824
Sachal Energy Development (Private) Limited (SEDPL)	13.1.4	**2,746,465,060**	**-**	**2,746,465,060**	612,000,060
		5,300,640,246	**(42,500,000)**	**5,258,140,246**	3,833,385,578

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For the year ended 30th June 2016

13.2 At fair value through profit or loss - designated on initial recognition

	Note	Cost	Unrealized appreciation / (diminution) on remeasurement of investments	Carrying amount 2016	Carrying amount 2015
		(Rupees)			
Associates:					
MCB - Arif Habib Savings and Investments Limited (MCB-AH)	13.2.1	**477,694,882**	**97,488,752**	**575,183,634**	649,925,010
Pakarab Fertilizers Limited (PFL)	13.2.2	**1,324,332,073**	**10,825,667,927**	**12,150,000,000**	11,070,000,000
Fatima Fertilizer Company Limited (FFCL)	13.2.3	**3,512,782,225**	**7,314,084,766**	**10,826,866,991**	12,854,038,047
		5,314,809,180	**18,237,241,445**	**23,552,050,625**	24,573,963,057

13.3 Available for sale

	Note	Cost	Unrealized appreciation on remeasurement of investments	Provision for impairment	Carrying amount 2016	Carrying amount 2015
		(Rupees)				
Associates:						
Aisha Steel Mills Limited (ASML)	13.3.1	-	-	-	-	119,743,767
Aisha Steel Mills Limited - Preference shares I (ASML - PS I)	13.3.1	-	-	-	-	217,859,560
Aisha Steel Mills Limited - Preference shares II (ASML - PS II)	13.3.1	-	-	-	-	593,181,908
Javedan Corporation Limited (JCL)	13.3.2	-	-	-	-	1,590,979,467
Javedan Corporation Limited - Preference Shares (JCL - PS)	13.3.2	-	-	-	-	194,620,019
		-	-	-	-	2,716,384,721
Other investments:						
Takaful Pakistan Limited (TPL)	13.3.3	**30,000,000**	**-**	**(30,000,000)**	**-**	-
Sunbiz (Private) Limited (SBL)	13.3.4	**1,000,000**	**-**	**(1,000,000)**	**-**	-
Al-Khabeer Financial Services (Private) Limited (AKFS)	13.3.5	**1,000,000**	**-**	**(900,000)**	**100,000**	100,000
		32,000,000	**-**	**(31,900,000)**	**100,000**	100,000
		32,000,000	**-**	**(31,900,000)**	**100,000**	2,716,484,721

13.1.1 Investment in AHL (quoted) represents 40.3 million (2015: 37.94 million) fully paid ordinary shares of Rs. 10 each, representing 73.29% (2015: 69.00%) of AHL's paid up share capital as at 30 June 2016. Market value per share as at 30 June 2016 is Rs. 45.12 (2015: Rs. 69.61), whereas book value based on net assets as per audited financial statements as at 30 June 2016 is Rs. 49.19 per share (2015: Rs. 48.75 per share).

13.1.2 Investment in POL (unquoted) represents 4.25 million (2015: 4.25 million) fully paid ordinary shares of Rs. 10 each, representing 85% (2015: 85%) of POL's paid up share capital as at 30 June 2016. Book value based on net assets, as per audited financial statements, as at 30 June 2016 is Re. 0.30 per share (2015: Re. 0.33 per share).

13.1.3 During the year, the Company has disposed off its entire investment in Power Cement Limited for the total consideration of Rs. 2.084 billion (i.e. average Rs. 10.01 per share). The Company has realised gain of Rs. 926 million on its disposal which is recorded in profit and loss account. Further, on disposal, the Company has reclassified Rs. 341.882 million (2015: 44.32 million) from other comprehensive income to the profit and loss account representing loss which was earlier recognised in other comprehensive income on date of remeasurement of its interest on acquisition of control over investee company.

13.1.4 Investment in SEDPL (unquoted) represents 274.65 million (2015: 61.2 million) fully paid ordinary shares of Rs. 10 each, representing 99.99% (2015: 99.99%) of SEDPL's paid up share capital as at 30 June 2016. Book value based on net assets, as per audited financial statements as at 30 June 2016 is Rs. 9.47 per share (2015: Rs.7.87 per share). During the year the Company subscribed 213.45 million (2015: 30.2 million) right shares of Rs. 10 each (2015: Rs. 10 each) in the investee company. Further, the entire shareholding in SEDPL has been pledged in favour of Karachi Branch of Industrial and Commercial Bank of China (ICBC) to secure project financing of SEDPL.

13.2.1 Investment in MCB-AH (quoted) represents 21.66 million (2015: 21.66 million) fully paid ordinary shares of Rs. 10 each, representing 30.09% (2015: 30.09%) of MCB-AH's paid up share capital as at 30 June 2016, having historical cost of Rs. 81.95 million (2015: Rs. 81.95 million). During 2011, the Company lost control over MCB-AH and designated the investment at 'fair value through profit or loss' and accordingly fair value on the date of loss of control was considered as deemed cost. Market value per share as at 30 June 2016 was Rs. 26.55 (2015: Rs. 30), whereas book value based on net assets, as per audited financial statements as at 30 June 2016 is Rs. 21.52 per share (2015: Rs. 20.90 per share). Pursuant to Rule 5(6)(e) of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, the Company, being a promoter of MCB-AH, has placed shares in an account marked as 'Freeze' with Central Depository Company of Pakistan Limited.

13.2.2 Investment in PFL (unquoted) represents 135 million (2015: 135 million) fully paid ordinary shares of Rs. 10 each, representing 30% (2015: 30%) of PFL's paid up share capital as at 30 June 2016, having cost of Rs. 1,324.33 million (2015: Rs. 1,324.33 million). Fair value per share as at 30 June 2016 is Rs. 90 (2015: Rs. 82). Book value based on net assets, as per audited financial statements, as at 31 December 2015 is Rs. 53.14 per share (31 December 2014: Rs. 46.16 per share). Details regarding valuation techniques and inputs used are disclosed in note 33 to these financial statements.

13.2.3 Investment in FFCL (quoted) represents 319 million (2015: 329 million) fully paid ordinary shares of Rs. 10 each, representing 15.19% (2015: 15.67%) of FFCL's paid up share capital as at 30 June 2016. During the year, the Company disposed off 10 million (2015: 21 million) shares at an average price of Rs. 49.85 (2015: Rs. 34.64). Fair value per share as at 30 June 2016 is Rs. 33.94 (2015:Rs. 39.07) Book value based on net assets as per audited financial statements as at 31 December 2015 is Rs. 19.16 per share (31 December 2014: Rs. 17.5 per share).

13.3.1 During the year, the Company has reclassified the Investment in ordinary shares and preference shares I of Aisha Steel Mills Limited to short term investment due to loss of significant influence over the investee company. The Company has sold 56.49 million preference shares of Aisha Steel Mills Limited resulting in decrease in Company's holding from 18.93% to 7.97%.

13.3.2 During the year, the Company converted 13.51 million preference shares and sold 45.36 million ordinary shares of Javedan Corporation Limited, resulting in decrease in the Company's holding from 27.25% to 5.31% and has realised gain of Rs. 186.83 million. As on 30 June 2016, the Company holds 11.88 million ordinary shares (2015: 48.8 million) in the investee company.

13.3.3 Investment in TPL (unquoted) represents 3 million (2015: 3 million) fully paid ordinary shares of Rs.10 each, representing 10% (2015: 10%) of TPL's paid up share capital as at 30 June 2016. Book value based on net assets, as per audited financial statements, as at 31 December 2015 is Rs. 5.74 per share (31 December 2014: Rs. 5.06 per share). The Company has recognised full impairment against this investment.

13.3.4 Investment in SBL (unquoted) represents 0.01 million (2015: 0.01 million) fully paid ordinary shares of Rs. 100 each, representing 4.65% (2015: 4.65%) of SBL's paid up share capital as at 30 June 2016. The Company has recognised full impairment against this investment..

13.3.5 Investment in AKFS represents 5,000 (2015: 5,000) fully paid ordinary shares of Rs. 1 million (2015: Rs 1 million), representing 5% of the total paid up share capital of the investee company as at 30 June 2016. The Company has recognised provision amounting to Rs. 0.9 million in previous years against this investment.

13.4 Fair value of long term investments pledged with banking companies against various financing facilities amounts to Rs. 1,551.058 million (2015: Rs. 2,232.493 million) and Rs. Nil (2015: Rs. 83.004 million) which have been pledged with Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited) against exposure for regular business.

13.5 Movement in provision for impairment

	2016	2015
	(Rupees)	
Balance as at 1 July	**(502,409,244)**	(74,400,000)
Reversal on sale of investment	**287,361,776**	-
Provision made during the year	**-**	(428,009,244)
Reclassified to short term investment on loss of significant influence	**140,647,468**	-
Balance as at 30 June	**(74,400,000)**	(502,409,244)

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14. LONG TERM DEPOSITS - non interest bearing, unsecured

		2016	2015
		(Rupees)	
Security deposit with Central Depository Company of Pakistan Limited		**4,090**	4,090
Security deposits with cellular phone companies		**40,500**	40,500
Security deposits with Pakistan State Oil Company Limited - for fuel cards		**45,000**	45,000
Security deposit for employees cars		**1,849,340**	1,861,800
		1,938,930	1,951,390

15. LOANS AND ADVANCES - considered good

		2016	2015
Unsecured			
Advances			
- for new investment		**-**	425,494,937
- against salaries to employees		**1,019,648**	764,705
		1,019,648	426,259,642
Loans to related parties - interest bearing (conventional)			
- Aisha Steel Mills Limited	15.1	**545,471,149**	250,134,752
Secured			
Receivable against reverse repurchase agreement (Reverse repo) (conventional)		**-**	153,876,830
Loan to Aisha Steel Mills Limited - interest bearing (conventional)	15.2	**239,215,563**	257,627,339
		785,706,360	1,087,898,563

15.1 The Company entered into a loan agreement with the said associated concern on 1 July 2013. The loan is repayable within 30 business days notice of demand. The mark-up rate on the said loan is 3 months KIBOR prevailing on the base rate setting date plus 3% per annum. Mark-up is payable on quarterly basis. The effective mark-up charged during the year was 9.35% to 10.29% (2015: 10.99% to 13.43%) per annum.

15.2 The Company entered into a loan agreement with the said associated concern on 19 January 2011. Under the arrangement, the Company shall disburse loan to the associated company in one or more tranches. The loan is secured against first charge on all present and future fixed assets, accounts receivables and interest in any insurance claim and equitable mortgage of land and building. The mark-up rate in the said loan is 6 month KIBOR + 3.25% per annum (2015: 6 months KIBOR + 3.25% per annum). The effective rate of mark-up on the loan ranged between 9.76% to 10.29% (2015: 11.23% to 13.42%) per annum. Mark-up is payable on semi-annually basis.

15.3 Maximum balance due from related party during the year was Rs. 2,805.93 million (2015: Rs. 1,361.5 million).

16. MARK-UP RECEIVABLE - considered good

	Note	2016	2015
		(Rupees)	
Receivable:			
- against reverse repurchase agreement (Reverse repo)		**-**	3,132,734
From related parties:			
- Aisha Steel Mills Limited	15.1 & 15.2	**19,717,359**	15,723,167
- Javedan Corporation Limited		**39,452**	-
		19,756,811	18,855,901

16.1 The above receivable from related parties are on account of loans provided to them which are current and not past due.

17. OTHER RECEIVABLES - considered good

	Note	2016	2015
		(Rupees)	
Secured			
Receivable under guarantee		**-**	1,214,400,000
Guarantee fee receivable - from related parties	9.3	**741,964**	691,964
		741,964	1,215,091,964
Unsecured			
Others		**1,720,000**	1,720,000
		2,461,964	1,216,811,964

18. SHORT TERM INVESTMENTS

	Note	2016	2015
At fair value through profit or loss - designated			
Investment in related parties	18.2	**4,363,397,382**	122,128,317
Other investments		**216,232,486**	784,887,145
At available for sale			
Investment in related parties	18.3	**648,294,567**	-
		5,227,924,435	907,015,462

18.1 The above represent investment in equity securities. Fair value of these investments is determined using quoted market prices prevailing at the balance sheet date. Short term investments include equity securities pledged with various banking companies against short term running finance facilities having a market value of Rs. 465.8 million (2015: Rs. 597.8 million).

18.2 This includes investment in Silkbank Limited (Bank), associated concern, purchased during the year. Refer note 7.2 for arrangement with Sponsor of the Bank.

18.3 This represent investment in Aisha Steel Mills Limited and Javedan Corporation Limited. As stated in note 13.3.1 and 13.3.2 to these financial statements, owing to dilution in holding on account of divestment, such investment is reclassified from long term investment to short term investment.

18.4 Reconciliation of gain / (loss) on remeasurement of investments at fair value through profit or loss

	Note	2016	2015
		(Rupees)	
Cost of investment		**4,226,221,069**	864,384,949
Unrealised gain / (loss):			
Balance as at 1 July		**42,630,513**	(563,813,023)
Unrealised gain / (loss) for the year		**310,778,286**	606,443,536
		353,408,799	42,630,513
Balance as at 30 June		**4,579,629,868**	907,015,462

18.5 Reconciliation of gain / (loss) on remeasurement of investments as available for sale

	Note	2016	2015
Cost of investment	18.5.1	**680,764,100**	-
Unrealised gain / (loss):			
Balance as at 1 July		**-**	-
Unrealised gain / (loss) for the year		**(32,469,533)**	-
		(32,469,533)	-
Balance as at 30 June		**648,294,567**	-

18.5.1 This is net of related impairment amounting to Rs. 140.647 million.

19. CASH AND BANK BALANCES

	Note	2016	2015
With banks in:			
Current accounts			
- In local currency		**20,355,416**	2,021,097,137
- In foreign currency		**4,189,989**	4,079,726
		24,545,405	2,025,176,863
Deposit accounts - conventional	19.1	**354,860**	80,601
		24,900,265	2,025,257,464
Cash in hand		**133,245**	24,185
		25,033,510	2,025,281,649

19.1 Mark-up on deposit account was at rates ranging from 3.75% to 5% (2015: 4% to 6.5%) per annum. The deposit accounts are placed with banks under conventional banking arrangements.

20. ASSETS HELD FOR SALE

During the year, the Board of Directors of the Company has decided to liquidate Arif Habib DMCC (AH DMCC), subsidiary company, subject to approval of the Dubai Multi Commodities Centre Authority. Accordingly the investment is classified as an asset held for sale. The effect to liquidate the underlying investee company have been initiated and expected to be completed before close of next financial year.

The latest available unaudited financial information of the AHDMCC as at 30 June 2016 is as follows:

	(AED)	(Rupees)
Total Assets	2,191,975	61,849,863
Total Liabilities	438,644	12,376,998
Net assets	1,753,331	49,472,865
Losses	1,050	29,627

Before classification of investment as 'held for sale', the Company has assessed indicators of impairment of underlying investment and management considers that realizable value of underlying investee company is higher than its carrying amount and consequently the Company is not expecting to incur impairment there against.

21. OPERATING REVENUE

	Note	2016 (Rupees)	2015 (Rupees)
Dividend income		**336,908,617**	1,194,276,536
Gain on sale of securities - net	21.1	**1,531,724,126**	47,393,833
(Loss) / gain on remeasurement of investments - net	21.2	**(601,015,652)**	3,704,823,388
Mark-up on loans and advances - conventional	21.3	**128,590,345**	161,436,110
Income from reverse repurchase transaction - conventional		**16,530,577**	52,027,913
Put option fee	21.4	**72,144,022**	81,400,000
Mark-up on bank deposits - conventional		**6,200,067**	311,787
		1,491,082,102	5,241,669,567

21.1 Gain on sale of securities - net

	Note	2016	2015
Gain on sale of securities		**1,556,742,173**	668,348,978
Loss on sale of securities		**(23,053,652)**	(620,955,145)
Tenderable gain	21.1.2	**(1,964,395)**	-
		1,531,724,126	47,393,833

21.1.1 The above gain is netted off with transaction cost.

21.1.2 This represent amount tendered to Javedan Corporation Limited (JCL) on gain that arise on trading of shares of JCL by the Company under Section 105 of the Securities Act 2015.

21.2 (Loss) / gain on remeasurement of investments - net

	Note	2016 (Rupees)	2015 (Rupees)
(Loss) / gain on remeasurement of investment in associates - at fair value through profit or loss		**(911,793,938)**	3,098,379,852
(Loss) / gain on remeasurement of investments - at fair value through profit or loss	18.4	**310,778,286**	606,443,536
		(601,015,652)	3,704,823,388

21.2.1 The above gain is netted off with transaction cost.

21.3 This include mark-up income received from a subsidiary company and associated concerns namely Arif Habib Limited, Power Cement Limited and Javedan Corporation Limited respectively. The mark-up rate on the said loans is 3 months KIBOR prevailing on the base rate setting date plus 2%, 2.65% and 2.25% per annum respectively. The effective mark-up charged during the year on these loans ranges from 8.6% to 9.64%.

21.4 This represents put option fee received in pursuance of put option agreement entered into among the Company, Silkbank Limited (SBL) and the preference shareholders of SBL in previous years. During the year, SBL exercised the Call option and Company has been released from all obligations as per the agreement.

21.5 Operating revenue is not subject to trade or any other type of discount.

22. OPERATING AND ADMINISTRATIVE EXPENSES

	Note	2016 (Rupees)	2015 (Rupees)
Salaries and benefits	35	**31,434,901**	33,710,347
Printing and stationery		**2,949,643**	2,702,697
Communication		**1,061,101**	1,380,492
Rent, rates and taxes		**19,469,331**	14,925,424
Electricity		**2,407,222**	2,478,777
Legal and professional charges		**5,197,484**	3,530,361
Custody and settlement charges		**4,683,964**	1,186,876
Entertainment		**3,689,839**	844,723
Travelling and conveyance		**4,345,334**	5,522,300
Advertisement and business promotion		**18,456,836**	52,168,673
Depreciation	10	**8,321,861**	9,582,163
Amortization of intangibles assets		**212,256**	212,256
Repairs and maintenance		**3,084,276**	3,474,421
Insurance		**2,321,253**	2,853,539
Auditors' remuneration	22.1	**1,615,510**	1,351,500
Fees and subscription		**2,560,273**	1,985,933
Directors' meeting fees		**205,000**	230,000
Consultancy charges		**2,400,000**	3,275,900
Commission expense		**1,220,000**	-
Ujrah payments		**-**	228,524
Others		**1,375,013**	1,666,781
		117,011,097	143,311,687

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22.1 Auditors' remuneration

		2016	2015
		(Rupees)	
Audit fee		1,067,000	970,000
Certification including interim review		355,000	355,000
Sales tax		109,260	66,000
Out of pocket		84,250	26,500
		1,615,510	1,351,500

23. OTHER INCOME

		2016	2015
Guarantee commission income	23.1	2,967,855	2,091,965
Profit on foreign currency translation		110,154	910,096
		3,078,009	3,002,061

23.1 This pertains to corporate guarantee issued to associated concerns namely Power Cement Limited, Aisha Steel Mills Limited and Javedan Corporation Limited as disclosed in note 9.3 to these financial statements.

24. FINANCE COST

		2016	2015
		(Rupees)	
Mark-up on short term borrowings - conventional		245,114,757	200,695,710
Mark-up on long term loan - conventional		32,133,563	40,142,387
Mark-up on diminishing musharakah financing - Islamic		139,293	114,564
Bank charges		280,797	292,625
Finance cost under marginal trading system - conventional		-	367,123
		277,668,410	241,612,409

25. OTHER CHARGES

		2016	2015
Workers' Welfare Fund		-	86,634,271
Donations	25.1	16,300,000	100,000,000
Loss on disposal of scrap assets		48,531	24,752
		16,348,531	186,659,023

25.1 Donations

Donations in which directors are interested, are as follows:

Name of director	Interest in donee	Name and address of the donee	Amount donated 2016	2015
Mr. Arif Habib	Director	Arif Habib Foundation		
Mr. Samad Habib	Director	Arif Habib Centre, 23,		
Mr. Kashif Habib	Director	M.T.Khan Road, Karachi		
Mr. Nasim Beg	Member		-	100,000,000

Notes to the Financial Statements

For the year ended 30th June 2016

26. TAXATION - net

	2016	2015
	(Rupees)	
Current		
- for the year	**110,879,672**	222,213,134
- for the prior years	**(88,576,607)**	-
	22,303,065	222,213,134
Deferred	**264,919,066**	(415,887,141)
	287,222,131	(193,674,007)

26.1 Income tax assessments of the Company have been finalised up to Tax Year 2005 (Accounting year 2005). However, deemed assessments made under section 120 of the Income Tax Ordinance, 2001 relating to Tax Years 2006 to 2008 have been subsequently amended under section 122 of the Income Tax Ordinance, 2001. The Company has filed appeals in respect of each of the said amendment. Income tax assessment for the Tax Year 2010, taken as deemed assessment under section 120 of the Income Tax Ordinance, 2001, was subsequently amended twice under section 122 (5A) of the Income Tax Ordinance, 2001. The appeals filed by the Company with Commissioner Inland Revenue (Appeals-1) against these amendments were decided in favour of the Company and the relief was maintained by Appellate Tribunal.

Income tax assessment for the Tax Year 2011, taken as deemed assessment under section 120 of the Income Tax Ordinance, 2001 was subsequently amended under section 122 (5A) of the Income Tax Ordinance, 2001. The Company was subsequently allowed relief in its subsequent appeal which was also maintained by Appellate Tribunal in favour of the Company. Income tax assessment for the Tax Year 2012 was taken as deemed assessment under section 120 of the Income Tax Ordinance, 2001 which was subsequently amended under section 122 (1) of the Ordinance. The appeal of the Company was decided in favour of the Company. The Department has preferred an appeal in the Appellate Tribunal against the decision; however, appeal effect has not yet been issued.

Income tax assessment for Tax Year 2013 and 2014 was deemed to have been finalised under section 120 of the Income Tax Ordinance, 2001. However, the assessment was subsequently amended under section 122 (5A) of the Income Tax Ordinance, 2001. The Company has preferred an appeal against the amended assessment and major relief was allowed to the Company. Department has filed an appeal in the Appellate Tribunal against the relief given to the Company.

Income tax assessment for Tax Year 2015, taken as deemed assessment under section 120 of the Income Tax Ordinance, 2001 was subsequently amended under section 122 (5A) of the Income Tax Ordinance, 2001. The Company has preferred an appeal against the amended assessment and relief was allowed to the Company.

26.2 Under section 5 (5A) of the Income Tax Ordinance, 2001, tax at the rate of ten percent to be imposed on every public company other than a scheduled bank or a modaraba, that derives profits for a tax year but does not distribute cash dividends within six months of the end of the said tax year or distributes dividends to such an extent that its reserves, after such distribution, are in excess of hundred percent of its paid up capital, so much of its reserves as exceed hundred percent of its paid up capital shall be treated as income of the said company. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either forty percent of its after tax profits or fifty percent of its paid up capital, whichever is less, with in six months of the end of the tax year.

The Board of Directors in their meeting held on 27 September 2016 have recommended sufficient cash cash dividend for the year ended 30 June 2016 (refer note 39.2) for the consideration and approval of the shareholders of the company in the forthcoming annual general meeting which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognised in these financial statements for the year ended 30 June 2016.

26.3 Relationship between tax (income) / expense and accounting profit

	2016	2015
	(Rupees)	
Profit before taxation	**1,568,346,119**	4,245,079,265
Tax at the applicable tax rate	**501,870,758**	1,400,876,157
Tax effect of income under final tax regime	**(65,697,180)**	(274,683,603)
Tax effect of income taxed at lower rate	**301,544,297**	(1,222,591,718)
Prior year tax effect	**(88,576,607)**	-
Tax effect of non-deductible expenses	**5,216,000**	108,243,051
The effect of exempt Income / permanent difference	**(490,151,720)**	(15,639,965)
Tax effect / adjustment of change in tax rate	**-**	(137,383,855)
Others	**123,016,583**	(52,494,074)
	287,222,131	(193,674,007)

27. EARNINGS PER SHARE - BASIC AND DILUTED

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. There is no dilutive effect on the basic earnings per shares of the Company.

	2016	2015
Profit after tax	**1,281,123,988**	4,438,753,272
	(Number)	
Weighted average number of ordinary shares	**453,750,000**	453,750,000
	(Rupees)	
Earnings per share - basic and diluted	**2.82**	**9.78**

28. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND OTHER EXECUTIVES

28.1 For the purpose of disclosure those employees are considered as executives whose basic salary exceeds five hundred thousand rupees in a financial year.

28.2 The aggregate amounts charged in these financial statements in respect of remuneration including benefits to the Chief Executive Officer, Directors and Other Executives of the Company are given below:

	Chief Executive Officer		Director and Other Executives	
	2016	2015	**2016**	2015
	(Rupees)			
Managerial remuneration	**8,400,000**	8,400,000	**15,740,400**	10,972,374
Contribution to provident fund	**677,424**	677,419	**1,269,397**	723,578
Bonus	**1,400,000**	1,400,000	**2,722,350**	1,359,662
Other perquisites and benefits	**960,000**	960,000	**3,108,290**	2,774,866
Commission	**-**	-	**1,220,000**	-
Total	**11,437,424**	11,437,419	**24,060,437**	15,830,480
Number of person(s)	**1**	1	**7**	8

28.3 Besides the above, group insurance and medical facilities under insurance coverage were provided to the above mentioned personnel.

28.4 The aggregate amount charged to these financial statements in respect of directors' fee paid to two directors (2015: two) was Rs. 0.21 million (2015: Rs. 0.23 million). The Chief Executive Officer draws \ salary on account of managerial remuneration.

28.5 The Chief Executive Officer and certain Executives have been provided with free use of Company's maintained vehicles in accordance with the Company's policy.

Notes to the Financial Statements

For the year ended 30th June 2016

29. CASH (USED IN) / GENERATED FROM OPERATIONS

	2016 (Rupees)	2015 (Rupees)
Profit before tax	**1,568,346,119**	4,245,079,265
Adjustments for:		
Depreciation	**8,321,861**	9,582,163
Amortization of intangibles	**212,256**	212,256
Dividend income	**(336,908,617)**	(1,194,276,536)
Mark-up on loans and advances	**(128,590,345)**	(161,436,110)
Impairment loss on investment	**-**	428,009,244
Loss on remeasurement of investment in associates	**911,793,938**	(3,098,379,852)
Income from reverse repurchase transaction	**(16,530,577)**	(52,027,913)
Loss on disposal of assets	**48,531**	24,752
Gain on remeasurement of short term investments	**(310,778,286)**	(606,443,536)
Gain on disposal of securities - net	**(1,531,724,126)**	(573,943,879)
Workers' Welfare Fund	**-**	86,634,271
Finance cost	**277,668,410**	241,612,409
Unrealised gain on remeasurement of investment property	**(485,214,046)**	-
	(1,611,701,001)	(4,920,432,731)
	(43,354,882)	(675,353,466)
Changes in working capital		
(Increase) / decrease in current assets		
Loans and advances	**102,192,203**	594,920,300
Prepayments	**13,613,143**	(13,127,218)
Other receivables	**1,214,350,000**	(362,586,486)
Short term investments	**(3,334,914,663)**	92,517,432
Asset held for sale	**-**	27,891,903
	(2,004,759,317)	339,615,931
Increase in current liabilities		
Trade and other payables	**89,602,642**	396,021,246
	(1,915,156,675)	735,637,177
Cash (used in) / generated from operations	**(1,958,511,557)**	60,283,711

30. CASH AND CASH EQUIVALENTS

	Note	2016	2015
Cash and bank balances	19	**25,033,510**	2,025,281,649
Short term borrowings - conventional	8	**(2,547,610,430)**	(3,360,000,000)
		(2,522,576,920)	(1,334,718,351)

31. OPERATING SEGMENTS

The financial statements have been prepared on the basis of a single reporting segment, segment information is presented in the consolidated financial statements.

All non current assets of the Company as at 30 June 2016 are located in Pakistan.

32. FINANCIAL INSTRUMENTS

The Company has exposures to the following risks from the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

32.1 Credit risk

Credit risk represents the financial loss that would be recognised at the balance sheet date if counterparties fail completely to perform as contracted. The credit risk arises on loans and advances, deposits, mark-up receivable, other receivables and cash and bank balances.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date is:

	2016	2015
	(Rupees)	
Long term deposits	**89,590**	89,590
Loans	**784,686,712**	661,638,921
Other receivables	**741,964**	1,215,091,964
Mark-up receivable	**19,756,811**	18,855,901
Cash and bank balances	**24,900,265**	2,025,257,464
	830,175,342	3,920,933,840

The Company does not take into consideration the value of collateral while testing financial assets for impairment. The Company considers the creditworthiness of counterparties as part of its risk management and utilizes collateral under force majeure in extremely difficult situations where recovery appears to be unlikely from customary measures like restructuring or negotiation.

Long term deposits

This represents deposit placed with Central Depository Company of Pakistan Limited (CDC) for the purpose of effecting transactions and settlement of listed securities. It is expected that deposits with CDC will be clearly identified as being assets of the Company, hence management believes that it is not materially exposed to credit risk against it. Apart from the above other deposits are with counterparties for provision of continued supply of services. Management does not expect to have any credit risk against such deposits, as it is refundable upon termination of agreement / services from counterparties.

Loans, mark-up and other receivables

The Company extends loans to its related concerns and follows due process of seeking approval from shareholders as per applicable laws and regulations. Wherever possible, management obtains collateral from counterparties. As loans are mainly provided to related concerns, management is not expecting to incur loss against the same. Mark-up receivable mainly pertains to loans extended to related parties for which the management does not expect to incur any credit loss. Other receivable mainly comprises of receivable on account of guarantee extended to counterparty and does not expect to have material credit risk there against, based on the term of arrangement with parties involved.

The aging analysis of loans, other receivables and mark-up receivable is as follows:

	2016	2015
	(Rupees)	
Not past due	**805,185,487**	1,738,577,222
Past due 1-30 days	**-**	-
Past due 30-180 days	**-**	-
Past due more than 180 days	**-**	157,009,564
	805,185,487	1,895,586,786

Cash and bank balances

As at 30 June 2016 the Company has placed funds with banks having good credit ratings.

The credit ratings to respective banks have been assigned by independent credit rating agencies. At reporting date credit ratings of respective banks were A1 to A1+ (short term) and A- to AAA (long term).

No balances in aforementioned assets are past due and considered impaired in current year as well as in previous year.

32.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Company. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of adequate funds through committed credit facilities. The Company finances its operations through equity, borrowings and working capital with a view of maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

On the balance sheet date, the Company has cash and bank balance and unutilised credit lines of Rs. 8.906 million (2015: Rs. 1,838.60 million) and Rs. 612.389 million (2015: Rs. 2,800 billion) respectively.

The following are the contractual maturities of financial liabilities, including estimated interest payments on an undiscounted cash flow basis:

	2016			
Financial liabilities	**Carrying amount**	**Contractual cash flows**	**Upto one year**	**More than one year**
		(Rupees)		
Long term loan	**296,854,509**	**302,010,883**	**154,191,692**	**147,819,191**
Trade and other payables	**1,501,420,877**	**1,501,420,877**	**1,501,420,877**	**-**
Short term borrowings	**2,547,610,430**	**2,591,283,401**	**2,591,283,401**	**-**
	4,345,885,816	**4,394,715,161**	**4,246,895,970**	**147,819,191**

	2015			
Financial liabilities	Carrying amount	Contractual cash flows	Upto one year	More than one year
		(Rupees)		
Long term loan	395,889,825	448,161,693	80,029,877	368,131,816
Long term payable	1,700,179,646	1,700,179,646	-	1,700,179,646
Trade and other payables	1,427,944,971	1,427,944,971	1,427,944,971	-
Short term borrowings	3,360,000,000	3,402,945,861	3,402,945,861	-
	6,884,014,442	6,979,232,171	4,910,920,709	2,068,311,462

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effective as at 30 June. The rates of mark-up have been disclosed in respective notes to these financial statements.

32.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is exposed to currency risk, interest rate risk and price risk.

Notes to the Financial Statements

For the year ended 30th June 2016

a) Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. Currently, the Company's foreign exchange risk exposure is restricted to cash and bank balances in foreign currency Management believes that the Company's exposure emanating from any fluctuations in the foreign currencies is not required to be hedged.

Financial assets	**2016**		2015	
	Rupees	**US Dollars**	**Rupees**	**US Dollars**
Cash in hand	**114,950**	**1,100**	-	-
Bank balances	**4,189,989**	**40,096**	4,079,726	40,096

The following significant exchange rates were applicable during the year:

	Average rates		**Balance sheet date rate**	
	2016	2015	**2016**	2015
US Dollars to Pakistan Rupee	**104.4**	102	**104.5 / 104.7**	101.57 / 101.75

Sensitivity analysis

A 10 percent strengthening / (weakening) of the Pakistan Rupee against various foreign currencies at 30 June would have (decreased) / increased the profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2015.

	Effect on profit and loss (net of tax)	
	2016	2015
	(Rupees)	
As at 30 June		
Effect in US Dollars	**418,999**	407,973

b) Interest / mark-up rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The majority of the interest rate exposure arises from financial assets and financial liabilities as stated below.

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

	2016	2015	2016	2015
	(Effective interest rate %)		(Rupees)	
Financial assets				
Variable rate financial instruments				
Loans	**8.6% to 10.29%**	11.00% to 13.42%	**784,686,712**	507,762,091
Cash and bank balances	**3.75% to 5%**	6.5% to 4.00%	**354,860**	907,257,640
Financial liabilities				
Variable rate financial instruments				
Long term loan	**8.35% to 10.68%**	10.68% to 12.7%	**147,819,191**	346,854,503
Current maturity of long term loan	**8.35% to 10.68%**	10.68% to 12.7%	**149,035,318**	49,035,322
Short term borrowings	**6.35% to 7.01%**	8.76% to 12.46%	**2,547,610,430**	3,360,000,000

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through the profit and loss account. Therefore a change in interest rates at the reporting date would not affect the profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

For cash flow sensitivity analysis of variable rate instruments a hypothetical change of 100 basis points in interest rates would have increased / (decreased) profit for the year by the amounts shown below.

Notes to the Financial Statements

For the year ended 30th June 2016

As at 30 June 2016	Increase 100 bps	Decrease 100 bps
	(Rupees)	
Cash flow sensitivity - Variable rate financial assets	**7,850,416**	**(7,850,416)**
Cash flow sensitivity - Variable rate financial liabilities	**28,444,649**	**(28,444,649)**
As at 30 June 2015		
Cash flow sensitivity - Variable rate financial assets	14,150,197	(14,150,197)
Cash flow sensitivity - Variable rate financial liabilities	37,558,898	(37,558,898)

c) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark-up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. The Company is exposed to equity price risk since it has investments in quoted securities.

The Company's strategy is to hold its strategic equity investments for a longer period of time. Thus, management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee company remain viable. The Company manages price risk by monitoring exposure in quoted equity securities and implementing strict discipline in internal risk management and investment policies.

The carrying value of investments subject to equity price risk are, in almost all instances, based on quoted market prices as of the reporting date except for unquoted associates which are carried at fair value determined through valuation techniques. Market prices are subject to fluctuation and consequently the amount realised in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amount realised in the sale of a particular security may be affected by the relative quantity of the security being sold.

Sensitivity analysis

The table below summarises the Company's equity price risk as of 30 June 2016 and 2015 and shows the effects of a hypothetical 30% increase and a 30% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Accordingly, the sensitivity analysis prepared is not necessarily an indication of the effect on Company's net assets of future movement in the level of PSE 100 index.

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders' equity	Hypothetical increase / (decrease) in profit / (loss) before tax
	(Rupees)			(Rupees)	
30 June 2016	**16,629,975,060**	**30% increase**	**21,618,967,578**	**194,518,370**	**4,794,474,148**
		30% decrease	**11,640,982,542**	**(194,518,370)**	**(4,794,474,148)**
30 June 2015	17,127,363,240	30% increase	22,265,572,212	814,945,416	4,323,263,556
		30% decrease	11,989,154,268	(814,945,416)	(4,323,263,556)

32.4 Financial instruments by category

The table below provides reconciliation of the line items in the Company's statement of financial position to the categories of financial instruments.

	At fair value 'through profit or loss'	Loans and receivables	Available for sale	Other financial assets	Other financial liabilities
			(Rupees)		
30 June 2016					
Financial assets					
Cash and bank balances	-	25,033,510	-	-	-
Pledged investments	1,766,466,485	-	250,390,406	-	-
Non-pledged investments	26,365,214,008	-	398,004,161	5,258,140,246	-
Long term deposits	-	89,590	-	-	-
Loans and advances	-	784,686,712	-	-	-
Mark-up receivable	-	19,756,811	-	-	-
Other receivables	-	741,964	-	-	-
	28,131,680,493	**830,308,587**	**648,394,567**	**5,258,140,246**	**-**
Financial liabilities					
Long term loan - secured	-	-	-	-	147,819,191
Mark-up accrued on short term borrowings	-	-	-	-	173,878,386
Trade and other payables	-	-	-	-	1,517,547,613
Current maturity of long term loan -	-	-	-	-	149,035,318
Short term borrowings	-	-	-	-	2,547,610,430
	-	**-**	**-**	**-**	**4,535,890,938**

	At fair value 'through profit or loss'	Loans and receivables	Available for sale	Other financial assets	Other financial liabilities
			(Rupees)		
30 June 2015					
Financial assets					
Cash and bank balances	-	-	-	2,025,281,649	-
Pledged investments	2,540,555,750	-	315,491,912	-	-
Non-pledged investments	22,940,422,769	-	2,400,992,809	3,833,385,578	-
Long term deposits	-	-	-	89,590	-
Loans and advances	-	661,638,921	-	-	-
Mark-up receivable	-	18,855,901	-	-	-
Other receivables	-	1,215,091,964	-	-	-
	25,480,978,519	1,895,586,786	2,716,484,721	5,858,756,817	-
Financial liabilities					
Long term loan - secured	-	-	-	-	346,854,503
Mark-up accrued on short term borrowings	-	-	-	-	42,945,861
Long term payable	-	-	-	-	1,700,179,646
Trade and other payables	1,214,400,000	-	-	-	1,427,944,971
Current maturity of long term loan	-	-	-	-	49,035,322
Short term borrowings	-	-	-	-	3,360,000,000
	1,214,400,000	-	-	-	6,926,960,303

None of the financial assets and financial liability have been netted off in the financial statements.

33. FAIR VALUE MEASUREMENTS

A number of the Company's accounting policies and disclosure require the measurement of fair values, for both financial, if any and non-financial assets and financial liabilities.

'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.

Management engage independent external experts / valuers to carry out valuation of its non-financial assets (i.e. Investment Property) and financial assets where prices are not quoted or readily available in the market. Involvement of external valuers is decided upon by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

When measuring the fair value of an asset or a liability, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

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

Valuation techniques used by the Company include discounted cash flow model for valuation of unquoted equity securities. Assumptions and inputs used in valuation techniques include risk-free rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the balance sheet date that would have been determined by market participants acting at arm's length.

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the management recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	30 June 2016							
	Carrying amount					Fair value		
	At fair value through profit and loss	Loans and Receivables	Available for sale	Other financial assets	Other financial liabilities	Level 1	Level 2	Level 3
	(Rupees)							
Financial assets measured at fair value								
Long term investments	23,552,050,625	-	100,000	-	-	11,401,950,625	-	12,150,100,000
Short term investments	4,579,629,868	-	648,294,567	-	-	5,227,924,435	-	-
Financial assets not measured at fair value								
Long term investments	-	-	-	5,258,140,246	-	-	-	-
Long term deposits	-	89,590	-	-	-	-	-	-
Other receivable	-	741,964	-	-	-	-	-	-
Loans and advances	-	784,686,712	-	-	-	-	-	-
Mark-up receivable	-	19,756,811	-	-	-	-	-	-
Cash and bank balances	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Long term loan - secured	-	-	-	-	147,819,191	-	-	-
Mark-up accrued on short term borrowings	-	-	-	-	173,878,386	-	-	-
Trade and other payables	-	-	-	-	1,517,547,613	-	-	-
Current maturity of long term loan	-	-	-	-	149,035,318	-	-	-
Short term borrowings	-	-	-	-	2,547,610,430	-	-	-

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

	2016	2015
	(Rupees)	
Unlisted equity instruments		
Balance at 1 July	11,070,000,000	11,205,000,000
Total gains / (losses) recognised in profit and loss account on remeasurement of investment	1,080,000,000	(135,000,000)
Balance at 30 June	12,150,000,000	11,070,000,000

Management assessed that the fair values of loans, other receivable and cash & cash equivalent trade payables, short term borrowing and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. For long term deposit asset and long term liabilities, managements consider that their carrying values approximates fair value.

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities measured at fair value:

Assets measured at fair value	Date of valuation	Valuation approach and input used	Inter-relationship between significant unobservable Inputs and fair value measurement
Non-financial assets at fair value Investment Properties	30 June 2016	The valuation approach is based on the rates per square yard on which the properties would be sold on the date of valuation. In determining the valuation, development progress, market condition, sale price, potential future value, location, identification of plot, approach to area, utilities / services, size of plots and other factors have been considered. Potential values was mainly considered due to inherent value of land which may enhance with passage of time or in some alternative use within sight. Further, the inherent quality of the property itself create condition for its particular suitability for such better use. The consideration of potential value becomes relevant in such situation.	The fair value are subjected to change owing to change in input. However, the management does not expect material sensitivity to the fair values arising from non-observable inputs.
Financial assets at fair value Equity securities - unquoted	30 June 2016	Discounted cash flows: The valuation model considers the present value of future cash flow of investee company discounted using a risk-adjusted discount rate. The cash flow projection include specific estimates for 5 years. Inputs used: Long term growth rate 4% Long term return on equity 14.21% Weighted average cost of capital 14.21%	The estimated fair value would increase / (decrease) if: - number of operating days increase / (decrease) - the annual growth rate were higher or lower - the EBITDA margin were higher or lower Generally, a change in the annual growth rate is accompanies by a directionally similar change in EBITDA margin.

The fair value of quoted equity securities categorised in level 1 in fair value hierarchy is determined using quotation from the Pakistan Stock Exchange Limited on the reporting date. Investment in a subsidiary company namely Arif Habib Limited is quoted on the Pakistan Stock Exchange and fair value of investment, based on the available market price, is Rs. 1,818 million. The said subsidiary is carried at cost and fair value is determined for disclosure purposes. The reconciliation of investment property has been disclosed in respective note; hence not disclosed separately. The fair value of investment property amounting to Rs. 1,646.54 million has been classified under level 3 in fair value hierarchy.

34. CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, sustain future development of the business, safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes in Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

35. STAFF RETIREMENT BENEFITS

Defined contribution plan - staff provident fund

Salaries, wages and benefits include Rs. 1.639 million (2015: Rs. 1.678 million) in respect of provident fund contribution.

The following information is based on the latest financial statements of the Fund:

	2016 (Unaudited)	2015 (Audited)
	(Rupees)	
Size of the Fund - total assets	**19,168,811**	16,399,493
Cost of investments made	**19,088,614**	15,947,814
Percentage of investments made	**100%**	100%
Fair value of investments	**19,088,614**	16,326,336

Breakup of investments is as follows:

	2016		2015	
	(Rupees)	**%**	(Rupees)	%
Open end mutual fund	**-**	**-**	2,924,692	17.91
Balance with bank in savings account	**19,088,614**	**100.00**	13,401,644	82.09
	19,088,614	**100.00**	16,326,336	100.00

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

36. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise of group companies (including subsidiaries and associates), directors and their close family members, major shareholders of the Company, companies where directors also hold directorship, key management personnel and staff provident fund. Transactions with related parties are carried out at contractual / agreed rates. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment while contribution to the provident fund is in accordance with staff service rules. Remuneration of chief executive officer, directors and executives is disclosed in note 28 to the financial statements.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers its Chief Executive Officer, Chief Financial Officer, Company Secretary, Non-Executive Directors and departmental heads to be its key management personnel. There are no transactions with key management personnel other than their terms of employment / entitlement.

Transactions and balances with related parties during the year other than those disclosed elsewhere in the financial statements are given below:

	2016	2015
	(Rupees)	
Relationship with the Company and the nature of transaction		
Transactions with Subsidiaries		
Services availed	**7,083,514**	7,518,121
Mark-up income on loan and advance	**55,149,142**	6,957,832
Mark-up income received	**55,149,142**	7,208,157
Dividend income / received	**265,648,159**	189,748,685
Loan extended	**2,150,000,000**	260,000,000
Loan repayment	**2,150,000,000**	270,000,000
Subscription of right shares / fresh equity investment	**2,134,465,000**	302,000,000
Guarantee commission income	**133,922**	66,964
Guarantee commission received	**200,892**	-
Disposal of computer and allied equipment	**29,789**	18,129
Transactions with Associates		
Dividend income / received	**70,408,543**	994,493,067
Mark-up on loan and advance	**49,972,491**	154,227,953
Mark-up income received	**65,695,658**	149,502,266
Loan / advance extended	**1,438,169,776**	1,965,409,225
Loan / advance repayment	**1,334,500,767**	1,914,128,586
Donation made	**-**	100,000,000
Guarantee commission income	**1,416,964**	2,025,000
Guarantee commission received	**2,041,964**	1,400,000

Notes to the Financial Statements
For the year ended 30th June 2016

	2016	2015
	(Rupees)	
Transactions with Other related parties and associated undertakings		
Provident fund contribution	**1,639,319**	1,678,324
Payment of rent and maintenance charges	**6,542,713**	33,878,921
Dividend income / received	**817,209**	-
Mark-up on loan and advance	**23,468,712**	-
Mark-up income received	**3,711,901**	-
Loan / advance extended	**1,440,471,148**	-
Loan / advance repayment	**1,267,215,536**	-
Guarantee commission income	**1,416,964**	-
Guarantee commission received	**675,000**	-
Mark-up accrued long term loan	**16,926,811**	-
Mark-up accrued short term running finance	**156,066,830**	30,325,018
Mark-up paid on long term loan	**16,970,418**	10,973,918
Mark-up paid on short term running finance	**31,791,747**	22,906,030

37. NUMBER OF EMPLOYEES

Number of persons employed by the Company as on the year end are 18 (2015:18) and average number of employees during the year are 18 (2015:19).

38. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and / or re-classified, wherever necessary, for the purpose of comparison and better presentation the impact of which is not material.

39. GENERAL

39.1 Date of authorisation for issue

These financial statements have been authorised for issue on 27 September 2016 by the Board of Directors of the Company.

39.2 Non-adjusing event after balance sheet date

The Board of Directors of the company has proposed a cash dividend of Rs. 2.5 per share amounting to Rs. 1,134,375,000 at its meeting held on 27 September 2016 for the approval of the members at the annual general meeing to be held on 29 October 2016. These financial statements do not reflect this applicaion as explained in noe 3.19.

Chief Executive Officer

Director

Audited Consolidated Financial Statements
For the year ended 30th June 2016

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

Telephone + 92 (21) 3568 5847
Fax + 92 (21) 3568 5095
Internet www.kpmg.com.pk

Auditors' Report on Consolidated Financial Statements

We have audited the annexed consolidated financial statements comprising consolidated Balance Sheet of **Arif Habib Corporation Limited** ("the Holding Company") and its subsidiary companies as at **30 June 2016** and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part there of, for the year then ended. We have also expressed separate opinions on the financial statements of the Holding Company and its subsidiary company namely; Pakistan Opportunities Limited except for Arif Habib Limited, Sachal Energy Development (Private) Limited, Arif Habib Commodities (Private) Limited and Arif Habib 1857 (Private) Limited which were audited by other firms of auditors, whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included for such companies, is based solely on the reports of such other auditors. These consolidated financial statements also include unaudited financial statements of subsidiary namely Arif Habib DMCC (AHD). These consolidated financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of the Holding Company and its subsidiary companies as at 30 June 2016 and the results of their operations for the year then ended.

We draw attention to:

- Note 3.1 and 19.7 to the consolidated financial statements which states that the financial information of a subsidiary and an associate are unaudited while financial information of two associates are reviewed by their external auditors.

KPMG

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

Telephone + 92 (21) 3568 5847
Fax + 92 (21) 3568 5095
Internet www.kpmg.com.pk

- Note 1.5 to the consolidated financial statements which explains that Pakistan Opportunities Limited has incurred a net loss of Rs. 0.148 million during the year ended 30 June 2016 and as of that date its accumulated losses are Rs. 48.48 million and no economic activity was carried out during the year.

- Management of Silkbank Limited (the Bank) has recognised a deferred tax asset amounting to Rs. 4,022 million based on the financial projections for taxable profit for five years which have been approved by the Board of Director of the Bank. Further the Bank has acquired significant non-banking assets in settlement of its claims which have not been disposed off yet. The auditors of the Bank have given emphasis of matter paragraph in their review report to the financial information for the six months period ended 30 June 2016 pertaining to these matters.

Our opinion is not qualified in respect of above matters.

Date: 27 September 2016

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Moneeza Usman Butt

Consolidated Balance Sheet

As at 30th June 2016

	Note	2016	2015
		(Rupees)	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital		**10,000,000,000**	10,000,000,000
Issued, subscribed and paid-up share capital	4	**4,537,500,000**	4,537,500,000
Reserves		**15,314,417,337**	13,705,671,841
Equity attributable to owners of the Parent		**19,851,917,337**	18,243,171,841
Non-controlling interests	5	**742,537,812**	1,550,040,084
		20,594,455,149	19,793,211,925
Surplus on revaluation of fixed assets	6	**15,432,500**	15,432,500
Non-current liabilities			
Long term loans - secured	7	**1,226,229,191**	1,252,251,503
Loans from related parties - unsecured		**-**	1,180,989,352
Long term payable		**-**	1,700,179,646
Liabilities against assets subject to finance lease	8	**1,878,241**	1,660,874
Deferred liability - Staff gratuity	9	**2,310,380**	50,073,519
Deferred taxation - net	10	**783,536,683**	621,315,664
		2,013,954,495	4,806,470,558
Current liabilities			
Loan from previous sponsors		**-**	735,000
Trade and other payables	11	**2,310,567,803**	3,124,271,790
Mark-up accrued on borrowings		**301,112,788**	102,354,574
Short term borrowings	12	**4,428,479,243**	4,621,066,027
Current portion of long term loans	7	**149,035,318**	544,143,322
Current portion of liabilities against assets subject to finance lease	8	**687,187**	500,013
Provision for taxation		**214,436,239**	670,102,867
Payable against purchase of securities - net		**465,407,950**	44,558,395
Liabilities held for sale	29	**13,640,441**	-
		7,883,366,969	9,107,731,988
		30,507,209,113	33,722,846,971
Contingencies and commitments	13		

Consolidated Balance Sheet

As at 30th June 2016

	Note	2016	2015
		(Rupees)	
ASSETS			
Non-current assets			
Property, plant and equipment	14	**2,147,958,965**	4,790,605,043
Intangible assets - others	15	**4,130,891**	15,037,353
Goodwill	16	**910,206,117**	1,163,961,863
Trading right entitlement certificate, membership card and offices	17	**24,600,000**	24,600,000
Investment properties	18	**2,178,505,214**	3,173,144,374
Equity accounted investees	19	**16,674,180,757**	14,293,581,206
Other long term investments	20	**121,442,551**	121,442,551
Long term deposits and prepayments	21	**43,963,390**	47,599,877
		22,104,987,885	23,629,972,267
Current assets			
Stock-in-trade		**-**	284,975,000
Stores, spares and loose tools		**-**	562,409,000
Trade debts	22	**618,645,963**	791,170,241
Loans and advances	23	**2,624,294,005**	1,349,239,951
Deposits and prepayments	24	**162,028,849**	433,919,303
Advance tax		**194,014,092**	533,133,862
Tax refund due from government		**-**	287,265,000
Mark-up receivable	25	**19,756,976**	18,856,147
Other receivables	26	**169,842,640**	1,330,128,586
Short term investments	27	**4,163,587,442**	1,672,710,016
Cash and bank balances	28	**386,112,717**	2,829,067,598
Assets held for sale	29	**63,938,544**	-
		8,402,221,228	10,092,874,704
		30,507,209,113	33,722,846,971

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

Chief Executive Officer

Director

Consolidated Profit and Loss Account

For the year ended 30th June 2016

	Note	2016	2015
		(Rupees)	
Continuing Operations			
Operating revenue	31	**992,940,327**	2,421,537,390
Operating and administrative expenses	32	**(424,774,497)**	(457,901,665)
Unrealised gain on remeasurement of investment property	18	**486,250,486**	101,983,374
Other income	33	**39,104,356**	20,326,531
Finance cost	34	**(401,890,076)**	(475,422,890)
Other charges	35	**(26,095,326)**	(246,857,569)
		665,535,270	1,363,665,171
Share of profit of equity - accounted investees - net of tax		**2,676,978,026**	2,439,242,991
Profit before tax		**3,342,513,296**	3,802,908,162
Taxation	36	**(469,230,778)**	(562,890,331)
Profit after tax from continuing operation		**2,873,282,518**	3,240,017,831
Discontinued operations			
Profit / (loss) for the year from discontinued operations - net of tax:			
- Arif Habib DMCC	29	**(3,384,752)**	(12,865,403)
- Power Cement Limited	30	**315,354,507**	440,790,083
Gain on disposal of subsidiary	30	**653,693,309**	-
		965,663,064	427,924,680
Profit for the year		**3,838,945,582**	3,667,942,511
Profit attributable to:			
Equity holders of the Parent Company - continuing operation		**2,712,020,679**	2,940,068,150
Equity holders of the Parent Company - discontinued operation		**829,932,780**	281,102,462
		3,541,953,459	3,221,170,612
Non-controlling interests - continuing operation		**161,261,839**	287,084,279
Non-controlling interests - discontinued operation		**135,730,284**	159,687,620
		296,992,123	446,771,899
		3,838,945,582	3,667,942,511
Earnings per share - basic and diluted			
From continuing operations		**5.98**	6.48
From discontinued operations		**1.83**	0.62
	37	**7.81**	7.10

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

Chief Executive Officer

Director

Consolidated Statement of Comprehensive Income

For the year ended 30th June 2016

	Note	2016	2015
		(Rupees)	
Profit after tax		3,838,945,582	3,667,942,511
Other comprehensive income			
Items that are or may be reclassified subsequently to profit and loss account			
Unrealised diminution during the year on remeasurement of investment classified as 'available for sale'		(85,872,065)	-
Effect of translation of net assets of foreign subsidiary to presentation currency - net		2,359,568	1,325,794
Reclassification of foreign currency translation difference on disposal of foreign operation		-	(2,550,663)
Share of other comprehensive income of equity - accounted associates		10,540,685	47,258,303
Related tax thereon		(441,371)	-
		(73,413,183)	46,033,434
Items that will never be reclassified subsequently to profit and loss accounts			
Share of other comprehensive income of equity - accounted associates		8,117,797	56,739,120
Related tax thereon		(559,310)	-
Remeasurement of defined benefit liability		-	(205,000)
		7,558,487	56,534,120
Other comprehensive income for the year - net of tax		(65,854,696)	102,567,554
Total comprehensive income		3,699,677,703	3,770,510,065
Total comprehensive income attributable to:			
Equity holders of the Parent Company		3,402,685,580	3,323,826,398
Non-controlling interests		296,992,123	446,683,667
		3,699,677,703	3,770,510,065

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

Chief Executive Officer

Director

Consolidated Cash Flow Statement

For the year ended 30th June 2016

	Note	2016	2015
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	**3,081,750,227**	4,017,427,876
Income tax paid		**(423,556,617)**	(214,125,472)
Finance cost paid		**(203,131,862)**	(850,146,395)
Net cash generated from operating activities		**2,455,061,748**	2,953,156,009
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		**(1,822,029,017)**	(284,641,923)
Acquisition of intangible assets		**(802,606)**	(1,925,321)
Acquisition of Trading right entitlement certificate		**-**	(9,500,000)
Dividend from equity accounted investee		**70,408,543**	998,121,236
Acquisition of investment property		**(19,290,000)**	(21,010,000)
Net purchase of long term investment		**(413,734,265)**	(88,769,218)
Proceeds from sale of property, plant and equipment and intangibles		**769,779**	84,000,200
Long term deposits		**3,636,487**	(7,068,891)
Disposal of discontinued operation - net of cash disposed of		**1,059,439,500**	-
Long term loans and advances		**-**	975,000
Net cash (used in) / generated from investing activities		**(1,121,601,579)**	670,181,084
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing and deferred liabilities - net		**(1,649,882,807)**	(112,245,985)
Liability against assets subject to finance lease		**404,541**	(543,918)
Distribution by subsidiary to non-controlling interest		**(119,350,000)**	(85,251,315)
Dividend paid		**(1,815,000,000)**	(1,134,375,000)
Net cash used in financing activities		**(3,583,828,266)**	(1,332,416,218)
Net (decrease) / increase in cash and cash equivalents		**(2,250,368,097)**	2,290,920,875
Cash and cash equivalents at beginning of the year		**(1,791,998,429)**	(4,082,919,304)
Cash and cash equivalents at end of the year	40	**(4,042,366,526)**	(1,791,998,429)

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

Chief Executive Officer

Director

Consolidated Statement of Changes in Equity

For the year ended 30th June 2016

	Equity attributable to owners of the Parent							
	Issued, subscribed and paid up share capital	Unrealised (diminution) / appreciation on remeasurement of investments classified as 'available for sale'	Exchange difference on translation of foreign operation to presentation currency	General reserve	Unappropriated profit	Total	Non-controlling interests	Total equity
					Rupees			
Balance as at 30 June 2014	4,537,500,000	68,004,298	48,111,521	4,019,567,665	7,216,972,718	15,890,156,202	1,055,597,355	16,945,753,557
Total comprehensive income for the year								
Profit for the year	-	-	-	-	3,221,170,612	3,221,170,612	446,771,899	3,667,942,511
Other comprehensive income								
Effect of translation of net assets of foreign subsidiary to presentation currency - net	-	-	1,325,794	-	-	1,325,794	-	1,325,794
Reclassification of foreign currency translation difference on disposal of foreign operation	-	-	(2,550,663)	-	-	(2,550,663)	-	(2,550,663)
Share of other comprehensive income of equity-accounted associates - net of tax	-	47,258,303	-	-	56,739,120	103,997,423	-	103,997,423
Remeasurement of defined benefit liability - net of tax	-	-	-	-	(116,768)	(116,768)	(88,232)	(205,000)
	-	47,258,303	(1,224,869)	-	56,622,352	102,655,786	(88,232)	102,567,554
Total comprehensive income	-	47,258,303	(1,224,869)	-	3,277,792,964	3,323,826,398	446,683,667	3,770,510,065
Distribution by Subsidiaries	-	-	-	-	-	-	(85,251,315)	(85,251,315)
Transactions with owners recorded directly in equity								
Distributions								
Final cash dividend at the rate of Rs. 2.5 per share for the year ended 30 June 2014	-	-	-	-	(1,134,375,000)	(1,134,375,000)	-	(1,134,375,000)
Changes in ownership interests in subsidiaries								
Disposal of non-controlling interest without a change in control	-	-	-	-	163,564,241	163,564,241	133,010,377	296,574,618
	-	-	-	-	(970,810,759)	(970,810,759)	133,010,377	(837,800,382)
Balance as at 30 June 2015	**4,537,500,000**	**115,262,601**	**46,886,652**	**4,019,567,665**	**9,523,954,923**	**18,243,171,841**	**1,550,040,084**	**19,793,211,925**
Total comprehensive income for the year								
Profit for the year	-	-	-	-	3,541,953,459	3,541,953,459	296,992,123	3,838,945,582
Other comprehensive income								
Unrealised diminution during the year on remeasurement of investment classified as 'available for sale'	-	(85,872,065)	-	-	-	(85,872,065)	-	(85,872,065)
Effect of translation of net assets of foreign subsidiary to presentation currency - net	-	-	2,359,568	-	-	2,359,568	-	2,359,568
Share of other comprehensive income of equity-accounted associates - net of tax	-	10,099,314	-	-	8,117,797	18,217,111	-	18,217,111
	-	(75,772,751)	2,359,568	-	8,117,797	(65,295,386)	-	(65,295,386)
Total comprehensive income	-	(75,772,751)	2,359,568	-	3,550,071,256	3,476,658,073	296,992,123	3,773,650,196
Distribution by Subsidiaries	-	-	-	-	-	-	(119,350,000)	(119,350,000)
Transactions with owners recorded directly in equity								
Distributions								
Final cash dividend at the rate of Rs. 4 per share for the year ended 30 June 2015	-	-	-	-	(1,815,000,000)	(1,815,000,000)	-	(1,815,000,000)
Changes in ownership interests in subsidiaries								
Disposal of equity interest in subsidiary with loss of control	-	-	-	-	-	-	(902,102,582)	(902,102,582)
Acquisition of non-controlling interest without change in control (refer note 5.1)	-	-	-	-	(52,912,577)	(52,912,577)	(83,041,813)	(135,954,390)
	-	-	-	-	(1,867,912,577)	(1,867,912,577)	(985,144,395)	(2,853,056,972)
Balance as at 30 June 2016	4,537,500,000	39,489,850	49,246,220	4,019,567,665	11,206,113,602	19,851,917,337	742,537,812	20,594,455,149

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

Chief Executive Officer

Director

Notes to the Consolidated Financial Statements
For the year ended 30th June 2016

1. STATUS AND NATURE OF BUSINESS

Arif Habib Corporation Limited, ("the Parent Company") was incorporated in Pakistan on 14 November 1994 as a public limited company under the Companies Ordinance, 1984. The Parent Company is listed on the Pakistan Stock Exchange Limited. The principal activity of the Company is to make strategic investments in subsidiary companies and associates engaged in diversified sectors and investment in other securities. The registered office of the Parent Company is situated at Arif Habib Centre, 2nd Floor, 23, M. T. Khan Road, Karachi, Pakistan. The Parent Company is domiciled in the province of Sindh.

These consolidated financial statements of Arif Habib Corporation Limited for the year ended 30 June 2016 comprise of the Parent Company and following subsidiary companies (here-in-after referred to as "the Group").

Name of Subsidiary Companies	*Effective holding*
- Arif Habib Limited, a brokerage house	73.29%
- Arif Habib Commodities (Private) Limited, investment management of commodities [wholly owned subsidiary of Arif Habib Limited]	73.29%
- Arif Habib 1857 (Private) Limited, investments and share brokerage company [wholly owned subsidiary of Arif Habib Limited]	73.29%
- Arif Habib DMCC, a UAE incorporated member company of Dubai Gold and Commodities Exchange	100.00%
- Pakistan Opportunities Limited	85.00%
- Sachal Energy Development (Private) Limited, a wind power generation company	99.99%

Associates

- Pakarab Fertilizers Limited	30.00%
- Fatima Fertilizer Company Limited	15.19%
- MCB - Arif Habib Savings and Investments Limited	30.09%
- Silkbank Limited	28.23%

1.1 Arif Habib Limited (AHL) was incorporated in Pakistan on 07 September 2004 under the Companies Ordinance, 1984, as a public limited company. The registered office of AHL is situated at Arif Habib Centre, 23 M.T. Khan Road, Karachi, Pakistan. It is domiciled in the province of Sindh. AHL holds Trading Right Entitlement Certificates of Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited). The principal activities of AHL are investments, share brokerage, interbank brokerage, initial public offering (IPO) underwriting, advisory and consultancy services. During the year, the Parent Company has increased additional holding in AHL from 69% to 73.29%.

1.2 Arif Habib Commodities (Private) Limited (AHCPL) was incorporated on 2 April 2012 as a private limited company under the Companies Ordinance, 1984. The registered office of the AHCPL is located at Arif Habib Centre Karachi. The principal activity of AHCPL is to effectively manage investment portfolios in commodities. The AHCPL is a wholly owned Subsidiary of Arif Habib Limited. AHCPL holds license of Pakistan Mercantile Exchange (PMEX).

1.3 Arif Habib 1857 (Private) Limited (AH1857) was incorporated on 17 July 2014 as a private limited company in Pakistan under Companies Ordinance, 1984. The registered office of the Company is located at Arif Habib Centre, 23 M.T. Khan road, Karachi. The principal activities of the Company are investment and shares brokerage. The AH1857 is a wholly owned Subsidiary of Arif Habib Limited. AH1857 holds Trading Right Entitlement Certificate (TREC).

1.4 Arif Habib DMCC (AHD) was incorporated in Dubai, U.A.E. on 24 October 2005 as a limited liability company. Its registered office is situated at Unit No. AG-15-E, AG Tower (Silver), Plot No. 11, Jumeirah Lake Towers, Dubai, U.A.E. AHD is a wholly owned subsidiary of Parent Company and was granted registration and trading license by the Registrar of Companies of the Dubai Multi Commodities Centre (DMCC) Authority on 26 October 2005. The principal activities of the Company is trading in gold, metals and other commodities on the Dubai Gold and Commodities Exchange (DGCX). However, no commercial activities were carried out during the year. During the year, the Parent Company has classified AHD as held for sale.

1.5 Pakistan Opportunities Limited (POL) was incorporated in Pakistan on 6 September 2006 under the Companies Ordinance, 1984 as a public limited company (Un-Quoted). The registered office of the POL is situated at Arif Habib Center, 23 M.T. Khan Road, Karachi, Pakistan. The principal purpose of the Subsidiary Company is to make strategic investments by investing in securities and industrial and commercial ventures. Previously POL was registered under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, with the SECP and had license to carry out Private Equity and Venture Capital Fund Management Services, which expired on 3 June 2013. The Subsidiary Company decided not to apply for renewal of license and applied with the SECP to exit from the business which was granted on 18 November 2014. The Memorandum of Association was amended by shareholders of the Company through special resolution dated 5 January 2015 which was approved by the Securities and Exchange Commission of Pakistan (SECP) on 19 January 2015.

Further, the name of the Subsidiary Company has been changed to Pakistan Opportunities Limited, with effect from 19 January 2015 to reflect change in the business of the Company. The Subsidiary Company has incurred a net loss of Rs. 0.148 million (2015: Rs. 0.161 million) during the year ended 30 June 2016 and as of that date its accumulated losses are Rs. 48.480 million (2015: Rs. 48.332 million) and no economic activity was carried out during the year.

1.6 Sachal Energy Development (Private) Limited (SEDPL) was incorporated in Pakistan under the Companies Ordinance, 1984 on 20 November 2006. SEDPL's registered office is located in Islamabad, Pakistan. It plans to carry out the business of purchasing, generating, importing, distributing, supplying and dealing in electricity and all other form of energy and the related services. It is in process of establishing 49.5 MW wind power project in Jhampir, Sindh, Pakistan. During the year, the SEDPL, issued right shares to the Parent Company of an amount of Rs. 2,134.465 million.

1.7 MCB-AH was incorporated in the name of Arif Habib Investment Management Limited (AHIML) on 30 August 2000 as an unquoted public limited company under the requirements of the Companies Ordinance, 1984. MCB-AH is listed on the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited). MCB-AH is registered as a Pension Fund Manager under the Voluntary Pension System Rules, 2005 and as an Asset Management Company and an Investment Advisor under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. During the year ended 30 June 2016, the registered office of MCB-AH has been shifted to 24th Floor. Centre point, Off Shaheed-e-Millat Expressway, near K.P.T. Interchange, Karachi, Pakistan. Previously, the registered office of MCB-AH was situated at 8th Floor, Techno City, Corporate Tower, Molana Hasrat Mohani Road, Karachi, Pakistan. MCB-AH has been assigned an Asset Manager rating of AM2++ (2015: AM2+) by the Pakistan Credit Rating Agency Limited (PACRA). The rating was determined by PACRA on 8 June 2016.

1.8 Fatima Fertilizer Company Limited (FFCL) and its wholly owned subsidiaries - Fatimafert Limited (FF) (formerly DH Fertilizers Limited) and Buber Sher (Private) Limited (BSPL) were incorporated in Pakistan under the Companies Ordinance, 1984. FFCL is listed on Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited). The control of FF and BSPL was transferred to FFCL on 1 July 2015. The principal activity of the FFCL and FF is manufacturing, producing, buying, selling, importing and exporting fertilizers and chemicals. Principal activity of BSPL is sale, marketing and distribution of fertilizers and its derivative, insecticides, pesticides, and all kinds of agricultural, fruit growing and other chemicals. Registered offices of the FFCL, FF and BSPL are located in Lahore, Pakistan. The manufacturing facility of FFCL is located at Mukhtargarh, Sadiqabad, Pakistan and that of FF is located at Sheikhupura Road.

1.9 Pakarab Fertilizers Limited (PFL) was incorporated as a private limited company in Pakistan under the Companies Act, 1913, (now Companies Ordinance, 1984). PFL changed to a non-listed public company from 7 June 2007. PFL Term Finance Certificates were listed at the Karachi Stock Exchange Limited (now merged as Pakistan Stock Exchange Limited) during the period from March 2008 to March 2013. Thereafter PFL is a non-listed public company. PFL on 12 April 2011; incorporated a wholly owned subsidiary company, Reliance Sacks Limited (RSL). PFL is principally engaged in the manufacturing and sale of chemical fertilizers while the RSL is principally engaged in the manufacturing and sale of polypropylene sacks, cloth and liners. PFL registered address is E-110, Khayaban-e-Jinnah, Lahore Cantt while its manufacturing facility is located in Multan.

1.10 Silkbank Limited (Silkbank) was incorporated in Pakistan on 4 April 1994 as a public limited company under the Companies Ordinance, 1984. Silkbank commenced commercial operations on 7 May 1995. Silkbank's shares are quoted on Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited). Silkbank is engaged in banking services as described in Banking Companies Ordinance, 1962. Silkbank operates through 88 branches (2015: 88 branches) including 10 (2015: 10) Islamic banking branches in Pakistan. Silkbank registered office is located at Silkbank Building, Kaghan Road, F-8 Markaz, Islamabad.

The short-term and long-term credit ratings of the Silkbank rated by JCR-VIS Credit Rating Company Limited in June 2016 are 'A-2' and 'A-' respectively.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention unless otherwise disclosed elsewhere in these consolidated financial statements.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Pakistan Rupees, which is the Group's functional and presentation currency. All amounts have been rounded to the nearest rupee, unless otherwise disclosed.

2.4 Use of judgements and estimates

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

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

- Classification of Investments (note 3.2 - 3.2.4)
- Fair value of investment (note 3.2)
- Derivate financial instruments (note 3.2.2)
- Impairment (note 3.4)
- Staff retirement benefits (note 3.6)
- Provision for taxation (note 3.7)
- Useful lives and residual values of property, plant and equipment (note 3.8)
- Lease classification (note 3.8)
- Investment property (note 3.9)
- Impairment of investment property (note 3.9)
- Useful lives and residual values of intangible assets (note 3.10)
- Trade debts (note 3.14)
- Stock in trade and stores and spares (note 3.25 and 3.26)

2.5 Standards, amendments, interpretations and forth coming requirements

2.5.1 Standards, amendments or interpretations which became effective during the year

Following standards have became effective during the year and are considered relevant to the Group:

- IFRS 10 introduces a new approach to determine which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The standard presently does not impact consolidated financial statements.

- IFRS 12 'Disclosure of Interest in Other Entities' combines the disclosure requirements for entities that have interest in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and / or unconsolidated structured entities, in one place. The disclosures have been provided accordingly in these consolidated financial statements.

- IFRS - 13 'Fair Value Measurement' establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as 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. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 Financial Instruments: Disclosures. As a result, the Group has included additional disclosures in this regard in note 42 to these consolidated financial statements. In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosure. Notwithstanding the above, the change had no impact on the measurements of the Group's assets and liabilities.

2.5.2 New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2016. The Group does not expect to have any effect or any material / significant effect on its accounting policy due to their application when become effective other than increase in disclosures, if any.

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures) [effective for annual periods beginning on or after 1 January 2016) clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity.

- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.

- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

- Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognised for new and outstanding awards.

- Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2017). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

- IFRS 7 'Financial Instruments - Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognised in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below and have been consistently applied to all the periods presented except for adoption of IFRS 10, IFRS 12 and IFRS 13 as disclosed in note 2.5 to these consolidated financial statements.

Certain comparative figures in the consolidated statement of profit and loss and other comprehensive income have been re-presented as a result of an operation discontinued during the year (Refer note 29 and 30).

3.1 Basis of consolidation and equity accounting

(i) Business Combination

Business combinations are accounted for using the acquisition method at acquisition date. The consideration transferred on the acquisition is measured at fair value, as are the identifiable net assets acquired. Goodwill arising on acquisition date is measured as the excess of the purchase consideration, including the acquisition date fair value of the acquirer's previously held equity interest in the acquiree in case of step acquisition, over the fair value of the identifiable assets acquired and liabilities assumed including contingent liabilities less impairment losses, if any. Any goodwill that arises is not amortised and tested annually for impairment. Any gain on bargain purchase is recognised immediately in consolidated profit and loss account. Transaction cost are expensed as incurred, except if related to the issue of debt or equity securities.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in consolidated profit and loss account.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Parent Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the accounting policies adopted by the Parent Company. The assets and liabilities of subsidiary companies have been consolidated on a line-by-line basis. The carrying value of investments held by the Parent Company is eliminated against the subsidiary's shareholders' equity in these consolidated financial statements.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners.

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in consolidated profit and loss account. These consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

The financial year of the Parent Company and its subsidiaries are the same and also audited except for AHD. Financial year of the AHD is January to December. AHD has prepared, for consolidation purposes, interim financial information, which is neither audited nor reviewed by independent external auditors as of the same date as the financial statements of the Parent Company. During the year, AHD has been classified as held for sale.

The assets, liabilities as of 30 June 2016 and loss after taxation for the year then ended of unaudited subsidiary (i.e. Arif Habib DMCC) incorporated in these consolidated financial statements are as follows:

Subsidiary	Assets	Liabilities (Rupees)	Loss after tax
Arif Habib DMCC	63,938,544	13,640,441	(3,384,752)

(iii) Non-controlling interests

Non-controlling interest is that portion of equity in a subsidiary that is not attributable, directly or indirectly, to the Parent Company. Non-controlling interests are measured at their proportionate share of the subsidiaries' identifiable net assets. They are presented as a separate item in the consolidated financial statements.

(iv) Associates

The Parent Company considers its associates to be such entities in which the Group has ownership, of not less than twenty percent but not more than fifty percent, of the voting power and / or has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for under the equity method, less impairment losses, if any. Such investments are carried in the balance sheet at cost (including transaction cost), plus post-acquisition changes in the Group's share of net assets of the associate, less any impairment in value. The consolidated profit and loss account reflects the Group's share of the results of its associate and consolidated other comprehensive income reflect Group's shares in other comprehensive income of equity accounted investee. The equity method for investments in associates is applied from the date when significant influence commence until the date that significant influence ceases. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of investment. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group. The Group's share of results of associate MCB - Arif Habib Savings and Investments Limited, are based on audited financial statements of the associate, whereas the financial statements of Fatima Fertilizer Company Limited, Silkbank Limited and Pakarab Fertilizers Limited were audited as of 31 December 2015. In the case of Fatima Fertilizer Company Limited and Silkbank Limited, limited reviewed financial information as of 30 June 2016 by their external auditor has been used for equity accounting purposes. For Pakarab Fertilizer Limited, consolidated management accounts as at 30 June 2016 have been used.

(v) Transactions eliminated on consolidation

"Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group" transactions, are eliminated. Unrealised gains arising from transactions with equity· accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Other Investments

All investments are initially recognized at fair value, being the cost of the consideration given including transaction costs associated with the investment, except for those classified as at fair value through profit or loss, in which case the transaction costs are charged to the consolidated profit and loss account.

All "regular way" purchases and sales of financial assets are recognized on the trade date, that is the date on which the Group commits to purchase / sell an asset. Regular way purchases or sales of financial assets are the contracts which require delivery of assets within the time frame generally established by regulations or market convention.

Investments classified as at fair value through profit or loss are measured at fair value, and changes therein are recognised in the consolidated profit and loss account. Whereas, in the case of available for sale, such gain or loss is recognised directly in consolidated other comprehensive income except for impairment and foreign currency differences on debt instruments which is recognised in consolidated profit and loss account. Where active market of the quoted investment exists, fair value is determined through Pakistan Stock Exchange daily quotation. In case of unquoted investment, where active market does not exist, fair value is determined using valuation techniques. The investments in equity instruments that do not have a market / quoted price in an active market and whose fair value cannot be reliably measured are carried at cost less impairment cost, if any.

The Group classifies its investments in the following categories:

3.2.1 At fair value through profit or loss

A financial assets is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Financial assets are designated at fair value through profit and loss if Group manages such investments and make purchase and sale decisions based on their fair values in accordance with Company's investment strategies. Investments which are acquired principally for the purpose of selling in the near term or the investments that are part of a portfolio of financial instruments exhibiting short term profit taking are classified at fair value through profit or loss - held for trading.

Financial assets at fair value through profit or loss are measured at fair values with any resulting gains or losses recognised in the consolidated profit and loss account. The fair value of such investment, representing listed equity securities are determined on the basis of prevailing market prices at the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited) or redemption / repurchase prices, whichever is applicable, in case of other securities.

3.2.2 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value with resulting fair values changes recognized in consolidated profit and loss account. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

3.2.3 Available for sale

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity. At each balance sheet date, these investments are re-measured at fair value and the resulting gains or losses are recognised directly in consolidated statement of comprehensive income until the investment is disposed off or impaired at which time these are transferred to the consolidated profit and loss account.

Where active market of the quoted investment exists, fair value of quoted investments is determined using quotations of Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited). The investments for which a quoted market price is not available, are measured at cost, unless fair value can be reliably measured. Such fair value estimates are subjective in nature, and therefore, cannot be determined with precision.

3.2.4 Held-to-maturity investments

Held to maturity are non derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. These assets are initially recognised at fair value plus any directly attributable transactions costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

3.3 Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are initially recognised at fair value plus any directly attributable transactions costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

3.4 Impairment

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

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

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

The carrying amount of the Group's non-financial assets and investment carried at cost are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment losses are recognized in consolidated profit and loss account. Goodwill is tested annually for impairment. Impairment loss in respect of goodwill is not reversed. The recoverable amount of cash generating unit to which goodwill are allocated is based on fair value less cost of disposal using quoted market price, wherever available / applicable. The fair value measurement was categorised as a Level 1 in fair value hierarchy.

3.5 Purchase / Sold under resale / repurchase agreement

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

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

3.6 Staff retirement benefits

The Group operates following retirement and other benefit schemes:

3.6.1 Defined contribution plan

AHCL and AHL operate recognised provident fund schemes for all eligible permanent employees for which their contributions are charged to consolidated profit and loss account.

3.6.2 Voluntary pension scheme

POL operates a voluntary pension scheme for all its permanent employees. Equal monthly contributions are made both by POL and the employees.

3.6.3 Defined benefit plan

SEDPL operates an unfunded gratuity scheme under which all employees are entitled to gratuity payment at the time of completion of service or termination, equivalent to one last drawing salary for every one year of services with SEDPL. For the purpose of any part of year, the period exceeding six months will be considered as one full year.

3.6.4 Compensated Absences

The PCL accounts for liability in respect of un-availed compensated absences for all its permanent employees, in the period of absences. Provision for liabilities towards compensated absences is made on the basis of last drawn gross salary.

3.7 Taxation

Income tax expense comprises of current, prior year and deferred tax. Income tax expense is recognized in consolidated profit and loss account except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. However, in case of SEDPL, a wind power generation company, no tax is payable in accordance with Clause 132 of Part I of the Second Schedule to the Income Tax Ordinance, 2001.

Current

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of prior years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the balance sheet date between the tax base and carrying amount of assets and liabilities for financial reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carry forward of unused tax losses can be utilized. Carrying amount of all deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

3.8 Property, Plant and Equipment

Owned

Operating fixed assets, except capital work-in-progress, are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount 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 Group and its cost can be measured reliably. Cost incurred to replace a component of an item of operating fixed assets is capitalised, the asset so replaced is retired from use and its carrying amount is derecognised. Normal repairs and maintenance are charged to consolidated profit and loss account during the period in which they are incurred.

Depreciation on all operating fixed assets are charged to the consolidated profit and loss account using the reducing balance method over the asset's useful life at the rates specified in respective note. The depreciation is charged full in the month of acquisition and no depreciation is charged in the month of disposal. Gains or losses on disposal of an item of operating fixed assets are recognised in the consolidated profit and loss account. The assets' residual value and useful life are reviewed at each financial year end, and adjusted if appropriate. Further, when the written down value of the asset falls below Rs. 10,000 the same is charged directly to the consolidated profit and loss account.

Capital work in progress is stated at cost less impairment and consists of expenditure incurred and advances made in respect of assets in the course of their construction and installation. Transfers are made to relevant asset's category as and when assets are available for intended use.

Leased

Leases in terms of which the Group companies assumes substantially all the risks and rewards of ownership are classified as finance lease. Asset acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of minimum lease payments at the inception of the lease less accumulated depreciation and impairment losses, if any. The corresponding liability to the lessor is included in the consolidated balance sheet as liabilities against assets subject to finance lease.

Leased assets which are obtained under Ijarah agreement are not recognized in the consolidated balance sheet and are treated as operating lease based on Islamic Financial Accounting Standard (IFAS) 2 issued by the Institute of Chartered Accountants of Pakistan and notified by Securities and Exchange Commission of Pakistan vide S.R.O. 43(1) / 2007 dated 22 May 2007. Payments made under operating lease are charged to consolidated profit and loss account on a straight line basis over the lease term.

Major stores and spares (Capital Spares)

Spare parts, stand-by equipment and servicing equipment which qualify as property, plant and equipment when an entity expects to use them during more than one year are classified as fixed assets under category of major stores and spares.

3.9 Investment property

Investment property comprises land and building, held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the supply of services or for administrative purposes.

Investment property is initially measured at its cost, including related transaction costs and borrowing costs, if any and subsequently carried at fair value with any change therein recognised in consolidated profit and loss account.

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

An investment property is derecognised either when disposed and any gain / (loss) on disposal is recognised in consolidated profit and loss account.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in consolidated profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain presented in the surplus on revaluation reserve. Any loss is recognised in consolidated profit and loss account. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

3.10 Intangible assets

These are stated at cost less accumulated amortization and impairment losses, if any. Subsequent expenditure is capitalised only if when it increases the future economic benefits embodied in the specific assets to which it relates. Other expenditure is recognised in consolidated profit and loss account. Amortisation is charged using the straight line method over assets estimated useful life at the rates stated in note 15, after taking into account residual value, if any. The residual values, useful lives and amortization methods are reviewed and adjusted, if appropriate, at each consolidated balance sheet date.

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

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

3.10.1 Trading right entitlement certificate, membership card and offices

These are held by AHL, AHCPL and AH1857 and are stated at cost less impairment losses, if any. The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

3.11 Biological assets

Biological assets are measured at fair value less cost to sell, with any change therein recognised in consolidated profit and loss account.

3.12 Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;

- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or

- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative consolidated statement of profit and loss account and consolidated statement of comprehensive income is re-presented as if the operation had been discontinued from the starts of the comparative year.

3.13 Assets held for sale

Non-current assets, or disposal group comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in consolidated profit and loss account.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated and any equity - accounted investee is no longer equity accounted.

3.14 Trade and other receivables

Trade and other receivables are carried at cost, which is the fair value of the consideration to be received, less provision for doubtful debts. A provision for impairment in trade debts and other receivables is made when there is objective evidence that the Group will not be able to collect all amounts due according to original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

3.15 Fiduciary assets

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

3.16 Trade and other payables

Trade and other payables are carried at cost, which is the fair value of the consideration to be paid, in consideration for goods and services received.

3.17 Short term borrowings

Mark-up bearing borrowings are recognised initially at fair value, less attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

3.18 Revenue recognition

- Gain / loss on sale of investments are recognised on the date of transaction and charged to consolidated profit and loss account in the period in which they arise.

- Brokerage, consultancy and advisory fee, commission etc. are recognized as and when such services are provided.

- Rental income from investment property is recognised on accrual basis.

- Dividend income is recognized when the Group's right to receive such dividend is established.

- Mark-up / interest income is recognised on a time proportion basis over the period of its tenor.

- Revenue from sale of goods is measured at fair value of the consideration received or receivable Domestic sales are recognised as revenue on dispatch of goods to customers. Export sales are recognised as revenue on the basis of goods shipped to customers.

- Rebate on export is recognized after finalization of export documents.

- Put option fee is recognized on time proportion basis over the period of its tenor.

- Unrealized capital gains / (losses) arising from mark to market of investments classified as 'financial assets at fair value through profit or loss - held for trading' are included in consolidated profit and loss account for the period in which they arise.

- Reverse repo income is recorded on accrual basis and late payment charges are accrued in the period in which they arise.

- Guarantee fee is recognised based on the agreed rate with counter party.

- Miscellaneous income is recognised on receipt basis.

3.19 Provisions

Provision is recognized when, as a result of past event, the companies have a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Subsequently, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.20 Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. These are measured initially at fair value. Financial assets are derecognized when the contractual right to the cash flow from the financial assets expires or is transferred. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires.

3.21 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and only the net amount is reported in the statement of assets and liabilities sheet when there is a legally enforceable right to set off the recognised amount and the Group intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the Group or the counterparties.

3.22 Foreign currency transaction and foreign operations

Foreign currency transactions are translated into Pakistan Rupees using the exchange rates prevailing at the date of the transactions. All the monetary assets and liabilities in foreign currencies, at the balance sheet date, are translated into Pakistan Rupees at the exchange rates prevailing on that date. Foreign exchange gains and losses on translation are recognised in the consolidated profit and loss account. Non-monetary assets and liabilities, denominated in foreign currency that are measured at fair value are translated using exchange rate at the date the fair values are determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The assets and liabilities of foreign operations, are translated to Pakistan Rupees at exchange rates at the reporting date. The income and expenses of foreign operations, are translated to Pakistan Rupees at exchange rates at the dates of the transactions. Foreign currency differences are recognised in consolidated other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity except to then extent that the translation differences is allocated to Non Controlling Interest (NCI). When a foreign operation is disposed off in its entirety or partially such that control or significant influence is lost, the cumulative amount in translation reserve related to that foreign operation is reclassified to consolidated profit and loss account as part of gain or loss on disposal. If group retain control then it is reattributed to NCI. When group retain significant influence the relative portion of cumulative amount is reclassified to consolidated profit and loss account.

3.23 Borrowing costs

Borrowing costs incurred on short term and long term borrowings are recognized as an expense in the period in which these are incurred, except that those which are directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of the cost of that asset.

3.24 Cash and cash equivalents

Cash and cash equivalent for the purpose of consolidated cash flow statement comprises of cash in hand, share transfer stamps, banking instruments, cash at bank and short term running finance.

3.25 Stock in trade

Stock of raw and packing materials, work in process and finished goods are valued at the lower of cost and net realizable value. Cost in relation to work in process and finished goods includes prime cost and appropriate proportion of production overheads incurred in bringing the inventory to their present location and condition. Stocks of raw and packing material are valued at moving average cost.

Stocks in transit are valued at cost comprising invoice value plus other charges directly attributable to the acquisition of related purchase incurred up to the balance sheet date.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3.26 Stores, spare parts and loose tools

These are valued at cost determined on moving average basis, less provision for obsolescence. Stores and spares in transit are valued at invoice value plus other charges incurred thereon as on balance sheet date.

3.27 Mark-up bearing borrowings

Mark-up bearing borrowings are recognised initially at fair value, less attributable transactions cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognised in the consolidated profit and loss account over the period of borrowings on an effective interest basis.

3.28 Expenses

All expenses are recognised in the consolidated profit and loss account on an accrual basis.

3.29 Segment reporting

An operating segment is a component of the Group 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 Group's other components. All operating segments' results are reviewed regularly by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance.

Segment results that are reported to the Group's management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the year to acquire property and equipment, and intangible assets.

3.30 Dividend and appropriation to reserve

Dividend distribution to the shareholders and appropriation to reserves are recognised in the consolidated financial statements in the period in which these are approved.

The Parent Company measures the liability to distribute non-cash assets as a dividend to the shareholders at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date. On settlement of the transaction, the Parent Company recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in consolidated profit and loss account.

4. SHARE CAPITAL

4.1 Authorised share capital

2016	2015			2016	2015
(Number of shares)				(Rupees)	
1,000,000,000	1,000,000,000	Ordinary shares of Rs. 10 each		**10,000,000,000**	10,000,000,000

4.2 Issued, subscribed and paid-up share capital

5,000,000	5,000,000	Ordinary shares of Rs. 10 each fully paid in cash		**50,000,000**	50,000,000
450,750,000	450,750,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares		**4,507,500,000**	4,507,500,000
455,750,000	455,750,000				
(2,000,000)	(2,000,000)	Ordinary shares of Rs. 10 each bought back at Rs. 360 per share	4.2.1	**(20,000,000)**	(20,000,000)
453,750,000	453,750,000			**4,537,500,000**	4,537,500,000

4.2.1 During financial year 2005-2006, the Parent Company bought back two million shares of Rs. 10 each from its shareholders through tender notice at a price of Rs. 360 per share in accordance with section 95-A of the Companies Ordinance, 1984 and Companies (Buy-back of shares) Rules, 1999. The acquisition resulted in reduction of capital and unappropriated profit by Rs. 20 million and Rs. 700 million respectively, in the relevant year.

4.2.2 At year end, Mr. Arif Habib and Mrs. Zetun Arif held 57.69% (2015: 57.69%) and 16.29% (2015: 16.29%) of ordinary shares in the Parent Company respectively.

Notes to the Consolidated Financial Statements

For the year ended 30th June 2016

5. NON CONTROLLING INTEREST (NCI)

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI, before any intra group eliminations.

	30 June 2016				June 2015			
	Arif Habib Limited	Arif Habib Commodities (Private) Limited	Arif Habib 1857 (Private) Limited	Power Cement Limited (Discontinued Operation)	Arif Habib Limited	Arif Habib Commodities (Private) Limited	Arif Habib 1857 (Private) Limited	Power Cement Limited (Discontinued Operation)
				(Rupees)				
NCI Percentage	26.71%	26.71%	26.71%	0.00%	31.00%	31.00%	31.00%	43.04%
Non-current assets	840,023,443	10,695,533	26,007,500	-	822,435,034	10,745,189	9,807,500	4,443,009,000
Current assets	4,723,318,459	14,614,710	23,212,008	-	3,212,248,335	17,446,660	39,513,900	1,545,200,000
Non-current liabilities	1,878,241	-	-	-	1,660,874	-	-	2,319,225,000
Current liabilities	2,855,939,358	813,080	95,064	-	1,351,994,943	507,705	30,000	1,806,814,000
Net assets	2,705,524,303	24,497,163	49,124,444	-	2,681,027,552	27,684,144	49,291,400	1,862,170,000
Net assets attributable to NCI	722,645,541	6,543,192	13,121,139	-	831,118,541	8,582,085	15,280,334	693,073,050
Revenue	590,033,652	15,084,326	5,383	-	647,828,356	13,084,028	-	3,831,069,000
Profit	409,496,751	(3,186,981)	(166,956)	-	928,534,952	(1,669,842)	(708,600)	433,833,000
Other Comprehensive Income	-	-	-	-	-	-	-	(205,000)
Total comprehensive income	409,496,751	(3,186,981)	(166,956)	-	928,534,952	(1,669,842)	(708,600)	433,628,000
Profit / (loss) allocated to NCI	154,083,068	(851,243)	(44,594)	-	(22,223)	(446,015)	152,718,993	159,687,620
Profit for the year from discontinued operations, net of tax allocated to NCI	-	-	-	135,730,284	-	-	-	-
Cash flows from operating activities	(1,152,154,072)	179,581	(7,970,513)	-	2,435,745,381	(12,605,633)	(678,600)	226,968,000
Cash flows from investing activities	35,480,999	(182,340)	(16,200,000)	-	(27,327,634)	(288,072)	(9,807,500)	(128,292,000)
Cash flows from financing activities	(379,710,894)	-	-	-	(274,363,775)	-	50,000,000	(210,000,000)
Net (decrease) / increase in cash and cash equivalents	(1,496,383,967)	(2,759)	(24,170,513)	-	2,134,053,972	(12,893,705)	39,513,900	(111,324,000)
Dividend paid to NCI	119,351,841	-	-	-	85,251,315	-	-	-

5.1 Acquisition of Non Controlling Interest (NCI)

During the year, Parent Company has acquired an additional 4.29% interest in Arif Habib Limited for Rs. 135.95 million in cash, increasing its ownership from 69% to 73.2%. The carrying amount of AHL's net assets in the consolidated financial statements on the date of acquisition was Rs. 2,104.6 million. The Group recognised a decrease in NCI of Rs. 83.04 million, decrease in retained earnings. of Rs. 52.91 million.

	2016 (Rupees)
Carrying Amount of NCI acquired	83,041,813
Consideration paid to NCI	135,954,390
Decrease in equity attributable to owners of the holding company	52,912,577

6. SURPLUS ON REVALUATION OF FIXED ASSETS

In the year 2015, Arif Habib Limited (AHL), Subsidiary Company, had reclassified Leasehold Land and Offices to Investment Property. Immediately before transfer, AHL re-measured the said assets on respective fair values and recognised surplus in revaluation reserve.

7. LONG TERM LOANS - secured

	Note	2016	2015
		(Rupees)	
From related party:			
Term finance loan	7.1	**150,000,000**	200,000,000
Less: current portion		**(100,000,000)**	-
		50,000,000	200,000,000
Others:			
Term finance loan	7.2	**1,224,222,870**	194,417,158
Less: current portion		**(48,604,290)**	(48,604,294)
		1,175,618,580	145,812,864
Diminishing musharakah financing	7.3	**1,041,639**	1,472,667
Less: current portion		**(431,028)**	(431,028)
		610,611	1,041,639
Syndicated term finance		**-**	1,400,505,000
Less: current portion		**-**	(495,108,000)
		-	905,397,000
		1,226,229,191	1,252,251,503

7.1 The Parent Company obtained term finance facility of Rs. 200 million from Summit Bank Limited, related party, under mark-up arrangement at the rate of 3 month KIBOR+2.00% to be charged on quarterly basis. The loan is repayable in eight equal quarterly instalments after completion of one year grace period ending on 18 November 2017. The loan is secured against ranking charge on an associate's property situated at Naya Nazimabad, Survey # 248, 249, 250 with 30% margin and personal guarantee of the Chief Executive Officer of the Parent Company.

7.2 This includes term finance facility obtained by the Parent Company from a commercial bank under mark-up arrangement at the rate of 6 month KIBOR+2.50% to be charged on semi-annual basis. The loan is repayable in ten equal semi-annual instalments ending on 19 March 2019. The loan is secured against first pari passu charge of Rs. 333.333 million over present and future assets (excluding shares pledged against short term borrowings) of the Parent Company inclusive of 25% margin and pledge of shares of associated undertaking with 30% margin. The market value of pledged shares as collateral amounts to Rs. 289.737 million (2015: Rs. 250.39 million) at balance sheet date against the borrowing.

It further includes availed portion of Sinosure-Backed USD 100.00 million loan facility of Subsidiary Company, SEDPL. The facility carries mark up at LIBOR plus 3.75% payable six monthly in arrears. The facility is payable over a period of 10 years with a grace period of 2 years. This facility is secured against pledge of equity shares, first ranking parri passu charge over all assets of the project and corporate guarantee given by the Parent Company.

7.3 The Parent Company has acquired a vehicle under diminishing musharakah financing arrangement entered into with First Habib Modaraba for a period of 4 years with monthly principal repayment. The financing is secured against the respective vehicle and promissory note issued in favour of the lender. The effective rate of interest on the borrowing is 10% per annum.

8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	2016 (Rupees)	2015 (Rupees)
Present value of minimum lease payments	8.1	**2,565,428**	2,160,887
Less: Current portion shown under current liabilities		**(687,187)**	(500,013)
		1,878,241	1,660,874

8.1 The above represents finance leases entered into by AHL with a financial institution for vehicles having a term of 4 year. Monthly payments of leases bearing predetermined mark-up rate include finance charge ranging from 8% to 9% per annum (2015: 10% to 12% per annum) which are used as a discounted factor.

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

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

	Minimum lease payments	Future finance cost	Present value of lease liability 2016	Present value of lease liability 2015
	(Rupees)			
Not later than one year	**798,407**	**111,220**	**687,187**	500,013
Later than one year and not later than five year	**1,954,435**	**76,194**	**1,878,241**	1,660,874
	2,752,842	**187,414**	**2,565,428**	2,160,887

9. DEFERRED LIABILITY - STAFF GRATUITY

	Note	2016 (Rupees)	2015 (Rupees)
Power Cement Limited		**-**	39,559,000
Sachal Energy Development (Private) Limited	9.1	**2,310,380**	10,514,519
		2,310,380	50,073,519

9.1 Sachal Energy Development (Private) Limited

	2016	2015
Balance at beginning of the year	**10,514,519**	8,584,723
Liability recognised for the year	**2,667,861**	2,396,052
Gratuity paid during the year	**(10,872,000)**	(466,256)
Balance at end of the year	**2,310,380**	10,514,519

10. DEFERRED TAXATION - net

	Note	2016	2015
		(Rupees)	
The liability for deferred taxation comprises of temporary differences relating to:			
- Accelerated tax depreciation		**-**	598,920,105
- Investment in equity accounted associates		**919,960,572**	551,738,442
		919,960,572	1,150,658,547
Deferred tax asset comprises of temporary differences relating to:			
- Accelerated tax depreciation		**(20,134,437)**	-
- Deferred tax upon provision for slow moving inventory		**-**	(2,636,000)
- Deferred tax upon deferred liabilities		**-**	(7,714,000)
- Deferred tax upon provision for leave encashment		**-**	(2,450,000)
- Unused tax credits		**(116,289,452)**	(136,547,883)
- Carry forward tax losses		**-**	(379,995,000)
		(136,423,889)	(529,342,883)
		783,536,683	621,315,664

11. TRADE AND OTHER PAYABLES

	Note	2016	2015
Creditors	11.1	**291,066,341**	614,854,215
Bills payable		**-**	228,282,000
Accrued liabilities		**10,077,176**	15,660,849
Withholding tax payable		**23,414,485**	4,084,404
Advance from customers		**-**	47,166,000
Provision for Workers' Welfare Fund	11.2	**456,911,587**	469,043,534
Workers' Profit Participation Fund		**-**	57,612,000
Deposit from profit participant	11.3	**1,499,000,000**	-
Fair value of written put option		**-**	1,214,400,000
Unclaimed dividend		**25,748,824**	191,524,162
Unearned option fee		**-**	19,244,022
Other liabilities		**4,349,390**	262,400,604
		2,310,567,803	3,124,271,790

11.1 This includes amount of Rs. 3.38 million (2015: 20.79 million) payable to related parties by AHL. Further, this include an amount of Rs. 32.3 million (2015: 42.18 million) payable to related parties by the AHL on account of commission.

11.2 During the year ended 30 June 2011, the Honourable High Court of Lahore vide their order in respect of writ petition No. 8763/2011, has declared amendments introduced through Finance Acts 2006 and 2008 in Workers' Welfare Ordinance, 1971 as unconstitutional. Further, the Parent Company and Subsidiary Company, AHL has also filed a writ petition in the High Court of Sindh at Karachi to impugn the amendments made to the Workers' Welfare Ordinance, 1971, vide Finance Act 2008. Moreover, the Appellate Tribunal Inland Revenue, Islamabad has also settled issue of Workers' Welfare Fund in the favour of taxpayers and against the Inland Revenue Service Department in ITA No. 38/1B/2012 (Tax year 2009), ITA No. 136/IB/2012 (Tax year 2009) and ITA No. 137/IB/2012 (Tax year 2010) dated 21 May 2012. During the third quarter ended 31 March 2013, the Honourable High Court of Sindh (SHC) vide their order in respect of Constitutional Petition bearing No. D-2753/2009 has declared that amendments to the Workers Welfare Fund Ordinance, 1971 through Finance Act 2006 and 2008 do not suffer from any constitutional or legal infirmity. On the basis of the aforementioned order of SHC, the Parent Company's writ petition was disposed off on the same grounds.

Being aggrieved by the decision of SHC, the Parent Company and Subsidiary Company, AHL has filed a constitutional petition challenging the order of SHC before the Supreme Court of Pakistan. Management of the Parent Company and Subsidiary Company, AHL is contesting the case vigorously and as per the legal counsel, the Parent Company and Subsidiary Company, AHL have a reasonable case and management is confident that the petition will be decided in favour of the Parent Company.

Consequent to eighteen amendments in the Finance Act 2010, the welfare of labour is now the domain of respective provinces of Pakistan. As a result, Sindh Workers' Welfare Fund Act, 2014 became effective from 21 May 2015. Management has sought legal advice on applicability of the Act to the Parent Company. Based on the advice, management has not recognised further charge in respect of WWF as the nature of business / activities of the Parent Company is not covered under the definition of industrial establishment provided in the Act. Management of the Parent Company has discontinued recognising WWF charge under Worker Welfare Ordinance 1971 due to promulgation of SWWF Act, 2014 and maintained previous provision recognised under the Ordinance till the disposition of the case. However, Subsidiary Company, AHL, has provided for Workers' Welfare Fund in these consolidated financial statements.

11.3 It represents deposit received by Parent Company from a profit participant procured by the existing sponsor of Silkbank Limited, under the Option Agreement dated 15 December 2015. As per the terms of the agreement, the Parent Company has granted one year option to existing sponsor to purchase entire investment in Silkbank Limited at an agreed price not more than Rs. 1.872 per share. In the event of exercise of Purchase option, the profit will be shared by the Parent Company with the profit participant in an agreed ratio and the deposit amount will be refunded to the profit participant. In case the option is not exercised, then the Parent Company will adjust entire amount of deposit through sale and repurchase transaction between the Parent Company and profit participant, thereby reducing the Parent Company's purchase price as per agreement.

12. SHORT TERM BORROWINGS

	Note	2016	2015
		(Rupees)	
Secured- from banking companies			
- Term finance	12.1	**360,000,000**	360,000,000
- Running finance from banks	12.2	**4,068,279,243**	935,611,027
- Foreign currency loan		**-**	45,355,000
- Istisna		**-**	280,000,000
Unsecured			
- Other than banking companies - related party	12.4	**200,000**	3,000,100,000
		4,428,479,243	4,621,066,027

12.1 The Parent Company availed Term Finance Loan of Rs. 360 million from Summit Bank Limited, related party, for a period of six months. The facility carries mark-up at the rate of 3 month KIBOR + 2% and is payable on quarterly basis. The facility is secured against charge over receivables of the Company with 25% margin.

12.2 Short term running finance facilities are available to Parent Company and AHL from various commercial banks, under mark-up arrangements, amounting to Rs. 4,680 million (2015: Rs. 6,309 million), These facilities have various maturity dates up to June 2017. These arrangements are secured against pledge of marketable securities with minimum 30% margin (2015: 30% margin)

These running finance facilities carry mark-up ranging from 1 month KIBOR+ 0.5% to 6 month KIBOR+ 1.25% per annum (2015: 1 month KIBOR+ 1% to 3 month KIBOR+ 2.5% per annum) calculated on a daily product basis and is payable quarterly. The aggregate amount of these facilities which have not been availed as at the balance sheet date amounts to Rs. 612.39 million (2015: Rs. 5,374.058 million).

12.3 The fair value of shares of associated companies, shares held for trading and other securities pledged as collateral against short term borrowing amounts to Rs.1,825.47 million (2015: Rs. 2,910.256 million). Further, Chief Executive Officer of the Parent Company has offered his personal investment as collateral against Parent's running finance.

12.4 This represents interest-free loan availed by POL from it's sponsor, Mr. Arif Habib. During the year, POL has further obtained a loan amounting to Rs. 100,000. The loan is repayable on demand.

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

Parent Company

13.1.1 The Parent Company is contesting along with other defendants four suits filed by M/s. Diamond Industries Limited, Mr. Iftikhar Shafi, M/s. Shafi Chemicals Industries Limited and Mr. Nisar Elahi (The Plaintiffs) in the year 2002-2003 for damages jointly against Mr. Saleem Chamdia, Mr. Arif Habib, Mr. Aqeel Karim Dedhi, Mr. A. Ghaffar Usman Moosani, Mr. Shahid Ghaffar, the Pakistan Stock Exchange Limited (PSX) (formerly Karachi Stock Exchange Limited), the Securities and Exchange Commission of Pakistan (SECP), the Central Depository Company of Pakistan Limited (CDC), Saleem Chamdia Securities (Private) Limited, Arif Habib Corporation Limited, Moosani Securities Limited and Aqeel Karim Dedhi Securities Limited.

The suits are for recovery of damages amounting to Rs. 10,989,948,199, Rs. 5,606,611,760, Rs.1,701,035,843 and Rs. 428,440,971 against the decision of the PSX in respect of Risk Management System of its Clearing House during the year 2000. The Chief Executive Officer of the Parent Company was the Chairman of the Board of Directors of PSX during 2000. The Parent Company has been made party to the suits by the plaintiffs. All the suits at present are pending before the Honourable Sindh High Court, Karachi. Individual liability of respective parties and undertakings is not quantifiable.

The legal advisor of the Parent Company is of the opinion that there are reasonable grounds for a favourable decision and that the suits are likely to be dismissed as these are not based on factual or legal basis and no financial liability is expected to accrue as a consequence of the said suits against the Parent Company. Accordingly, no provision has been recognised there against.

13.1.2 During the year ended 30 June 2012, the Securities and Exchange Commission of Pakistan (“SECP”) issued an order under Section 22 of the Securities and Exchange Ordinance, 1969 (“the Ordinance”) regarding non compliance of orders passed by it under Section 18A of the Ordinance for depositing confiscated subscription money amounting to Rs. 3.14 million relating to fictitious applications received by the Parent Company for subscription of shares of Summit Bank Limited that were offered to general public by the Parent Company in 2007. On 2 November 2012, Appellate bench of the SECP dismissed the appeal filed by the Parent Company against the order. The Parent Company has filed a constitutional petition challenging the orders passed by the SECP before Honourable High Court of Sindh which has granted ad interim stay. The petition is being contested vigorously and management is confident that the petition will be decided in Parent Company’s favour.

13.1.3 The Parent Company has issued Corporate Guarantees, on behalf of a subsidiary company, namely Sachal Energy Development (Private) Limited (SEDPL), amounting to USD 1,732,500 to Summit Bank Limited for issuance of seller’s letter of credit in favour of National Transmission and Dispatch Company (NTDC) in pursuance of Energy Purchase Agreement entered between SEDPL and NTDC and amounting to USD 107,134,000 has been issued to of Karachi Branch of Industrial Commercial Bank of China (ICBC) in relation to financing agreement of SEDPL.

The Parent Company had also issued Corporate Guarantees on behalf of related parties, namely Aisha Steel Mills Limited and Javedan Corporation Limited amounting to Rs. 2.5 billion and Rs. 200 million respectively and for the borrowings of Power Cement Limited, related party, to the extent of Rs. 267.86 million, the Parent Company has pledged shares having fair value of Rs. 111.54 million there against. The Parent Company has also obtained letter of indemnity from respective related parties.

AHL, Subsidiary Company

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

SEDPL, Subsidiary Company

13.1.5 Contingencies in respect of SEDPL's long term loan has been disclosed in note 7.2 to these consolidated financial statements.

Associates

13.1.6 The Group's share of associates' contingent liabilities is Rs. 14,882.423 million (2015: Rs. 1,980.349 million).

13.2 Commitments

AHL, Subsidiary Company

13.2.1 Following commitments are outstanding as at the period end:

	2016	2015
	(Rupees)	
Outstanding settlements against marginal trading contracts	**1,806,919,064**	1,286,119,630
Outstanding settlements against sale/purchase of securities in regular market	**471,058,025**	87,182,861
Guarantee given by a commercial bank on behalf of AHL	**100,000,000**	100,000,000

SEDPL, Subsidiary Company

Summit Bank Limited Pakistan has issued Sellers Letter of Credit amounting USD 1,732,500 equivalent to Pak Rs.181,392,750 on behalf of the SEDPL in favour of National Transmission Development Company Limited to achieve Commercial Operation Date.

Commitments in respect of rentals under operating lease of wind power project up to 4 January 2038 are as follows:

	2016	2015
	(Rupees)	
Not later than one year	**590,500**	590,500
Later than one year but not later than five years	**5,326,233**	4,556,733
Later than five years	**42,840,000**	44,200,000
	48,756,733	49,347,233

Significant contracts of SEDPL, Subsidiary Company:

(a) Energy Purchase Agreement (EPA)

SEDPL has entered into Energy Purchase Agreement (EPA) on 27 February 2014 with National Transmission and Dispatch Company Limited (through its Central Power Purchasing Agency) on behalf of ex- WAPDA Distribution Companies (“the Power Purchaser”) for the sale of its entire energy. The term of EPA is 20 years.

(b) Implementation Agreement (IA)

SEDPL has entered into implementation agreement (IA) with Government of Pakistan on 11 August 2014 to install wind turbines, generate and sell electricity up to 49.5MW in Sindh Province, Pakistan.

(c) Agreement for Procurement and Supply of Equipment

SEDPL has entered into Agreement for Procurement and Supply of Equipment with Hydrochina Corporation on 28 April 2012.

(d) Construction Agreement and Operation and Maintenance Agreement

SEDPL has entered into Construction Agreement and Operation and Maintenance Agreement with Hydrochina International Engineering Company Limited on 28 April 2012.

14. PROPERTY, PLANT AND EQUIPMENT

	Note	2016	2015
		(Rupees)	
Operating fixed assets	14.1	**2,147,958,965**	4,735,153,043
Major stores and spares		**-**	55,452,000
		2,147,958,965	4,790,605,043

14.1 Operating fixed assets

	Leasehold land	Buildings on freehold land	Leasehold buildings and improvements	Furniture, fixtures and fittings	Vehicles Owned	Vehicles Leased	Plant and machinery	Office equipment	Computer and allied equipment	Capital work in progress	Total
	(Rupees)										
COST											
Balance as at 01 July 2015	3,025,000	27,089,034	748,424,054	21,238,373	61,483,039	4,590,500	4,116,581,109	3,575,303	33,076,989	269,026,746	5,288,110,147
Additions during the year	-	-	-	279,373	198,500	1,039,000	-	965,311	4,311,998	1,815,234,835	1,822,029,017
Disposals / transfers	-	-	-	(15,800)	-	(1,749,000)	-	(180,516)	(394,050)	-	(2,339,366)
Assets of subsidiary disposed off	(3,025,000)	-	(578,188,403)	(18,522,098)	(27,502,646)	-	(4,112,831,109)	(1,276,766)	(13,272,442)	(29,888,548)	(4,784,507,012)
Reclassified to assets held for sale	-	(27,089,034)	-	(1,185,542)	-	-	-	-	-	-	(28,274,576)
Balance as at 30 June 2016	**-**	**-**	**170,235,651**	**1,794,306**	**34,178,893**	**3,880,500**	**3,750,000**	**3,083,332**	**23,722,495**	**2,054,373,033**	**2,295,018,210**
DEPRECIATION											
Balance as at 01 July 2016	-	8,084,905	205,964,354	10,947,532	30,323,351	1,858,163	281,264,644	2,940,919	21,842,579	-	563,226,447
Charge for the year	-	-	9,376,326	140,027	4,469,206	578,022	-	300,447	2,971,029	-	17,835,057
Disposals / transfers	-	-	-	(15,800)	-	(1,142,351)	-	(180,516)	(124,763)	-	(1,463,430)
Assets of subsidiary disposed off	-	-	(102,966,377)	(9,500,744)	(20,374,000)	-	(280,307,510)	(1,630,110)	(8,908,147)	-	(423,686,888)
Reclassified to assets held for sale	-	(8,084,905)	-	(767,036)	-	-	-	-	-	-	(8,851,941)
Balance as at 30 June 2016	**-**	**-**	**112,374,303**	**803,979**	**14,418,557**	**1,293,834**	**957,134**	**1,430,740**	**15,780,698**	**-**	**147,059,245**
Effect of exchange rate difference	-	**612,465**	-	**10,730**	-	-	-	-	-	-	**623,195**
Reclassification to assets held for sale	-	**(612,465)**	-	**(10,730)**	-	-	-	-	-	-	**(623,195)**
	-	-	-	-	-	-	-	-	-	-	-
Written down value as at 30 June 2016	**-**	**-**	**57,861,348**	**990,327**	**19,760,336**	**2,586,666**	**2,792,866**	**1,652,592**	**7,941,797**	**2,054,373,033**	**2,147,958,965**
COST											
Balance as at 01 July 2015	3,025,000	27,089,034	750,539,054	20,829,742	60,771,168	4,590,500	3,948,690,109	3,337,698	27,881,311	269,607,453	5,116,361,069
Additions during the year	-	-	13,000,000	473,631	2,597,000	-	167,891,000	313,502	5,690,045	81,832,745	271,797,923
Disposals / transfers	-	-	-	(65,000)	(1,885,129)	-	-	(75,897)	(494,367)	(82,413,452)	(84,933,845)
Balance as at 30 June 2015	**3,025,000**	**27,089,034**	**763,539,054**	**21,238,373**	**61,483,039**	**4,590,500**	**4,116,581,109**	**3,575,303**	**33,076,989**	**269,026,746**	**5,303,225,147**
DEPRECIATION											
Balance as at 01 July 2015	-	6,512,560	168,258,138	9,376,832	24,091,663	1,247,584	205,757,731	2,268,127	18,138,641	-	435,651,276
Charge for the year	-	1,572,345	37,706,216	1,590,948	7,196,690	610,579	75,506,913	728,865	3,966,260	-	128,878,816
Disposals / transfers	-	-	-	(20,248)	(965,002)	-	-	(56,073)	(262,322)	-	(1,303,645)
Balance as at 30 June 2015	-	8,084,905	205,964,354	10,947,532	30,323,351	1,858,163	281,264,644	2,940,919	21,842,579	-	563,226,447
Revaluation of leasehold land reclassified to Investment property	-	-	15,432,500	-	-	-	-	-	-	-	15,432,500
Reclassification to investment property	-	-	(30,547,500)	-	-	-	-	-	-	-	(30,547,500)
Effect of exchange rate difference	-	5,132,864	-	5,136,479	-	-	-	-	-	-	10,269,343
Written down value as at 30 June 2015	3,025,000	24,136,993	542,459,700	15,427,320	31,159,688	2,732,337	3,835,316,465	634,384	11,234,410	269,026,746	4,735,153,043
Rates of depreciation (%)	-	5	5 - 15	5 - 20	20	20	10	3 - 33	33	-	-

14.1.1 Depreciation charge has been allocated as follows:

	2016	2015
	(Rupees)	
Cost of sales	**-**	99,394,729
Operating and administrative expenses	**17,835,057**	29,484,087
	17,835,057	128,878,816

14.1.2 During the year, computer and allied equipment having a cost of Rs. 0.1 million (2015: Rs. 0.042 million) and accumulated depreciation of Rs. 0.055 million (2015: Rs. 0.032 million) have been fully charged to the consolidated profit and loss account, as their written down value falls below Rs. 10,000 as per Group's Policy.

14.2 Disposals of property, plant and equipment

The major disposals during the year are as follows:

Particulars of the assets	Cost	Accumulated depreciation	Written down value	Sale proceeds	Mode of disposal	Particulars of buyer
	(Rupees)					
Vehicles						
Honda Civic (ATT-274)	1,749,000	1,142,351	606,649	606,649	Negotiation	Individual
Computer & Allied	217,800	41,834	175,966	118,340	Negotiation	Insurance / Employee
Office equipment	180,516	180,516	-	-	Written off	
Furniture, fixtures and fittings	15,800	15,800	-	-	Written off	
Furniture, fixtures and fittings, Office equipment, Computer and allied equipment						
Assets having written down value of less than Rs. 50,000 individually	75,600	27,414	48,186	44,790	Group's policy	Various
Total	**2,239,366**	**1,407,915**	**830,801**	**769,779**		

15. INTANGIBLE ASSETS - OTHERS

	2016	2015
	(Rupees)	
Cost		
Balance as at 01 July	**17,964,459**	16,039,138
Additions during the year	**802,606**	1,925,321
Disposal of subsidiary	**(1,485,000)**	-
Reclassification to assets held for sale	**(8,649,914)**	-
Balance as at 30 June	**8,632,151**	17,964,459
Amortization		
Balance as at 01 July	**4,432,523**	3,046,825
Amortization for the year	**1,140,737**	1,385,698
Disposal of subsidiary	**(1,072,000)**	-
Balance as at 30 June	**4,501,260**	4,432,523
Effect of exchange rate difference	**1,880,577**	1,505,417
Reclassification to assets held for sale	**(1,880,577)**	-
	-	1,505,417
Written down value as at 30 June	**4,130,891**	15,037,353

15.1 The amortisation charge has been charged to Operating and administrative expenses (note 32).

16. GOODWILL

	2016	2015
	(Rupees)	
Opening	**1,163,961,863**	1,163,961,863
Disposal of subsidiary, PCL	**(253,755,746)**	-
	910,206,117	1,163,961,863

16.1 Impairment testing of goodwill

The carrying amount of goodwill allocated to the individual cash generating units (CGUs) is as follows:

	2016	2015
Arif Habib Limited	**838,683,576**	838,683,576
Sachal Energy Development (Private) Limited	**71,522,541**	71,522,541
Power Cement Limited	**-**	253,755,746
	910,206,117	1,163,961,863

Impairment testing of Goodwill relating to Arif Habib Limited (AHL):

For the year ended 30 June 2016, the recoverable amount of AHL (cash generating unit) which comprises of brokerage business segment, is based upon “fair value less cost to sell”. “Fair value less cost to sell” is determined with reference to quoted price of Subsidiary Company obtained from Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited) as at 30 June 2016. The selling costs are estimated at 5% of gross market value. Management believes that reasonable possible changes in assumptions used to determine the fair value less cost to sell will not result in an impairment of goodwill. As the ‘fair value less cost to sell’ is higher than carrying amount of net assets of cash generating unit, no impairment is likely to arise.

Impairment testing of Goodwill relating to Sachal Energy Development (Private) Limited (SEDPL):

The recoverable amount of the business operations of SEDPL (cash generating unit) have been determined based on value in use calculation, using discounted cash flow projections prepared by management covering twenty-year period. The Group has applied 10% discount rate to cash flow projections for the twenty-years period for the year ended 30 June 2016.

The calculation of ‘value in use’ for the business operations is most sensitive to the following assumptions:

Revenue growth (Tariff rate)

Revenue growth assumptions have been derived from the projections prepared by management. Management is of the view that these assumptions are reasonable considering the current market conditions.

Cost of supply of services and gross margins

Cost of supply of power has been projected on the basis of multiple strategies planned by management to ensure profitable operations.

These strategies include cost cutting mechanism such as reducing maintenance cost, and increasing efficiency of power supply etc. resulting in improved gross margins over the forecasted period.

Financial charges

Financial cost has projected based on the long term financing arrangement made by the management. The management has arranged in such a way that the cost has been reduced over the period of projection. This will result in increase in profit margin over projection period.

Discount rate

Discount rates reflect management’s estimate of the rate of return required for the business and are calculated after taking into account the prevailing risk free rate, industry risk and business risk. Discount rates are calculated by using the weighted average cost of capital.

Sensitivity to changes in assumptions

Management believes that reasonable possible changes in other assumptions used to determine the recoverable amount of the cash generating units will not result in an impairment of Goodwill.

17. TRADING RIGHT ENTITLEMENT CERTIFICATE, MEMBERSHIP CARD AND OFFICES

Trading right entitlement certificate

		2016 (Rupees)	2015 (Rupees)
Cost		**35,500,000**	35,500,000
Impairment		**(14,000,000)**	(14,000,000)
	17.1	**21,500,000**	21,500,000
Membership cards			
- Pakistan Mercantile Exchange Limited		**1,000,000**	1,000,000
Booths			
- Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited) - three booths		**2,100,000**	2,100,000
		24,600,000	24,600,000

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

18. INVESTMENT PROPERTIES

		2016 (Rupees)	2015 (Rupees)
Opening balance	18.1	**3,173,144,374**	2,989,651,000
Acquisition during the year		**19,290,000**	21,010,000
Reclassification from Leasehold Land and Offices		**-**	60,500,000
Cancelled allotments	18.2	**(1,500,179,646)**	-
		1,692,254,728	3,071,161,000
Changes in fair value - net	18.1	**486,250,486**	101,983,374
		2,178,505,214	3,173,144,374

18.1 This represent certain plots, situated at Naya Nazimabad, Deh Manghopir, Gadap Town, Karachi owned by Parent Company and AHL. The fair value of investment property was determined by external independent property valuer having appropriate recognised qualification and relevant experience. A gain of Rs. 486.25 million representing change in fair value has been recognised in consolidated profit and loss account.

18.2 During the year, the Parent Company has entered into an addendum agreement with Javedan Corporation Limited, associated concern, whereby the Parent Company has relinquished its rights and entitlements on properties to the extent of unpaid amount stated above in full and final settlement of unpaid balance.

19. EQUITY ACCOUNTED INVESTEES

		2016	2015
		(Rupees)	
Pakarab Fertilizers Limited (PFL)	19.1	**3,550,298,482**	2,921,224,182
Fatima Fertilizer Company Limited (FFCL)	19.2	**8,610,412,902**	6,915,369,906
Aisha Steel Mills Limited (ASML)	19.3	**-**	760,394,864
MCB - Arif Habib Savings and Investments Limited (MCB-AH)	19.4	**586,145,460**	545,992,921
Javedan Corporation Limited (JCL)	19.5	**-**	3,270,581,938
Silkbank Limited	19.6	**4,047,306,518**	-
		16,794,163,362	14,413,563,811
Less: Provision for impairment		**(119,982,605)**	(119,982,605)
		16,674,180,757	14,293,581,206

19.1 Investment in PFL (unquoted) represents 135 million (2015: 135 million) fully paid ordinary shares of Rs. 10 each, representing 30% (2015: 30%) of PFL's paid up share capital as at 30 June 2016, having cost of Rs. 1,324.33 million (2015: Rs. 1,324.33 million). Fair value per share as at 30 June 2016 is Rs. 90 per share (2015: Rs. 82 per share) determined using discounted cash flow approach.

19.2 Investment in FFCL (quoted) represents 319 million (2015: 329 million) fully paid ordinary shares of Rs. 10 each, representing 15.19% (2015: 15.67%) of FFCL's paid up share capital as at 30 June 2016. During the year, the Group disposed off 10 million (2015: 21 million) shares at an average price of Rs. 49.85 (2015: Rs. 34.64). Fair value per share as at 30 June 2016 is Rs. 33.94 (2015:Rs. 39.07).

19.3 During the year, the Group has reclassified the investment in ordinary shares and preference shares I of Aisha Steel Mills Limited to short term investment due to loss of significant influence over the investee company. The Group has sold 56.8 million preference shares of Aisha Steel Mills Limited resulting in decrease in Group's holding from 18.97% to 7.97% and has realised gain of Rs. 185.63 million. A gain of Rs. 70.867 million has been charged to consolidated profit and loss account on remeasurement of remaining interest in the associated company.

19.4 Investment in MCB-AH (quoted) represents 21.66 million (2015: 21.66 million) fully paid ordinary shares of Rs. 10 each, representing 30.09% (2015: 30.09%) of MCB-AH's paid up share capital as at 30 June 2016. Market value per share as at 30 June 2016 was Rs. 26.55 (2015: Rs. 30).

19.5 During the year, the Parent Company converted 13.51 million preference shares and sold 45.36 million ordinary shares of JCL, resulting in decrease in the Group's holding from 41.26% to 5.31% and has realised gain of Rs. 91.16 million. As on 30 June 2016 the Group holds 11.88 million ordinary shares (2015: 48.8 million) in the investee company. A gain of Rs. 629.13 million has been charged to consolidated profit and loss account on remeasurement of remaining interest in the associated company.

19.6 During the year, the Parent Company has subscribed 2.563 billion ordinary shares issued by Silkbank Limited at a purchase price of Rs. 1.56 per share under an agreement, representing 28.23% shareholding in Silkbank and accounted for as associates in accordance with the requirement of IAS 28 'Investments in Associates and Joint Ventures'. Fair value per share as at 30 June 2016 is Rs. 1.7 per share.

19.7 Summarized financial information of the associates of the Group as of 30 June 2016 is as follows:

	2016			
	MCB - Arif Habib Savings and Investments Limited	**Pakarab Fertilizer Limited**	**Silkbank Limited**	**Fatima Fertilizer Company Limited**
	(Rupees in '000)			
Non-current assets	799,748	43,053,472	8,184,021	94,418,452
Current assets	1,374,123	16,506,165	136,227,096	31,204,614
Non-current liabilities	47,238	11,413,993	-	32,913,321
Current liabilities	577,404	24,706,168	132,768,846	36,024,998
Net Assets	1,549,229	23,439,476	11,642,271	56,684,747
Elimination of revaluation surplus with related deferred taxation*	-	(11,605,148)	-	-
Net assets of equity accounted investee (adjusted)	1,549,229	11,834,328	11,642,271	56,684,747
Group's interest in net assets of investee company	426,010	2,921,224	-	6,915,370
Goodwill	-	-	760,575	-
Share of total comprehensive income in equity accounted investee for the year	110,561	629,074	47,620	1,938,111
Dividend received during the year	(70,408)	-	-	-
Disposal	-	-	-	(243,068)
Carrying Amount of equity accounted investee	466,163	3,550,298	4,047,307	8,610,413
Revenue	760,377	23,371,875	2,536,766	27,048,195
Profit from continuing operations	239,109	1,467,664	143,494	18,866,224
Other comprehensive income	33,565	(2,880)	25,184	8,527
Total comprehensive income	272,674	1,464,784	168,678	18,874,751
Share of total comprehensive income in equity accounted	110,561	629,074	47,620	1,938,111

	2015			
	MCB - Arif Habib Savings and Investments Limited	Pakarab Fertilizer Limited	Silkbank Limited	Fatima Fertilizer Company Limited
	(Rupees in '000)			
Non-current assets	807,803	34,002,812	-	93,847,353
Current assets	1,211,528	23,212,866	-	21,162,846
Non-current liabilities	53,850	12,340,299	-	33,349,365
Current liabilities	460,442	29,939,517	-	27,822,904
Net Assets	1,505,039	14,935,862	-	53,837,930
Group's share of net assets**	426,010	2,921,224	-	6,915,370
Revenue	771,750	14,453,024	-	32,107,175
Profit / (loss) from continuing operations	278,863	(504,662)	-	12,685,882
Other comprehensive income	88,330	(645)	-	(9,730)
Total comprehensive income	367,193	(505,307)	-	12,676,152
Share of total comprehensive income in equity accounted investee	135,205	(223,147)	-	2,382,099

Notes to the Consolidated Financial Statements
For the year ended 30th June 2016

The following is summarised financial information for the Group's interest in immaterial associates, based on the amounts reported in the Group's consolidated financial statements:

	2016	2015
	(Rupees)	
Group's share of:		
- (Loss) / Profit from continuing operations	**(30,730,366)**	248,103,193
- Other Comprehensive Income	**-**	979,620
	(30,730,366)	249,082,813
Aggregate carrying amount of the Group's interest in these associates	**-**	4,030,976,802

The figures of revenue, profits and other comprehensive income of PFL, Silkbank and FFCL have been adjusted due to different accounting year ends. The financial information included are same as included in their own financial statements adjusted for differences in accounting policies, if any.

* The adjustment represent alignment of accounting policy of associates with the Group.
** Group's share of net assets equal the carrying amount of equity accounted investees.

19.7.1 Interim financial information of FFCL and Silkbank for the six months period ended 30 June 2016 have been reviewed by their independent auditor and financial statements of MCB-AH have been audited by its independent auditor. Financial statements of PFL used for equity accounting are unaudited / not reviewed. The carrying value of PFL as at 30 June 2016 based on management account is Rs. 3,550.298 million and share of net profit for the year ended 30 June 2016 is Rs. 629.938 million.

20. OTHER LONG TERM INVESTMENTS

	Note	2016	2015
		(Rupees)	
Investments - available-for-sale	20.1	**100,000**	100,000
Investment at fair value through profit or loss	20.2	**121,342,551**	121,342,551
		121,442,551	121,442,551

20.1 Investments - available-for-sale

	Note	2016	2015
Takaful Pakistan Limited (TPL)	20.1.1	**30,000,000**	30,000,000
Sun Biz (Private) Limited (SBL)	20.1.2	**1,000,000**	1,000,000
Al-Khabeer Financial Services (Private) Limited (AKFS)	20.1.3	**1,000,000**	1,000,000
		32,000,000	32,000,000
Provision for impairment		**(31,900,000)**	(31,900,000)
		100,000	100,000

20.1.1 Investment in TPL (unquoted) represents 3 million (2015: 3 million) fully paid ordinary shares of Rs.10 each, representing 10% (2015: 10%) of TPL's paid up share capital as at 30 June 2016. The Group has recognised full impairment against this investment.

20.1.2 Investment in SBL (unquoted) represents 0.01 million (2015: 0.01 million) fully paid ordinary shares of Rs. 100 each, representing 4.65% (2015: 4.65%) of SBL's paid up share capital as at 30 June 2016. The Group has recognised full impairment against this investment.

20.1.3 Investment in AKFS represents 5,000 (2015: 5,000) fully paid ordinary shares of Rs. 1 million (2015: Rs 1 million), representing 5% of the total paid up share capital of the investee company as at 30 June 2016. The Group has recognised provision amounting to Rs. 0.9 million in previous years against this investment.

20.2 This represents unquoted shares of Stock Exchanges received by Arif Habib Limited (AHL), Subsidiary Company, in pursuance of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012.The total number of shares received by the Subsidiary Company were 4,007,383 of Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited), 3,034,604 shares of LSE Financial Services Limited (formerly Lahore Stock Exchange Limited) and 843,975 shares of ISE Towers REIT Management Company Limited (formerly Islamabad Stock Exchange Limited), with a face value of Rs 10 each. Out of total number of shares owned, 60% shares of the said entities are held in separate CDC blocked Account, to restrict the sale of these shares by the members. These shares will be disposed under the Demutualization Act and the proceeds of these shares along with right to dividend/bonus is vested with AHL. Whereas the voting rights attached to these shares are suspended.

During the period, a memorandum of understanding was signed between Karachi Stock Exchange (KSE), the Lahore Stock Exchange (LSE) and Islamabad Stock Exchange (ISE) for integration of all three stock exchanges in Pakistan as envisaged in the Stock Exchanges (Corporatization, Demutualization) Act, 2012 (XV of 2012) vide SECP's order 01/2016 dated 11 January 2016. As a consequence of the integration scheme, the business model of ISE and LSE have been changed and they have obtained the license to operate as NBFC as per NBFC rules and KSE would carry the same business as Stock Exchange under the name of Pakistan Stock Exchange Limited.

AHL as per policy, carried out the valuation of the aforementioned entities after considering the latest available financial information, recent market development, effect of integration and new scope of business to be carried by ISE Towers REIT Management Company Limited and LSE Financial Services Limited. Management estimates that current fair value of shares of aforementioned entities is approximate to that of 30 June 2015 as the reason of improved volume and performance of Pakistan Stock Exchange Limited offsets the effect of 2.29% decrease in discount factor. Valuation techniques and key assumptions used for the remeasurement of above unquoted investments at fair value are disclosed in note 42 of these consolidated financial statements.

21. LONG TERM DEPOSITS AND PREPAYMENTS

	Note	2016	2015
		(Rupees)	
Pakistan Stock Exchange Limited		**29,961,426**	12,925,075
National Clearing Company of Pakistan Limited		**901,000**	901,000
Security deposit for leased car		**1,164,150**	1,164,150
Security deposit for employees' cars		**1,849,340**	1,861,800
Pakistan Mercantile Exchange deposit for office		**9,007,205**	9,007,205
Other deposits		**514,036**	20,583,914
Prepayments	21.1	**566,233**	1,156,733
		43,963,390	47,599,877

21.1 Prepayments:

	Note	2016	2015
		(Rupees)	
Prepaid rent		**5,905,000**	5,905,000
Accumulated amortization as at 1 July		**(4,748,267)**	(4,157,767)
Current portion of prepayments		**(590,500)**	(590,500)
		(5,338,767)	(4,748,267)
		566,233	1,156,733

This represents unamortized balance of advance rent up to 10 February 2018 against 680 acres of land in Jharnpir, District Thatta, Province of Sindh, Pakistan, acquired under a sub-lease agreement dated 17 May 2010 by SEDPL from Alternate Energy Development Board.

Further, under the terms of agreement, the Subsidiary Company is required to pay rent in advance amounting to Rs. 1,360,000 per annum for next ten year from 5 January 2018 and Rs. 3,400,000 paid in advance per annum for further ten years from 5 January 2028. For further extension of the term, if any, rent shall be 6,800,000 per annum paid in advance.

22. TRADE DEBTS

	Note	2016	2015
		(Rupees)	
Considered good			
- Secured	22.1	**503,507,049**	492,277,417
- Unsecured	22.2	**115,138,914**	298,892,824
		618,645,963	791,170,241
Considered doubtful		**874,618,000**	875,288,868
		1,493,263,963	1,666,459,109
Provision for doubtful debts			
- Opening provision		**(875,288,868)**	(876,460,583)
- Reversal for the year		**670,868**	1,171,715
- Provision as at 30 June		**(874,618,000)**	(875,288,868)
		618,645,963	791,170,241

22.1 This includes Rs. 8.14 million (2015: Rs. 12.52 million) due from related parties. The Subsidiary Company, AHL hold capital securities having fair value of Rs. 49,933 million (2015: Rs. 51,863 million) owned by its clients, as collaterals against trade debts.

22.2 This represents receivable by AHL against marginal financing. The same is provided to client's on mark-up basis ranging from 12% to 16% per annum.

23. LOANS AND ADVANCES

	Note	2016	2015
		(Rupees)	
Unsecured - *Considered good*			
Advance:			
- for new investment		**-**	425,494,937
- against letter of credit		**-**	5,344,000
- to suppliers and contractors		**1,645,112,177**	70,927,315
- to executives and employees - unsecured	23.1	**7,090,427**	10,208,844
Loan to Aisha Steel Mills Limited	23.2	**545,471,149**	250,134,752
Secured - *Considered good*			
Receivable against Reverse repo		**186,459,040**	319,044,625
Loan to Employees		**945,649**	3,732,139
To related parties:			
- Aisha Steel Mills Limited	23.3	**239,215,563**	257,627,339
- Others		**-**	6,726,000
		2,624,294,005	1,349,239,951

23.1 This includes advance given by SEDPL to project director amounting to Rs. 1.329 million on account of Factory Acceptance Test.

23.2 The Parent Company entered into a loan agreement with the said associated concern on 1 July 2013. The loan is repayable within 30 business days notice of demand. The mark-up rate on the said loan is 3 months KIBOR prevailing on the base rate setting date plus 3% per annum. Mark-up is payable on quarterly basis. The effective mark-up charged during the year was 9.35% to 10.29% per annum (2015: 10.99% to 13.43% per annum).

23.3 The Parent Company entered into a loan agreement with the said associated concern on 19 January 2011. Under the arrangement, the Parent Company shall disburse loan to the associated company in one or more tranches. The loan is secured against first charge on all present and future fixed assets, accounts receivables and interest in any insurance claim and equitable mortgage of land and building. The mark-up rate in the said loan is 6 month KIBOR + 3.25% per annum (2015: 6 months KIBOR + 3.25% per annum). The effective rate of mark-up on the loan ranged between 9.76% to 10.29% (2015: 11.23% to 13.42%) per annum. Mark-up is payable on semi-annually basis.

23.4 Maximum balance due from related party during the year was Rs. 2,805.93 million (2015: Rs. 1,361.5 million).

24. DEPOSITS AND PREPAYMENTS

	Note	2016 (Rupees)	2015
Deposits - future clearing	24.1	**31,637,101**	292,483,178
Prepayments		**2,987,570**	38,104,277
MTS exposure deposit	24.2	**126,126,460**	102,431,823
Others		**1,277,718**	900,025
		162,028,849	433,919,303

24.1 These represent amounts of deposits held at the year end against exposure arising out of the trading in securities by AHL in accordance with the regulations of Pakistan Stock Exchange Limited.

24.2 These represent amounts of deposits held at the year end against exposure arising out of the trading in securities by AHL in accordance with the regulations of National Clearing Company of Pakistan Limited.

25. MARK-UP RECEIVABLE

	Note	2016 (Rupees)	2015
Considered good:			
Receivable against reverse repurchase agreement (Reverse repo)		**-**	3,132,734
From related parties:			
Aisha Steel Mills Limited	25.1	**19,717,359**	15,723,167
Javedan Corporation Limited		**39,452**	-
Others		**165**	246
		19,756,976	18,856,147

25.1 The above receivable from related parties are on account of loans provided to them which are current and not past due.

26. OTHER RECEIVABLES

	2016 (Rupees)	2015
Secured		
Receivable under guarantee	**-**	1,214,400,000
Guarantee fee receivable - related parties	**741,964**	691,964
Investment in margin trading system	**5,353,230**	9,479,169
Unsecured		
Receivable from related parties	**25,109,833**	77,609,955
Others	**138,637,613**	27,947,498
	169,842,640	1,330,128,586

27. SHORT TERM INVESTMENTS

	Note	2016 (Rupees)	2015
At fair value through profit or loss - designated			
Investment in quoted equity securities			
-Related parties	27.1	**1,097,790,929**	190,186,575
-Others		**2,417,118,129**	1,447,752,720
Investments in privately placed preference shares		**-**	34,386,904
Investment in term finance certificates		**383,817**	383,817
At available for sale			
Investment in related parties		**648,294,567**	-
		4,163,587,442	1,672,710,016

27.1 Fair value of these investments is determined using quoted market prices and repurchase prices prevailing at the balance sheet date. Short term investments include equity securities pledged with various banking companies against short term running finance facilities having a market value of Rs. 1,395.65 million (2015: Rs. 967.5 million).

This also includes investment in shares of Summit Bank Limited and units of Arif Habib Dolmen City REIT (Scheme), related parties, having fair value of Rs. 3.87 million (2015: Rs. 4.391 million) and Rs. 0.89 million (2015: Rs. 117.737 million), respectively.

27.2 This represent investment in Aisha Steel Mills Limited and Javedan Corporation Limited. As stated in note 19.3 and 19.5 to these consolidated financial statements, owing to dilution in holding on account of divestment, such investment is reclassified to short term investment and equity accounting is discontinued.

28. CASH AND BANK BALANCES

	Note	2016 (Rupees)	2015
With banks in:			
Current accounts			
- In local currency		**48,723,623**	1,279,205,402
- In foreign currency		**4,189,989**	15,988,116
		52,913,612	1,295,193,518
Deposit accounts	28.1	**333,042,275**	1,533,363,189
		385,955,887	2,828,556,707
Cash in hand		**156,830**	510,891
		386,112,717	2,829,067,598

28.1 The balance in deposit accounts carry mark-up ranging from 3.75% to 5% per annum (2015: 4% to 7.5% per annum).

29. ASSETS AND LIABILITIES HELD FOR SALE

	2016	2015
	(Rupees)	
Arif Habib DMCC (AHD)		
- Assets held for sale	**63,938,544**	-
- Liabilities held for sale	**13,640,441**	-

The assets and liabilities of a Subsidiary Company, AHD are presented as disposal group classified as held for sale following the decision to liquidate the Subsidiary Company by the Parent Company, subject to approval of the Dubai Multi Commodities Centre Authority.

The Subsidiary was not a discontinued operation or classified as held for sale as at 30 June 2015 and the comparative consolidated profit and loss account has been re-presented to show the discontinued operation separately from continuing operations.

No impairment loss on disposal group has been recognised as it's fair value less cost to sell is higher than its carrying amount.

	2016
	(Rupees)
Assets classified as held for sale	
Property, plant and equipment	**41,570,468**
Intangible assets	**10,530,491**
Long term deposits	**458,720**
Other receivables	**308,776**
Cash and bank balances	**11,070,089**
	63,938,544
Liabilities classified as held for sale	
Long term loan	**12,375,233**
Trade and other payables	**1,265,208**
	13,640,441

	2016	2015
Results of AHD	(Rupees)	
Operating and administrative expenses	**(3,384,752)**	(3,362,943)
Other charges	**-**	(9,502,460)
Loss from discontinued operations	**(3,384,752)**	(12,865,403)
Cash flows (used in) / generated from AHD		
Net cash flows (used in) / generated from operating activities	**(1,278,223)**	11,373,908

30. DISCONTINUED OPERATIONS

Power Cement Limited (PCL)

As on 31 December 2015, the Parent Company has disposed off its entire investment in Power Cement Limited (Subsidiary Company), resulting in loss of control. Accordingly, results of the Subsidiary till the date of disposal are presented as discontinued operations. The Subsidiary was not a discontinued operation or classified as held for sale as at 30 June 2015 and the comparative consolidated profit and loss account has been re-presented to show the discontinued operation separately from continuing operations.

	December 2015	June 2015
Results of PCL	(Rupees)	
Operating revenue	**335,889,000**	789,766,000
Operating and administrative expenses	**(28,590,000)**	(56,460,590)
Other income	**335,988,000**	311,021,000
Finance cost	**(136,332,493)**	(354,064,167)
Other charges	**(44,977,000)**	(67,300,160)
Profit before tax	**461,977,507**	622,962,083
Taxation	**(146,623,000)**	(182,172,000)
Profit from discontinued operations	**315,354,507**	440,790,083
Gain on disposal of subsidiary	**653,693,309**	-
Profit attributable to:		
Equity holders of the Parent Company	**829,932,780**	281,102,462
Non-controlling interests	**135,730,284**	159,687,620
Cash flows (used in) / generated from PCL		
Net cash flows (used in) / generated from operating activities	**(13,544,000)**	226,968,000
Net cash flows used in investing activities	**(53,460,000)**	(128,292,000)
Net cash flows generated from financing activities	**(250,000,000)**	(210,000,000)
	(317,004,000)	(111,324,000)

Effect of disposal on the financial position of the Group		December 2015
Non-current assets		
Property, plant and equipment	4,428,180,000	
Intangible assets	1,254,000	
Long term deposits	19,635,000	
		4,449,069,000
Current assets		
Stock-in-trade	306,361,000	
Store, spares and loose tools	672,596,000	
Trade debts	335,471,000	
Loans and advances	126,127,000	
Trade deposits and prepayments	14,958,000	
Advance tax	43,454,000	
Tax refunds due from government	287,265,000	
Cash and bank balances	3,469,000	
		1,789,701,000
		6,238,770,000

	December 2015
Non-current liabilities	
Long term loans	721,703,000
Loan from related parties - unsecured	871,501,000
Deferred liabilities	42,967,000
Deferred taxation - net	351,837,000
	1,988,008,000
Current liabilities	
Loan from previous sponsors	735,000
Trade and other payables	619,648,000
Mark-up accrued on borrowing	11,474,000
Short-term borrowings	960,503,000
Current portion of long term loans	494,207,000
	2,086,567,000
	4,074,575,000
Net assets	2,164,195,000

31. OPERATING REVENUE

	Note	2016	2015
		(Rupees)	
Continuing Operations			
Dividend income		**61,562,877**	74,918,886
Mark-up income on loans and advances	31.1	**86,770,710**	154,478,278
Brokerage income		**285,757,636**	335,633,060
Mark-up on bank deposits		**29,206,456**	5,292,075
Underwriting, consultancy and placement commission		**252,103,725**	256,212,593
Income from reverse repo transaction		**110,657,628**	89,697,566
Gain on remeasurement of investments - net		**(505,088,749)**	241,363,715
Gain on sale of investments - net		**599,826,022**	1,182,541,217
Put option fee	31.2	**72,144,022**	81,400,000
		992,940,327	2,421,537,390

31.1 This include mark-up income received from a associated concerns, Javedan Corporation Limited by Parent Company. The mark-up rate on the said loans is 3 months KIBOR prevailing on the base rate setting date plus 2.65% per annum.

31.2 This represents put option fee received by the Parent Company in pursuance of put option agreement entered into among the Parent Company, Silkbank Limited (Bank) and the preference shareholders of Silkbank in previous years. During the year, Silkbank has exercised Call option and Parent Company has been released from all obligations as per the agreement.

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32. OPERATING AND ADMINISTRATIVE EXPENSES

	Note	2016	2015
		(Rupees)	
Salaries and benefits	32.1	**124,339,318**	110,522,938
Printing and stationery		**7,627,495**	5,583,273
Communication		**8,623,809**	6,621,594
Rent, rates and taxes	32.2	**42,557,018**	37,773,209
Utilities		**3,463,039**	3,392,175
Legal and professional charges		**14,953,482**	18,113,590
Central Depository Company and clearing house charges		**19,666,114**	14,520,953
Entertainment		**4,692,369**	1,262,321
Travel and conveyance		**19,636,408**	16,829,186
Depreciation		**17,835,057**	19,152,215
Repairs and maintenance		**19,073,005**	18,035,041
Insurance		**5,112,465**	5,624,871
Fees and subscription		**3,059,375**	2,672,915
Advertisement, business promotion and research		**31,736,070**	59,232,272
Meeting expenses		**205,000**	884,900
Auditors' remuneration	32.3	**3,850,510**	3,665,542
Technical assistance / commission and advisory fee		**89,984,696**	128,403,915
Amortisation charges		**1,140,737**	936,698
Ujrah payments		**-**	228,524
Others		**7,218,530**	4,445,533
		424,774,497	457,901,665

32.1 This includes the Group's contribution to staff retirement benefits amounting to Rs. 6.232 million (2015: Rs. 5.695 million).

31.1.1 Parent Company and AHL have set up provident fund for its employees and the contributions were made by them to the Trust in accordance with the requirement of Section 227 of the Companies Ordinance, 1984. The fund balance of provident fund by Parent Company as of 30 June 2016 amounting to Rs. 19.09 million (2015: 13.4 million) and Rs. Nil (2015: 2.9 million) is placed with bank under deposit account and open end mutual fund, respectively in accordance with the requirement of Section 227 of the Companies Ordinance, 1984. Further AHL has placed fund balance of Rs. 8.14 million and Rs. 0.26 million in deposit account maintained with the bank and mutual funds units respectively. The audit of the provident fund of Parent Company and Subsidiary Company, AHL for the year ended 2016 is in progress.

The following information is based on the latest financial statements of provident fund managed by the Parent Company:

	2016 (Unaudited)	2015 (Audited)
	(Rupees)	
Size of the Fund - total assets	**19,168,811**	16,399,493
Cost of investments made	**19,088,614**	15,947,814
Percentage of investments made	**100%**	100%
Fair value of investments	**19,088,614**	16,326,336

The following information is based on the latest financial statements of provident fund managed by the Subsidiary Company, AHL:

	2016 (Unaudited)	2015 (Audited)
	(Rupees)	
Size of the Fund - total assets	**11,058,507**	8,426,361
Cost of investments made	**2,918,064**	2,500,000
Percentage of investments made	**30%**	36%
Fair value of investments	**3,355,774**	3,046,555

32.2 This include the rent of leased office house no. 333, street no. 8, sector F-10/2, Islamabad, of Subsidiary Company, SEDPL under operating lease agreement dated 9 March 2010 and renewed on 27 March 2015 for five years. The rent shall increase by Rs. 10,000 every year during lease term.

32.3 Auditors' remuneration

	2016	2015
	(Rupees)	
Audit fee	**2,671,760**	2,548,506
Certifications including half yearly review	**878,500**	936,042
Other certifications	**120,250**	142,500
Out of pocket	**180,000**	38,494
	3,850,510	3,665,542

33. OTHER INCOME

Income from financial assets:		
Profit on exposure deposit	**8,342,347**	5,322,685
Mark-up on Margin Trading System	**716,974**	1,797,566
Guarantee commission income	**2,967,855**	2,091,964
Mark-up from group companies	**811,999**	6,015,478
Reversal of provision of bad debts	**670,868**	1,171,715
Income from non-financial assets:		
Rental income	**3,188,820**	2,898,924
Others	**22,405,493**	1,028,199
	39,104,356	20,326,531

34. FINANCE COST

Mark-up on long term loans	**32,133,563**	40,142,387
Mark-up on short term borrowings	**354,931,853**	420,408,300
Mark-up on loan from associate	**564,750**	-
Mark-up on finance lease	**275,472**	279,298
Bank charges	**3,314,747**	3,290,980
Others	**10,669,691**	11,301,925
	401,890,076	475,422,890

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35. OTHER CHARGES

	Note	2016	2015
		(Rupees)	
Workers' Welfare Fund		**9,307,053**	110,000,849
Donations	35.1	**16,338,862**	123,740,310
Exchange loss / (gain)		**343,254**	(910,096)
Impairment loss on trading rights entitlement certificates and others		**-**	14,000,000
Loss on disposal of fixed / scrap assets		**106,157**	26,506
		26,095,326	246,857,569

35.1 Donations

Donations in which a director are interested is as follows:

Name of director	Interest in donee	Name and address of the donee	2016	2015
Mr. Arif Habib	Director	Arif Habib Foundation		
Mr. Samad Habib	Director	Arif Habib Centre, 23, M.T Khan		
Mr. Kashif Habib	Director	Road, Karachi		
Mr. Nasim Beg	Member		**-**	120,000,000

36. TAXATION

	2016	2015
For the year		
- Current	**178,107,819**	446,969,178
- Prior year	**(107,864,758)**	-
	70,243,061	446,969,178
- Deferred	**398,987,717**	115,921,153
	469,230,778	562,890,331

Relationship between tax expense and accounting profit

	2016	2015
Profit before taxation	**3,342,513,296**	3,842,515,130
Tax at the applicable tax rate	**1,069,604,255**	1,456,291,598
Tax effect of income under final tax regime	**(83,840,967)**	(397,309,068)
Prior year tax effect	**(107,864,758)**	-
Tax effect of income taxed at lower rate	**289,787,993**	(344,770,122)
Tax effect of other items	**(698,455,745)**	(151,322,077)
	469,230,778	562,890,331

Parent Company

36.1 Income tax assessments of the Parent Company have been finalised up to Tax Year 2005 (Accounting year 2005). However, deemed assessments made under section 120 of the Income Tax Ordinance, 2001, relating to Tax Years 2006 to 2008 have been subsequently amended under section 122 of the Income Tax Ordinance, 2001. The Parent Company has filed appeals in respect of each of the said amendment. Income tax assessment for the Tax Year 2010, taken as deemed assessment under section 120 of the Income Tax Ordinance, 2001, was subsequently amended twice under section 122 (5A) of the Income Tax Ordinance, 2001. The appeals filed by the Parent Company with Commissioner Inland Revenue (Appeals-1) against these amendments were decided in favour of the Parent Company and the relief was maintained by Appellate Tribunal.

Income tax assessment for the Tax Year 2011, taken as deemed assessment under section 120 of the Income Tax Ordinance, 2001, was subsequently amended under section 122 (5A) of the Income Tax Ordinance, 2001.

The Parent Company was subsequently allowed relief in its subsequent appeal which was also maintained by Appellate Tribunal in favour of the Parent Company. Income tax assessment for the Tax Year 2012 was taken as deemed assessment under section 120 of the Income Tax Ordinance, 2001, which was subsequently amended under section 122 (1) of the Ordinance. The appeal of the Parent Company was decided in favour of the Parent Company. The Department has preferred an appeal in the Appellate Tribunal against the decision; however, appeal effect has not yet been issued.

Income tax assessment for Tax Year 2013 and 2014 was deemed to have been finalised under section 120 of the Income Tax Ordinance, 2001. However, the assessment was subsequently amended under section 122 (5A) of the Income Tax Ordinance, 2001. The Parent Company has preferred an appeal against the amended assessment and major relief was allowed to the Parent Company. Department has filed an appeal in the Appellate Tribunal against the relief given to the Parent Company.

Income tax assessment for Tax Year 2015, taken as deemed assessment under section 120 of the Income Tax Ordinance, 2001 was subsequently amended under section 122 (5A) of the Income Tax Ordinance, 2001. The Parent Company has preferred an appeal against the amended assessment and relief was allowed to the Parent Company.

36.2 Under section 5 (5A) of the Income Tax Ordinance, 2001, tax at the rate of ten percent to be imposed on every public Company other than a scheduled bank or a modaraba, that derives profits for a tax year but does not distribute cash dividends within six months of the end of the said tax year or distributes dividends to such an extent that its reserves, after such distribution, are in excess of hundred percent of its paid up capital, so much of its reserves as exceed hundred percent of its paid up capital shall be treated as income of the said Company. However, this tax on undistributed reserves is not applicable to a public Company which distributes profit equal to either forty percent of its after tax profits or fifty percent of its paid up capital, whichever is less, with in six months of the end of the tax year.

The Board of Directors of the Parent Company in their meeting held on 27 September 2016 have recommended sufficient cash dividend for the year ended 30 June 2016 for the consideration and approval of the shareholders of the Parent Company in the forthcoming annual general meeting which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognised in these consolidated financial statements for the year ended 30 June 2016.

AHL, Subsidiary Company

36.3 Assessment up to tax year 2015 deemed to be finalized under section 120 of the Income tax Ordinance 2001.

36.4 AHL based on current years results and future years projections estimates that only Rs. 21.47 million of deferred tax asset will be utilized which arising because of deductible temporary difference on provisioning for workers' welfare fund amounting to Rs 69.28 million. Consequently, no deferred tax asset is recognized on remainder of deductible temporary difference of Rs 38.53 million.

36.5 AHL is contesting Civil Suit No. 284/2016 against levy of "Super Tax" under section 4B of the Income Tax Ordinance, 2001, introduced through Finance Act, 2015, in the High Court of Sindh and has not paid the Super Tax accordingly. AHL is of the view that the same is imposed against the merit of law and the Subsidiary Company's legal council is of the view that AHL has a favourable case on merit. However, provision made on prudent in consolidated financial statements for the year ended 30 June 2015 has not been reversed.

POL, Subsidiary Company

36.6 No tax expense is recognized by POL in the current year, as there is no taxable income for the year. Further no deferred tax asset is recognized on tax losses due to uncertainty regarding availability of future taxable profits.

37. EARNINGS PER SHARE - BASIC AND DILUTED

37.1 Basic earnings per share

		2016	2015
Profit after tax from continuing operations attributable to ordinary shareholders	Rupees	**2,712,020,679**	2,940,068,150
Profit after tax from discontinued operations attributable to ordinary shareholders	Rupees	**829,932,780**	281,102,462
Weighted average number of ordinary shares	Number	**453,750,000**	453,750,000
Earnings per share - continuing operations	Rupees	**5.98**	6.48
Earning per share - discontinued operations	Rupees	**1.83**	0.62

37.2 Diluted earnings per share

Diluted earnings per share has not been presented as there is no convertible instruments in issue as at 30 June 2016 and 30 June 2015 which would have any effect on the earnings per share if the option to convert is exercised.

Notes to the Consolidated Financial Statements

For the year ended 30th June 2016

38. REMUNERATION OF CHIEF EXECUTIVES OFFICER, DIRECTORS AND OTHER EXECUTIVES

38.1 For the purpose of disclosure, those employees are considered as executives whose basic salary exceeds five hundred thousand rupees in a financial year.

38.2 The aggregate amounts charged in these consolidated financial statements in respect of remuneration including benefits to the Chief Executives Officer, Directors and other Executives of the Parent and respective subsidiaries are given below:

	Chief Executives Officer		Director and other Executives	
	2016	2015	**2016**	2015
	(Rupees)			
Managerial remuneration	**38,322,505**	36,349,092	**59,304,012**	110,521,843
Retirement benefits	**3,623,001**	3,622,996	**3,394,724**	9,007,760
Commission and bonus	**23,965,094**	28,833,472	**9,276,791**	3,111,906
Other allowance	**2,742,522**	4,512,799	**5,058,046**	18,206,536
Total	**68,653,122**	73,318,359	**77,033,573**	140,848,045
Number of persons	**4**	5	**36**	87

38.3 The aggregate amount charged to these consolidated financial statements in respect of directors' fee paid to two directors (2015: two) was Rs. 0.21 million (2015: Rs. 0.23 million). The Chief Executive Officer draws salary on account of managerial remuneration.

38.4 Besides above, group insurance and medical facilities under insurance coverage were provided to the above mentioned personnel.

38.5 The Chief Executive Officer and certain Executives has been provided with free use of respective Group Companies' maintained vehicles in accordance with the policy.

38.6 Certain key management personnel have also been provided with free use of respective Group Companies' maintained vehicles in accordance with the policy.

39. CASH GENERATED FROM OPERATIONS

	Note	2016	2015
		(Rupees)	
Profit before tax	39.1	**3,791,161,296**	4,413,004,842
Adjustments for:			
Depreciation and amortization		**18,975,794**	130,264,514
Share of profit of equity-accounted associate - net of tax		**(2,676,978,026)**	(2,439,242,991)
Unrealized gain on investment property		**(486,250,486)**	(101,983,374)
Advances written off		**-**	3,176,042
Reversal of provision of bad debts		**(670,868)**	(1,171,715)
Impairment loss on trading rights entitlement certificates and others		**-**	23,502,460
Loss on disposal of scrap assets		**-**	26,506
Loss / (gain) on sale of property, plant and equipment		**106,157**	(370,000)
Gain on disposal of long term investment		**601,412,818**	-
Finance cost		**401,890,076**	829,487,058
		(2,141,514,535)	(1,556,311,500)
		1,649,646,761	2,856,693,342
Changes in working capital:			
Decrease / (increase) in current assets			
Trade debts		**173,195,146**	(337,404,481)
Stock-in-trade		**284,975,000**	(107,673,000)
Stores, spares and loose tools		**562,409,000**	80,134,000
Loans and advances		**(1,475,054,054)**	685,648,027
Deposits and prepayments		**271,890,454**	(377,118,946)
Receivable against sale of investment		**-**	797,382,506
Mark-up receivable		**(900,829)**	31,811,036
Other receivables		**1,150,806,777**	(401,496,440)
Short term investments		**620,669,507**	216,659,811
Tax refund due from Government		**287,265,000**	(41,535,000)
Assets held for sale		**(63,938,544)**	65,716,501
		1,811,317,457	612,124,014
(Decrease) / increase in current liabilities			
Trade and other payables		**(813,703,987)**	527,867,817
Liabilities held for sale		**13,640,441**	(23,815,692)
Payable against purchase of securities - net		**420,849,555**	44,558,395
		(379,213,991)	548,610,520
		1,432,103,466	1,160,734,534
Cash generated from operations		**3,081,750,227**	4,017,427,876

Notes to the Consolidated Financial Statements
For the year ended 30th June 2016

39.1 Profit before tax

		2016	2015
		(Rupees)	
Profit before tax from continuing operations		**3,342,513,296**	4,413,004,842
Profit before tax from discontinued operations		**448,648,000**	-
		3,791,161,296	4,413,004,842

40. CASH AND CASH EQUIVALENTS

Cash and bank balances	28	**386,112,717**	2,829,067,598
Short term running finance	12	**(4,428,479,243)**	(4,621,066,027)
		(4,042,366,526)	(1,791,998,429)

41. FINANCIAL INSTRUMENTS

The Group has exposures to the following risks from the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Group's risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies.

41.1 Credit risk

Credit risk represents the financial loss that would be recognized at the balance sheet date if counterparties fail to meet its contractual obligations. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Group believes that it is not exposed to major concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date is:

Trade debts - net of provision	**618,645,963**	791,170,241
Long term deposits	**9,521,241**	29,591,119
Loans and advances	**2,616,257,929**	914,668,875
Mark-up receivable	**19,756,976**	18,856,147
Other receivables	**169,842,640**	1,320,649,417
Short term deposits	**159,041,279**	395,815,026
Bank balances	**385,955,887**	2,828,556,707
	3,979,021,915	6,299,307,532

The Group does not take into consideration the value of collateral while testing financial assets for impairment. The Group considers the creditworthiness of counterparties as part of its risk management and utilize collateral under force majeure in extremely difficult situation where recovery appears to be unlikely from customary measures like restructuring or negotiation.

Trade debts

The maximum exposure to credit risk for trade debt at the balance sheet date by geographic region were as follows:

Domestic (Pakistan)	**618,645,963**	791,170,241

The maximum exposure to credit risk for trade debt at the balance sheet date by type of customer were as follows:

	2016	2015
	(Rupees)	
End-user customer / Exports	**618,645,963**	718,079,241
Dealer / distributor	**-**	73,091,000
	618,645,963	791,170,241

At 30 June, the age analysis of trade debts is as follows:

Neither past due nor impaired	**549,819,729**	149,893,000
Past due 1 - 30 days	**16,248,472**	576,518,241
Past due 31 - 180 days	**26,775,913**	63,377,000
Past due more than 180 days	**25,801,849**	1,382,000
	618,645,963	791,170,241

All provision of trade debts are past due more than 180 days.

Deposits

These deposits are with counterparties for provision of continued supply of services, Central Depository Company of Pakistan Limited (CDC) for the purpose of effecting transactions, Pakistan Stock Exchange Limited for taking exposure in stock market, National Clearing Company Pakistan Limited for trading in securities in stock market and for the license of trading in Pakistan Mercantile Exchange. Management does not expect to have any credit risk against such deposits, as it is refundable upon termination of agreement / services from counterparties.

Loans, advances, mark-up and other receivables

The Group extends loans and advances to its related concerns and follows due process of seeking approval from shareholders as per applicable laws and regulations. Wherever possible, management obtains collateral from counterparties. As loans are mainly provided to related concerns, management is not expecting to incur loss against the same. Mark-up receivable mainly pertains to loans extended to related parties for which management is not expecting to incur any credit loss. Other receivable mainly comprise of receivable from related concern on guarantee commission etc. and does not expect to have material credit risk there against based on the term of arrangement with parties involved.

The aging analysis of loans, advances, other receivables and mark-up receivable is as follows:

Not past due	**2,800,504,315**	1,923,006,926
Past due 1-30 days	**-**	-
Past due 30-180 days	**-**	3,732,139
Past due 180 days	**-**	331,167,513
	2,800,504,315	2,257,906,578

Bank balances

As at 30 June 2016 the Group has placed funds with banks having good credit ratings and not considered itself to be expenses to credit risk there against. The Surplus has been kept from bank having short term lower rating from A1 / A-1 to higher rating A1+ / A-1+ and long term lower rating from A1 / A-1 to higher rating A1+ / AAA.

Investment in margin trading system

Management does not expect to incur impairment there-against as the loan extended under agreement and its settlement is carried out through National Clearing Company of Pakistan Limited. Management hold underlying securities subject to lending as pledge.

41.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset or that such obligations will have to be settled in a manner disadvantageous to the Group. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of adequate funds through committed credit facilities. The Group finances its operations through equity, borrowings and working capital with a view of maintaining an appropriate mix between various sources of finance to minimize risk. Management aims to maintain flexibility in funding by keeping regular committed credit lines.

The following are the contractual maturities of financial liabilities, including estimated interest payments on an undiscounted cash flow basis:

	2016			
	Carrying amount	Contractual cash flows	Upto one year	More than one year
	(Rupees)			
Financial liabilities				
Long term loans	**1,375,264,509**	**1,380,420,883**	**154,191,692**	**1,226,229,191**
Liabilities against assets subject to finance lease	**2,565,428**	**2,752,842**	**687,187**	**1,878,241**
Trade and other payables	**2,310,567,803**	**2,310,567,803**	**2,310,567,803**	**-**
Accrued mark-up on borrowings	**301,112,788**	**301,112,788**	**301,112,788**	**-**
Short term borrowings	**4,428,479,243**	**4,428,479,243**	**4,428,479,243**	**-**
	8,417,989,771	**8,423,333,559**	**7,195,038,713**	**1,228,107,432**

	2015			
	Carrying amount	Contractual cash flows	Upto one year	More than one year
	(Rupees)			
Financial liabilities				
Long term loans	1,796,394,825	3,828,234,045	618,505,877	3,209,728,168
Long term payable	1,700,179,646	1,700,179,646	-	1,700,179,646
Liabilities against assets subject to finance lease	2,160,887	2,420,020	759,146	1,660,874
Trade and other payables	3,124,271,790	3,124,271,790	3,124,271,790	-
Accrued mark-up on borrowings	102,354,574	102,354,574	102,354,574	-
Short term borrowings	4,621,066,027	4,621,066,027	4,621,066,027	-
	11,346,427,749	13,378,526,102	8,466,957,414	4,911,568,688

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effective as at 30 June. The rates of mark-up have been disclosed in respective notes to these consolidated financial statements.

41.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Group is exposed to currency risk, interest rate risk and price risk.

a) Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. Currently, the Group's foreign exchange risk exposure is restricted to cash and bank balances which is denominated in foreign currency. Group's management believes that the Group's exposure emanating from any fluctuations in the foreign currencies is not required to be hedged.

	2016		
	Rupees	**US Dollars**	**UAE Dirhams**
Financial assets			
Cash and Bank balances	**4,189,989**	**41,196**	**384,913**
	2015		
	Rupees	US Dollars	UAE Dirhams
Cash and Bank balances	15,988,116	40,096	430,705

The following significant exchange rates were applicable during the year:

	Average rates		Balance sheet date rate	
	2016	2015	**2016**	2015
US Dollars to Pakistan Rupee	**104.4**	102	**104.5 / 104.7**	101.57 / 101.75
UAE Dirhams to Pakistan Rupee	**28.76**	27.83	**28.45 / 28.51**	27.65 / 28.24

Sensitivity analysis

A 10 percent strengthening / (weakening) of the Pakistan Rupee against various foreign currencies at 30 June would have (decreased) / increased the consolidated profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2015.

	Effect on profit and loss (net of tax)	
	2015	2014
	(Rupees)	
As at 30 June		
Effect in US Dollars	**419,165**	407,973
Effect in UAE Dirhams	**1,238,708**	1,190,839

b) Interest / mark-up rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The majority of the interest rate exposure arises from financial assets and financial liabilities as stated below.

At the balance sheet date, the interest rate profile of the Group's significant interest-bearing financial instruments was as follows:

	2016	2015	**2016**	2015
	Effective interest rate (in %)		Carrying amounts (in Rupees)	
Financial assets				
Loans and advances	**8.6% to 10.29%**	11% to 13.42%	**784,686,712**	507,762,091
Bank balances	**3.75% to 5%**	4% to 7.5%	**333,042,275**	1,533,363,189
Financial liabilities				
Short term finance	**6.35% to 12.18%**	5.00% to 12.46%	**4,428,479,243**	4,621,066,027
Long term finance	**8% to 10.68%**	9.44% to 14.49%	**1,375,264,509**	1,796,394,825

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through the consolidated profit and loss account. Therefore a change in interest rates at the reporting date would not affect the consolidated profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

For cash flow sensitivity analysis of variable rate instruments a hypothetical change of 100 basis points in interest rates would have decreased / (increased) profit for the year by the amounts shown below.

	Profit and loss 100 bps	
	Increase	Decrease
	(Rupees)	
As at 30 June 2016		
Cash flow sensitivity-Variable rate financial liabilities	**(58,037,438)**	58,037,438
Cash flow sensitivity-Variable rate financial assets	**11,177,290**	(11,177,290)
As at 30 June 2015		
Cash flow sensitivity-Variable rate financial liabilities	(64,174,609)	64,174,609
Cash flow sensitivity-Variable rate financial assets	20,411,253	(20,411,253)

c) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark-up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Group is exposed to equity price risk since it has investments in quoted equity securities.

Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value.

Sensitivity analysis

The table below summarizes the Group's equity price risk as of 30 June 2016 and 2015 and shows the effects of a hypothetical 30% increase and a 30% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Accordingly, the sensitivity analysis prepared is not necessarily indication of the effect on Group's net assets of future movement in the level of PSX 100 index.

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders' equity	Hypothetical increase / (decrease) in profit / (loss) before tax
	(Rupees in million)				(Rupees in million)
30 June 2016	**4,186.94**	**30% increase**	**5,443.02**	**194.49**	**1,061.59**
		30% decrease	**2,930.86**	**(194.49)**	**(1,061.59)**
30 June 2015	1,815.62	30% increase	2,360.31	-	544.69
		30% decrease	1,270.93	-	(544.69)

41.4 Financial instruments by categories

The table below provides reconciliation of the line items in the Group's statement of financial position to the categories of financial instruments.

30 June 2016	At fair value through profit and loss	Loans and receivables	Available for Sale	Other financial assets	Other financial liabilites
			(Rupees)		
Financial Assets					
Cash and bank balances	-	386,112,717	-	-	-
Investments	3,636,635,426	-	648,394,567	-	-
Long term deposits	-	43,963,390	-	-	-
Loans and advances	-	2,616,257,929	-	-	-
Mark-up receivable	-	19,756,976	-	-	-
Other receivables	-	168,122,640	-	-	-
Trade debts	-	618,645,963	-	-	-
Deposits	-	159,041,279	-	-	-
	3,636,635,426	**4,011,900,894**	**648,394,567**	**-**	**8,296,930,887**
Financial Liabilities					
Long term loan	-	-	-	-	1,375,264,509
Liabilities against assets subject to finance lease	-	-	-	-	1,878,241
Trade and other payables	-	-	-	-	1,804,492,907
Interest / mark-up accrued on borrowings	-	-	-	-	301,112,788
Short term borrowings	-	-	-	-	4,428,479,243
Rupees	**-**	**-**	**-**	**-**	**7,911,227,688**

30 June 2015	At fair value through profit and loss	Loans and receivables	Available for Sale	Other financial assets	Other financial liabilites
			(Rupees)		
Financial Assets					
Cash and bank balances	-	-	-	2,829,067,598	-
Investments	1,794,052,567	-	100,000	-	-
Long term deposits	-	47,599,877	-	-	-
Loans and advances	-	1,349,239,951	-	-	-
Mark-up receivable	-	18,856,147	-	-	-
Other receivables	-	1,330,128,586	-	-	-
Trade debts	-	791,170,241	-	-	-
Deposits	-	395,815,026	-	-	-
	1,794,052,567	3,932,809,828	100,000	2,829,067,598	-
Financial Liabilities					
Long term loan	-	-	-	-	1,796,394,825
Trade and other payables	1,214,400,000	-	-	-	1,436,743,852
Liabilities against assets subject to finance lease	-	-	-	-	1,660,874
Interest / mark-up accrued on borrowings	-	-	-	-	102,354,574
Short term borrowings	-	-	-	-	4,621,066,027
	1,214,400,000	-	-	-	7,958,220,152

42. FAIR VALUE MEASUREMENTS

A number of the Group's accounting policies and disclosure require the measurement of fair values, for both financial, if any and non-financial assets and financial liabilities.

'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.

The Group management engage independent external experts / valuers to carry out valuation of its non-financial assets (i.e. Investment Property) and financial assets where prices are not quoted or readily available in the market. Involvement of external valuers is decided upon by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

When measuring the fair value of an asset or a liability, the Group uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

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

Valuation techniques used by the Group include discounted cash flow model for valuation of unquoted equity securities. Assumptions and inputs used in valuation techniques include risk-free rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the balance sheet date that would have been determined by market participants acting at arm's length.

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, the management recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	30 June 2016							
	Carrying amount					Fair value		
	At fair value through profit and loss	Loans and Receivables	Available for sale	Other financial assets	Other financial liabilities	Level 1	Level 2	Level 3
	(Rupees)							
Financial assets measured at fair value								
Long term investments	121,342,551	-	100,000	-	-	-	-	121,442,551
Short term investments	3,515,292,875	-	648,294,567	-	-	4,163,203,625	383,817	-
Financial assets not measured at fair value								
Long term investments	-	-	-	-	-	-	-	-
Long term deposits	-	43,963,390	-	-	-	-	-	-
Other receivable	-	168,122,640	-	-	-	-	-	-
Loans and advances	-	2,616,257,929	-	-	-	-	-	-
Mark-up receivable	-	19,756,976	-	-	-	-	-	-
Cash and bank balances	-	386,112,717	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Long term loan - secured	-	-	-	-	1,375,264,509	-	-	-
Mark-up accrued on short term borrowings	-	-	-	-	301,112,788	-	-	-
Trade and other payables	-	-	-	-	1,804,492,907	-	-	-
Current maturity of long term loan	-	-	-	-	149,035,318	-	-	-
Short term borrowings	-	-	-	-	4,428,479,243	-	-	-

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

	2016	2015
	(Rupees)	
Unlisted equity instruments		
Balance at 1 July	121,442,551	121,442,551
Total gains recognised in consolidatedprofit and loss account on remeasurement of investment	-	-
Balance at 30 June	121,442,551	121,442,551

The Group management assessed that the fair values of loans, other receivable and cash & cash equivalent trade payables, short-term borrowing and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. For long term deposit asset and long term liabilities, managements consider that their carrying values approximates fair value.

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities measured at fair value:

Assets measured at fair value	Date of valuation	Valuation approach and input used	Inter-relationship between significant unobservable Inputs and fair value measurement
Non-financial assets at fair value Investment Properties	30 June 2016	The valuation approach is based on the rates per square yard on which the properties would be sold on the date of valuation. In determining the valuation, development progress, market condition, sale price, potential future value, location, identification of plot, approach to area, utilities / services, size of plots and other factors have been considered. Potential values was mainly considered due to inherent value of land which may enhance with passage of time or in some alternative use within sight. Further, the inherent quality of the property itself create condition for its particular suitability for such better use. The consideration of potential value becomes relevant in such situation.	The fair value are subjected to change owing to change in input. However, management does not expect material sensitivity to the fair values arising from non-observable inputs.

Assets measured at fair value	Date of valuation	Valuation approach and input used	Inter-relationship between significant unobservable Inputs and fair value measurement
Non-financial assets at fair value Equity securities - unquoted	30 June 2016	*Discounted cash flows*: The valuation model considers the present value of future cash flow of investee company discounted using a risk-adjusted discount rate. The cash flow projection include specific estimates for 5 years. Inputs used: Long term growth rate 10% Long term return on equity 12.70%	The estimated fair value would increase / (decrease) if: - number: of operating days increase / (decrease) - the annual growth rate were higher or lower - the EBITDA margin were higher or lower Generally, a change in the annual growth rate is accompanied by a directionally similar change in EBITDA margin.

The reconciliation of investment property has been disclosed in respective note; hence not disclosed separately. The fair value of investment property amounting to Rs. 2,178.5 million has been classified under level 3 in fair value hierarchy.

43. CAPITAL MANAGEMENT

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, sustain future development of the business, safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on capital, which the Group defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes in the Group's approach to capital management during the year.

44. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the Group companies, directors and their close family members, major shareholders of the Group, key management personnel and staff provident fund. Transactions with related parties are carried out at rates agreed under the agreement / contract.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. The Group considers its Chief Executive Officer, Chief Financial Officer, Company Secretary, Non-executive Director and Departmental Heads to be its key management personnel.

Remuneration and benefits to executives of the Group are in accordance with the terms of the employment while contribution to the provident fund is in accordance with staff service rules. Remuneration of chief executive, directors and executives is disclosed in note 38 to these consolidated financial statements.

Transactions with related parties during the year other than those disclosed elsewhere in these consolidated financial statements are given below:

	2016	2015
	(Rupees)	
Transactions with associates		
Loan advanced and repaid	**1,334,500,767**	1,914,128,586
Loans and advances extended	**1,438,169,776**	1,965,409,225
Mark-up on loans and advances	**49,972,491**	154,227,953
Mark-up received	**65,695,658**	149,502,266
Guarantee fees	**1,416,964**	2,025,000
Guarantee fees received	**2,041,964**	1,400,000
Dividend income / received	**70,408,543**	1,630,047
Purchase of investment property	**12,800,000**	20,035,000
Brokerage commission from associates	**-**	9,018,584
Purchase of shares	**-**	34,760,370

	2016	2015
	(Rupees)	
Transaction with employees and key management personnel		
Brokerage commission to key management personnel	841,916	865,645
Balance receivable at year end	61,685	9,812,005
Commission payable at year end	-	4,942,436
Balance payable at year end	2,217,301	20,786,841
Amount repaid to Mr. Arif Habib	-	415,000,000
Loan received from Mr. Arif Habib	100,000	605,100,000
Transaction with other related parties		
Payment to employees' provident fund / gratuity fund	16,305,686	13,512,584
Dividend income / received	817,209	-
Donation made	-	100,000,000
Sale of goods	-	18,260,897
Purchase of goods	-	3,936,000
Loan repayment	1,500,000,000	-
Payment of rent and maintenance	27,441,193	55,016,706
Brokerage commission charged to related parties	9,029,532	5,784,543
Capital gain earned	6,823,760	70,824,962
Mark-up receivable	165	246
Mark-up accrued on long term loam	16,926,811	-
Mark-up accrued on short term loan	156,066,830	36,773,018
Mark-up paid on long term loan	16,970,418	-
Mark-up paid on short term loan	31,791,747	
Mark-up on loans and advances	23,468,712	-
Mark-up income received	3,711,901	-
Loan advanced and repaid	1,267,215,536	-
Loans and advances extended	1,440,471,148	-
Guarantee fees	1,416,964	-
Guarantee fees received	675,000	-

45. SEGMENT INFORMATION

For management purposes the Group is organized into following major business segments:

Capital market operations	Principally engaged in trading of equity securities and maintaining strategic and trading portfolios.
Brokerage	Principally engaged in brokerage, underwriting, corporate consultancy, research and corporate finance services.
Material and Construction	Principally engaged in manufacturing, selling and marketing of cement.
Others	Others includes assets of and energy development and multi commodities entities.

	2016				
	Capital market operations	Brokerage	Material and constructions (Discountiued operations) (Rupees)	Others*	Consolidated
Continuing operations					
Revenues					
Operating revenue	291,418	872,896,434	335,889,000	6,176,939	1,215,253,791
Gain / (loss) on sale of securities - net	600,310,339	(484,317)	-	-	599,826,022
	600,601,757	872,412,117	335,889,000	6,176,939	1,815,079,813
Operating and administrative expenses	(117,011,096)	(286,857,673)	(28,590,000)	(24,290,480)	(456,749,249)
	483,590,661	585,554,444	307,299,000	(18,113,541)	1,358,330,564
Other income	2,967,855	36,136,501	335,988,000	-	375,092,356
	486,558,516	621,690,945	643,287,000	(18,113,541)	1,733,422,920
Finance cost and other charges	(294,127,095)	(133,557,933)	(181,309,493)	(300,374)	(609,294,895)
	192,431,421	488,133,012	461,977,507	(18,413,915)	1,124,128,025
Share of profit from equity accounted associates - net of tax	2,676,978,026	-	-	-	2,676,978,026
Segment results	2,869,409,447	488,133,012	461,977,507	(18,413,915)	3,801,106,051
Taxation	(422,509,176)	(46,721,602)	(146,623,000)	-	(615,853,778)
Profit / (loss) after tax	2,446,900,271	441,411,410	315,354,507	(18,413,915)	3,185,252,273
Gain / (loss) on disposal of subsidiary	-	-	653,693,309	-	653,693,309
Profit / (loss) for the year	2,446,900,271	441,411,410	969,047,816	(18,413,915)	3,838,945,582

	2015				
	Capital market operations	Brokerage	Material and constructions (Discountiued operations) (Rupees)	Others*	Consolidated
Continuing operations					
Revenues					
Operating revenue	1,090,799,483	148,191,750	789,766,000	4,940	2,028,762,173
(Loss) / gain on sale of securities - net	(168,183,892)	1,350,725,109	-	-	1,182,541,217
	922,615,591	1,498,916,859	789,766,000	4,940	3,211,303,390
Operating and administrative expenses	(143,311,686)	(293,066,541)	(56,460,590)	(24,886,380)	(517,725,197)
	779,303,905	1,205,850,318	733,305,410	(24,881,440)	2,693,578,193
Other income	2,091,964	119,189,742	311,021,000	1,028,199	433,330,905
	781,395,869	1,325,040,060	1,044,326,410	(23,853,241)	3,126,909,098
Finance cost and other charges	(427,361,337)	(294,828,214)	(421,364,328)	(9,593,368)	(1,153,147,247)
	354,034,532	1,030,211,846	622,962,082	(33,446,609)	1,973,761,851
Share of profit from equity accounted associates - net of tax	2,439,242,991	-	-	-	2,439,242,991
Segment results	2,793,277,523	1,030,211,846	622,962,082	(33,446,609)	4,413,004,842
Taxation	(346,312,589)	(216,577,742)	(182,172,000)	-	(745,062,331)
Profit / (loss) after tax	2,446,964,934	813,634,104	440,790,082	(33,446,609)	3,667,942,511

	2016				
	Capital market operations	Brokerage	Material and constructions (Discountiued operations) (Rupees)	Others*	Consolidated
Other information					
Segment assets	8,866,312,965	3,847,537,468	-	1,119,177,923	13,833,028,356
Investment in equity accounted associates	16,674,180,757	-	-	-	16,674,180,757
	25,540,493,722	3,847,537,468	-	1,119,177,923	30,507,209,113
Segment liabilities	5,882,419,847	2,829,383,168	-	1,185,518,449	9,897,321,464
Capital expenditure	1,064,673	5,565,191	-	1,816,201,759	1,822,831,623
Depreciation and amortization	8,534,117	9,632,509	-	809,168	18,975,794
Expenses other than depreciation and amortization	108,476,979	277,225,164	-	20,096,560	405,798,703

	2015				
	Capital market operations	Brokerage	Material and constructions (Discountiued operations) (Rupees)	Others*	Consolidated
Other information					
Segment assets	8,792,127,542	1,689,001,206	5,084,363,383	3,863,773,634	19,429,265,765
Investment in equity accounted associates	14,293,581,206	-	-	-	14,293,581,206
	23,085,708,748	1,689,001,206	5,084,363,383	3,863,773,634	33,722,846,971
Segment liabilities	8,256,519,646	2,862,917,625	4,304,085,000	(1,509,319,725)	13,914,202,546
Capital expenditure	3,815,686	19,185,023	198,327,000	52,395,535	273,723,244
Depreciation and amortization	9,794,419	9,550,823	8,753,000	2,771,543	30,869,785
Non-cash expenses other than depreciation	133,517,268	283,515,718	47,707,590	22,114,837	486,855,413

* This include loss reported by Subsidiary Company, Arif Habib DMCC, classified as discontinued operations during the year.

Reconciliations of reportable segment revenues, profit or loss and assets and liabilities

	2016 (Rupees)	2015
Operating revenues		
Total revenue for reportable segments	1,377,367,702	2,600,897,464
Elimination of inter-segment revenue	(384,427,375)	(179,360,074)
Consolidated revenue	992,940,327	2,421,537,390
Profit or loss		
Total profit or loss before tax for reportable segments	4,053,343,166	3,974,355,024
Elimination of inter-segment revenue / expense	(710,829,870)	(171,446,862)
Consolidated profit before tax	3,342,513,296	3,802,908,162

Information about major customers

AHL, Subsidiary Company is involved in a brokerage business. Its major clients are banking institutions such as National Bank of Pakistan Limited, United Bank Limited and Allied Bank Limited.

45.1 Geographical segment analysis

	2016			
	Profit / (loss) before tax	Total assets employed	Net assets	Contingencies and commitments
	(Rupees)			
Pakistan	3,345,898,048	30,443,270,569	20,560,661,502	2,487,834,305
Dubai, UAE	(3,384,752)	63,938,544	32,768,463	-
	3,342,513,296	30,507,209,113	20,593,429,965	2,487,834,305

	2015			
	Profit / (loss) before tax	Total assets employed	Net assets	Contingencies and commitments
	(Rupees)			
Pakistan	4,435,773,624	33,660,911,169	19,759,418,278	1,614,057,491
Dubai, UAE	(22,768,782)	61,935,802	33,793,647	12,343,750
	4,413,004,842	33,722,846,971	19,793,211,925	1,626,401,241

46. NUMBER OF EMPLOYEES

	2016	2015
Parent Company:		
Average number of employees	18	19
Number of employees as at 30 June	18	18
Subsidiary Company, AHL:		
Average number of employees	76	72
Number of employees as at 30 June	78	74
Subsidiary Company, AHCPL:		
Average number of employees	27	29
Number of employees as at 30 June	24	30
Subsidiary Company, SEDPL:		
Average number of employees	18	10
Number of employees as at 30 June	23	12

47. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and / or re-classified, wherever necessary, for the purposes of comparison and better presentation the impact of which is not material.

48. GENERAL

48.1 Date of authorization for issue

These consolidated financial statements have been authorized for issue on 27 September 2016 by the Board of Directors of the Parent Company.

48.2 Non-adjusting events after balnace sheet date

The Board of Directors of the Parent Company has proposed a cash dividend of Rs. 2.5 per share amounting to Rs. 1,134,375,000 at its meeting held on 27 September 2016 for the approval of the members at the annual general meeting to be held on 29 October 2016. These consolidated financial statements do not reflect this application as explained in note 3.30.

Chief Executive Officer

Director

Corporate Calendar of Major Events

- **Results**

  The Company follows the period of 1st July to 30th June as the Financial Year.

  For the Financial Year ending on 30th June 2017, Financial Results will be announced as per the following tentative schedule:

1st quarter ending	30th September 2016	Last Week of October, 2016	2nd quarter ending	31st December 2016	Last Week of February, 2017
3rd quarter ending	31st March 2017	Last Week of April, 2017	Year ending	30th June 2017	Last Week of September, 2017

- **Issuance of Annual Report**

  21 days before AGM i.e. on or before 8th October 2016.

- **22nd Annual General Meeting**

  The 22nd Annual General Meeting of the Shareholders of Arif Habib Corporation Limited ("the Company") will be held on Saturday, 29th October 2016 at 10:45 A.M at the Karachi Gymkhana 4-Club Road, 1st Floor Hall # 1, 2, 3.

- **CASH DIVIDEND**

  A final Cash Dividend for the year ended 30th June 2016 at Rs. 2.50 per share i.e. 25% as recommended by the Board of Directors. Subject to the approval by members in the AGM, the date of entitlement of cash dividend shall be 21st October 2016, and the company expects to dispatch the final dividend warrants on or before 28th November 2016, being the statutory limit of 30 days from the date of General Meeting in which the dividend is approved.

Notice of Twenty Second Annual General Meeting

Notice is hereby given that the Twenty Second Annual General Meeting of the Shareholders of Arif Habib Corporation Limited ("the Company") will be held on Saturday, 29th October, 2016 at 10:45 a.m. at the Karachi Gymkhana 4-Club Road, 1st Floor Hall # 1, 2, 3, Karachi to transact the following business:

Ordinary Business

1) To confirm minutes of the Extra Ordinary General Meeting held on 21st September 2016.

2) To receive, consider and adopt annual audited financial statements of the Company together with the Directors' and the Auditors' Reports thereon for the year ended 30th June 2016 together with the Audited Consolidated Financial Statements of the Company and the Auditors' Reports thereon for the year ended 30th June 2016.

3) To appoint the Auditors for the year ending 30th June 2017 and fix their remuneration. The Board of Directors have recommended for reappointment of M/s. KPMG Taseer Hadi & Co., Chartered Accountants as external auditors.

4) To consider and approve final Cash Dividend for the year ended 30th June 2016 at Rs. 2.50 per share i.e. 25% as recommended by the Board of Directors.

Special Business

5) To consider and if deemed fit, to pass the following Special Resolutions with or without modification(s):

Investment in Associated Companies & Associated Undertakings

"RESOLVED THAT the consent and approval be and is hereby accorded under Section 208 of the Companies Ordinance, 1984 and "Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012" for renewal of following equity investments limit upto unutilized portion for which approval had been sought in previous general meeting(s), in associated companies and associated undertakings as mentioned in the Statement under Section 160(1)(b)."

"FURTHER RESOLVED THAT the consent and approval be and is hereby accorded under Section 208 of the Companies Ordinance, 1984 and "Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012" for renewal of following sanctioned limits of loans and advances for which approval has been sought in previous general meeting(s), in associated companies and associated undertakings as mentioned in the Statement under Section 160(1)(b), whereas the renewal of limits will be in the nature of running finance and/or corporate guarantee for a period of one year and shall be renewable in next general meeting(s) for further period(s) of one year."

Rupees in million

	Name of Associated Companies & Undertakings	Renewal Requested	
		Unutilized Equity Portion	Sanctioned Loan/ Advance/ Guarantee
1	Javedan Corporation Ltd.	1,199	2,432
2	Summit Bank Ltd.	499	-
3	Arif Habib Ltd.	52	1,500
4	MCB-Arif Habib Savings and Investments Ltd.	399	-
5	Pakarab Fertilizers Ltd.	1,000	1,000
6	Fatima Fertilizer Company Ltd.	1,800	1,000
7	Rotocast Engineering Co. (Pvt.) Ltd.	300	200
8	Arif Habib Dolmen REIT Management Ltd.	1,500	1,000
9	Aisha Steel Mills Ltd.	1,545	6,250
10	Power Cement Ltd.	1,764	1,500
11	Sachal Energy Development (Pvt.) Ltd.	504	250
12	Safe Mix Concrete Ltd.	150	150
13	Dolmen City REIT	799	-

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

Any Other Business

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

A Statement under Section 160(1)(b) of the Companies Ordinance 1984 pertaining to the special business is being sent to the shareholders along with this notice.

By order of the Board

Karachi: 8th October 2016

Manzoor Raza
Company Secretary

Notes:

1. Share transfer books of the company will remain closed from 22nd October 2016 to 29th October 2016 (both days inclusive). Transfers received in order at the office of our registrar: M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi, by the close of business on Friday, 21st October 2016 will be treated in time for the determination of entitlement of shareholders to cash dividend and to attend and vote at the meeting.

2. A member entitled to attend and vote at the meeting may appoint another member as his / her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.

3. Procedure including the guidelines as laid down in Circular No. I- Reference No. 3(5-A) Misc/ARO/LES/96 dated 26th January 2000 issued by Securities & Exchange Commission of Pakistan:

 (i) Members, proxies or nominees shall authenticate their identity by showing their original national identity card or original passport and bring their folio numbers at the time of attending the meeting.
 (ii) In the case of corporate entity, Board of Directors' resolution/power of attorney and attested copy of the CNIC or passport of the nominee shall also be produced (unless provided earlier) at the time of meeting.
 (iii) In order to be effective, the proxy forms must be received at the office of our registrar not later than 48 hours before the meeting, duly signed and stamped and witnessed by two persons with their names, address, NIC numbers and signatures.
 (iv) In the case of individuals, attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 (v) In the case of proxy by a corporate entity, Board of Directors resolution/power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted alongwith proxy form.

4. Members are requested to submit copies of their CNICs and promptly notify any change in address by writing to the office of the registrar.

Important:

Withholding tax on dividend

The Government of Pakistan through Finance Act, 2016 has made certain amendments in tax rates applicable through Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under :

- For filers of Income Tax Returns 12.5%
- For non-filer of Income Tax Returns 20.0%

Shareholders who are filers are advised to make sure that their names (and/or the name of their joint holders) are appearing in latest Active Tax Payers List (ATL) provided on the website of FBR, otherwise they (and/or joint holders) shall be treated as non-filers and tax on their cash dividend income will be deducted at the rate of 20.0% instead of 12.5%.

Withholding tax on dividend in case of Joint Account Holders

In order to enable the Company to follow the directives of the regulators to determine shareholding proportion in case of Joint account, all shareholders who hold shares with Joint shareholders, 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 / CDS Account #	Total Shares	Principal Shareholder		Joint Shareholder	
		Name and CNIC #	Shareholding Proportion (%)	Name and CNIC #	Shareholding Proportion (%)

Note: In the event of non-receipt of the information by 21st October 2016, each shareholder will be assumed to have equal proportion of shares and the tax will be deducted accordingly.

Notice to Shareholders who have not provided their CNIC

The Individual Members who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to the Company / Share Registrar, are once again reminded to send the same at the earliest directly to Company's Share Registrar, M/s. Central Depository Company Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi. The Corporate Entities are requested to provide their National Tax Number (NTN). Please give Folio Number with the copy of CNIC / NTN details. Reference is also made to the Securities and Exchange Commission of Pakistan (SECP) Notifications SRO 779(I)/2011 dated 18th August 2011 and SRO 831(I)/2012 dated 5th July 2012, SRO 19(I)/2014 dated 10th January 2014 and SRO 275(I)/2016 dated 31st March 2016 which mandates that the dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members.

In case of non-receipt of the copy of a valid CNIC, the Company would be unable to comply with aforementioned directives of SECP and therefore will be constrained under Section 251(2)(a) of the Companies Ordinance, 1984 to withhold dispatch of dividend warrants of such shareholders.

CNIC/Passport/NTN/Zakat Declaration

Shareholders are advised to ensure that they have provided their Passport/NTN/CNIC and valid Zakat Declaration under Zakat & Ushr Ordinance 1980 (for Zakat Exemption) to their respective Participant/CDC Investor Account Services/Company's Share Registrar.

E-Voting

Pursuant to the Companies (E-Voting) Regulations, 2016, shareholders will be able to exercise their right to vote through e-voting by giving their consent in writing at least 10 days before the date of the meeting to the Company on the appointment of Execution Officer by the intermediary as Proxy.

Distribution of Annual Report

The audited financial statements of the Company for the year ended 30th June 2016 have been made available on the Company's website (http://www.arifhabibcorp.com) in addition to annual and quarterly financial statements for the prior years.

Further, this is to inform that in accordance with SRO 470(I)/2016 dated 31st May 2016, through which SECP has allowed companies to circulate the annual audited accounts to its members through CD/DVD/USB instead of transmitting the hard copies at their registered addresses, subject to consent of shareholders and compliance with certain other conditions, the Company has obtained shareholders' approval in an Extra Ordinary General Meeting held on 21st September 2016. Accordingly, Annual Report of the Company for the year ended 30th June 2016 is dispatched to the shareholders through CD. However, if a shareholder, in addition, request for hard copy of Annual Audited Financial Statements, the same shall be provided free of cost within seven days of receipt of such request. For convenience of shareholders, a "Standard Request Form for provision of Annual Audited Accounts" have also been made available on the Company's website (http://arifhabibcorp.com/contact.php).

Abstract under section 218(2) of the Companies Ordinance, 1984
Appointment of Chief Executive Officer

The Board of Directors of Arif Habib Corporation Limited (“The Company”), in its meeting held on 27th September 2016 has re-appointed Mr. Arif Habib as the Chief Executive Officer of the Company with effect from 27th September 2016 for a fresh term of three years in accordance with the provisions of Company’s Articles of Association.

Approved monthly remuneration and other benefits are as follows :

Salary	Rs.700,000/- per month
Medical OPD	Rs.25,000/- per month
Driver & servant allowance	Rs.25,000/- per month
Petrol allowance	Rs.30,000/- per month
Provident fund	@ 12.5% of basic salary
Other perquisites	In accordance with the Companies HR Policy, the Chief Executive shall be entitled to all other entitlements and perquisites including company maintained vehicle (upto 3600 CC)
Others	The above remuneration is subject to such increments, bonuses and adjustments as may be granted at any time and from time to time by the Board of Directors of the Company and/ or in accordance with the Company’s HR policy for the time being in force.

No other director was interested or concerned in the above referred contract.

Statement under Section 160(1)(b) of the Companies Ordinance, 1984

This statement sets out the material facts concerning the Special Business given in Agenda items No. 5 of the Notice to be transacted at the Annual General Meeting of the Company.

Directors of the Company have no interest in the investee companies except in their capacity as director / shareholder.

Statement under Section 160(1)(b) of the Companies Ordinance, 1984, in compliance with Regulation 4(2) of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012, for decision to make investment under the authority of a resolution passed pursuant to provisions of section 208 of the Ordinance is not implemented either fully or partially:

The Company in its previous general meetings had sought approvals under section 208 of the Companies Ordinance, 1984 for investments in the following Associated Companies and Associated Undertakings in which investment has not been made so far, either fully or partially. Approval of renewal of unutilised portion of equity investments and sanctioned limit of loans and advances is also hereby sought for some of the companies as per following details :

1 Name of associated company/undertaking: Javedan Corporation Limited

S. No.	Description	Investment in Secrities	Loans & Advances In The Nature of:	
			Running Finance	Corporate Guarantee
a)	total investment approved;	3,250,000,000	2,231,550,000	200,000,000
b)	amount of investment made to date;	2,050,909,906	-	200,000,000
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	Facility is in the nature of running finance; (to be) availed as when needed in the interest of the shareholders	Facility is in the nature of Guarantee; (to be) availed as when needed in the interest of the shareholders
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:		**FY2016**	FY2015
i	Earnings per share - basic & diluted		5.50 & 3.64	7.10 & 3.65
ii	Net Profit		695,616,000	800,521,000
iii	Shareholders Equity		8,936,538,000	8,745,100,000
iv	Total Assets		13,060,519	14,124,202,000
v	Break-up value		40.47	38.24
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.:	Unutilised 1,199,090,094	Sanctioned 2,231,550,000	Sanctioned 200,000,000

2 Name of associated company / undertaking : Summit Bank Limited

S. No.	Description	Investment in Secrities	Loans & Advances In The Nature of:	
			Running Finance	Corporate Guarantee
a)	total investment approved;	755,822,522	-	-
b)	amount of investment made to date;	257,071,472	-	-
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	-	-
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:		**FY2015**	FY2014
i	Earnings per share - basic & diluted		0.15 & 0.09	0.16 & 0.12
ii	Net Profit		217,222,000	229,450,000
iii	Shareholders Equity		11,957,666,000	12,361,537,000
iv	Total Assets		188,420,421,000	148,457,341,000
v	Break-up value		9.24	9.56
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.:	Unutilised 498,751,050	Sanctioned -	Sanctioned -

3 Name of associated company / undertaking : Arif Habib Limited

S. No.	Description	Investment in Secrities	Loans & Advances In The Nature of:	
			Running Finance	Corporate Guarantee
a)	total investment approved;	2,921,676,000	1,500,000,000	-
b)	amount of investment made to date;	2,869,206,426	-	-
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	Facility is in the nature of running finance; (to be) availed as when needed in the interest of the shareholders	-
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:		**FY2016**	FY2015
i	Earnings per share		7.45	16.88
ii	Net Profit		409,496,751	928,534,952
iii	Shareholders Equity		2,705,524,303	2,681,027,552
iv	Total Assets		5,563,341,902	4,034,683,369
v	Break-up value		49.19	48.75
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.:	Unutilised 52,469,574	Sanctioned 1,500,000,000	Sanctioned -

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

S. No.	Description	Investment in Secrities	Loans & Advances In The Nature of:	
			Running Finance	Corporate Guarantee
a)	total investment approved;	481,200,000	-	-
b)	amount of investment made to date;	81,947,527	-	-
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	-	-
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:		**FY2016**	FY2015
i	Earnings per share		3.32	3.87
ii	Net Profit		239,108,886	278,863,350
iii	Shareholders Equity		1,549,228,787	1,505,038,859
iv	Total Assets		2,173,870,897	2,019,331,578
v	Break-up value		21.52	20.90
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.:	Unutilised 399,252,473	Sanctioned -	Sanctioned -

5 Name of associated company / undertaking : Pakarab Fertilizers Limited

S. No.	Description	Investment in Secrities	Loans & Advances In The Nature of:	
			Running Finance	Corporate Guarantee
a)	total investment approved;	2,324,332,000	1,000,000,000	-
b)	amount of investment made to date;	1,324,332,073	-	-
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	Facility is in the nature of running finance; (to be) availed as when needed in the interest of the shareholders	-
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:		**FY2015**	FY2014
i	Earning / (loss) per share		5.47	(0.10)
ii	Net Loss		2,459,712,000	(44,661,000)
iii	Shareholders Equity		23,911,341,000	20,773,411,000
iv	Total Assets		65,680,440,000	52,726,710,000
v	Break-up value		53.14	46.16
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.:	Unutilised 999,999,927	Sanctioned 1,000,000,000	Sanctioned -

6 Name of associated company / undertaking : Fatima Fertilizer Company Limited

S. No.	Description	Investment in Secrities	Loans & Advances In The Nature of:	
			Running Finance	Corporate Guarantee
a)	total investment approved;	2,500,000,000	1,000,000,000	-
b)	amount of investment made to date;	700,037,106	-	-
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	Facility is in the nature of running finance; (to be) availed as when needed in the interest of the shareholders	-
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:		**FY2015**	FY2014
i	Earnings per share		4.41	4.41
ii	Net Profit		9,253,611,000	9,257,796,000
iii	Shareholders Equity		40,288,509,000	36,757,024,000
iv	Total Assets		94,789,153,000	83,120,963,000
v	Break-up value		19.16	17.50
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.:	Unutilised 1,799,962,894	Sanctioned 1,000,000,000	Sanctioned -

7 Name of associated company / undertaking : Rotocast Engineering Company (Private) Limited

S. No.	Description	Investment in Secrities	Loans & Advances In The Nature of:	
			Running Finance	Corporate Guarantee
a)	total investment approved;	300,000,000	200,000,000	-
b)	amount of investment made to date;	-	-	-
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	Facility is in the nature of running finance; (to be) availed as when needed in the interest of the shareholders	-
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:		**FY2015**	FY2014
i	(Loss) / Earnings per share		(54.41)	106
ii	Net (Loss) / Profit		(54,409,362)	106,003,460
iii	Shareholders Equity		3,880,698,633	2,641,362,558
iv	Total Assets		5,937,415,088	3,559,052,252
v	Break-up value		3,880.7	2,641.36
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.:	Unutilised 300,000,000	Sanctioned 200,000,000	Sanctioned -

8 Name of associated company / undertaking : Arif Habib Dolmen REIT Management Limited

S. No.	Description	Investment in Secrities	Loans & Advances In The Nature of:	
			Running Finance	Corporate Guarantee
a)	total investment approved;	1,500,000,000	1,000,000,000	-
b)	amount of investment made to date;	-	-	-
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	Facility is in the nature of running finance; (to be) availed as when needed in the interest of the shareholders	-
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:		**FY2015**	FY2014
i	Earnings / (Loss) per share		8.76	(1.84)
ii	Net Profit / (Loss)		175,142,961	(15,566,686)
iii	Shareholders Equity		424,913,307	37,451,388
iv	Total Assets		1,546,425,753	54,654,622
v	Break-up value		21.25	3.75
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.:	Unutilised 1,500,000,000	Sanctioned 1,000,000,000	Sanctioned -

9 Name of associated company / undertaking : Aisha Steel Mills Limited

S. No.	Description	Investment in Secrities	Loans & Advances In The Nature of:	
			Running Finance	Corporate Guarantee
a)	total investment approved;	3,750,000,000	2,750,000,000	3,500,000,000
b)	amount of investment made to date;	2,204,863,398	784,686,712	2,500,000,000
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	Facility is in the nature of running finance; (to be) availed as when needed in the interest of the shareholders	Facility is in the nature of Guarantee; (to be) availed as when needed in the interest of the shareholders
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:		**FY2016**	FY2015
i	Loss per share		(1.43)	(4.97)
ii	Net Loss		(154,891,000)	(1,210,822,000)
iii	Shareholders Equity		2,655,343,000	2,810,748,000
iv	Total Assets		15,352,275,000	15,336,862,000
v	Break-up value		5.15	5.45
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.:	Unutilised 1,545,136,602	Sanctioned 2,750,000,000	Sanctioned 3,500,000,000

10 Name of associated company / undertaking : Power Cement Limited

S. No.	Description	Investment in Secrities	Loans & Advances In The Nature of: Running Finance	Loans & Advances In The Nature of: Corporate Guarantee
a)	total investment approved;	3,322,000,000	1,000,000,000	500,000,000
b)	amount of investment made to date;	1,558,388,199	-	267,857,143
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	Facility is in the nature of running finance; (to be) availed as when needed in the interest of the shareholders	Facility is in the nature of Guarantee; (to be) availed as when needed in the interest of the shareholders
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:		**FY2016**	FY2015
i	Earnings		1.33	1.19
ii	Net Profit		486,391,000	433,833,000
iii	Shareholders Equity		2,348,110,000	1,862,170,000
iv	Total Assets		6,242,978,000	5,988,209,000
v	Break-up value		6.42	5.09
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.:	Unutilised 1,763,611,801	Sanctioned 1,000,000,000	Sanctioned 500,000,000

11 Name of associated company / undertaking : Sachal Energy Development Pvt Limited

S. No.	Description	Investment in Secrities	Loans & Advances In The Nature of: Running Finance	Loans & Advances In The Nature of: Corporate Guarantee
a)	total investment approved;	3,250,000,000	250,000,000	-
b)	amount of investment made to date;	2,746,465,560	-	-
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	Facility is in the nature of running finance; (to be) availed as when needed in the interest of the shareholders	-
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:		**FY2016**	FY2015
i	Loss per share		(0.05)	(0.33)
ii	Net Loss		(14,881,012)	(20,420,138)
iii	Shareholders Equity		2,601,435,541	481,851,553
iv	Total Assets		3,770,898,699	493,235,976
v	Break-up value		9.47	7.87
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.:	Unutilised 503,534,440	Sanctioned 250,000,000	Sanctioned -

12 Name of associated company / undertaking : Safe Mix Concrete Limited

S. No.	Description	Investment in Secrities	Loans & Advances In The Nature of:	
			Running Finance	Corporate Guarantee
a)	total investment approved;	150,000,000	150,000,000	-
b)	amount of investment made to date;	-	-	-
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	Facility is in the nature of running finance; (to be) availed as when needed in the interest of the shareholders	-
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:		**FY2015**	FY2014
i	Earnings per share		1.04	0.68
ii	Net Profit		22,262,785	13,546,182
iii	Shareholders Equity		298,127,012	225,864,227
iv	Total Assets		458,307,524	387,934,327
v	Break-up value		11.93	11.29
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.:	Unutilised 150,000,000	Sanctioned 150,000,000	Sanctioned -

13 "Name of associated company / undertaking : Dolmen City REIT

S. No.	Description	Investment in Secrities	Loans & Advances In The Nature of:	
			Running Finance	Corporate Guarantee
a)	total investment approved;	1,000,000,000	-	-
b)	amount of investment made to date;	201,492,133	-	-
c)	reasons for not having made complete investment so far where resolution required it to be implemented in specified time; and	Waiting for an appropriate time in the interest of the shareholders for complete utilisation	-	-
d)	material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:		**FY2016**	FY2015
i	Earnings per unit		7.98	0.08
ii	Net Profit		17,742,638,000	169,977,000
iii	Total unit-holders’ fund		40,261,026,000	22,688,323,000
iv	Total Assets		40,885,917,000	23,218,502,000
v	Net Asset Value per unit		18.11	10.20
	RENEWAL IN PREVIOUS LIMITS REQUESTED FOR PORTION I.E.:	Unutilised 798,507,867	Sanctioned -	Sanctioned -


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SECP

Form of Proxy

22nd Annual General Meeting

The Company Secretary
Arif Habib Corporation Limited
Arif Habib Centre
23, M.T. Khan Road
Karachi.

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

(being member of the company) as my/our Proxy to attend, act vote for me/us and on my/our behalf at the Twenty Second Annual General Meeting of the Company to be held on October 29, 2016 and/or any adjournment thereof.

Signed this ______________ day of ______________ 2016.

Witnesses:

1. Name : ______________________
   Address : ______________________
   CNIC No. : ______________________
   Signature : ______________________

2. Name : ______________________
   Address : ______________________
   CNIC No. : ______________________
   Signature : ______________________

Signature on Rs. 5/- Revenue Stamp

NOTES:

1. A member entitled to attend and vote at the meeting may appoint another member as his / her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.

2. Proxy shall authenticate his/her identity by showing his/her original CNIC / passport and bring folio number at the time of attending the meeting.

3. In order to be effective, the proxy Form must be received at the office of our Registrar M/s. Central Depository Company of Pakistan, Share Registrar Department, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahra-e-Faisal, Karachi, not later than 48 hours before the meeting duly signed and stamped and witnessed by two persons with their signature, name, address and CNIC number given on the form.

4. In the case of individuals attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy Form.

5. In the case of proxy by a corporate entity, Board of Directors resolution/power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted alongwith proxy Form.

AFFIX
CORRECT
POSTAGE

ARIF HABIB CORPORATION LIMITED

Registrar:

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

Fold : Here

Fold : Here

AFFIX
CORRECT
POSTAGE

ARIF HABIB CORPORATION LIMITED

Registrar:

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

Fold : Here

Fold : Here

پراکسی فارم

سالانہ جنرل اجلاس

کمپنی سیکریٹری
عارف حبیب کارپوریشن لمیٹڈ
عارف حبیب سینٹر
23، ایم ٹی خان روڈ
کراچی۔

میں مسمّی / مسمّاۃ ------------------ساکن ------------------------ ضلع --------------------

بحیثیت ممبر عارف حبیب کارپوریشن لمیٹڈ، مسمّی / مسمّاۃ --------------------------------------

ساکن ---------------------- کو بطورِ مختار (پراکسی) مقرر کرتا ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے سالانہ اجلاسِ عام جو بتاریخ 29 اکتوبر، 2016 بروز ہفتہ منعقد ہو رہا ہے میں اور ان کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

دستخط: ------------------ بروز/ بتاریخ ------------------ 2016

گواہان:

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

دستخط ۵ روپے
ریوینیو اسٹیمپ

نوٹ:

- وہ رُکن جسے یہ اجلاس یا اجلاس میں ووٹ کا حق حاصل ہے وہ کسی ناگزیر صورتحال میں اپنی جگہ کسی دوسرے (مخصوص) رُکن کو یہ حق دے سکتا ہے کہ وہ رُکن اُس کی پراکسی استعمال کرتے ہوئے، اُس کے بجائے اجلاس میں شریک ہو سکتا ہے، خطاب کر سکتا ہے یا ووٹ کا اندراج کر سکتا ہے۔
- پراکسی ثابت کرنے کے لئے اُسے اپنا اصل پاسپورٹ اور فولیو نمبر سے دکھانا لازمی ہے تاکہ اجلاس میں شرکت کی اجازت سے قبل اُس کی شناخت کی جاسکے۔
- مئوثر بنانے کے لئے، پراکسی فارم ہمارے رجسٹرار کے دفتر (ایم/ایس) سینٹرل ڈیپوزیٹری کمپنی آف پاکستان، شیئر رجسٹرار ڈیپارٹمنٹ، سی ڈی سی ہاؤس، B-99، ایس، ایم، سی، ایچ، ایس، شاہراہِ فیصل، کراچی، پاکستان، میں اجلاس سے کم از کم 48 گھنٹے قبل وصول ہونا لازمی ہے۔ فارم میں تمام مطلوبہ معلومات، رُکن کے دستخط اور مہر، نیز دو گواہان کی بنیادی معلومات یعنی نام پتے، دستخط اور شناختی کارڈ نمبر کا اندراج ضروری ہے۔
- انفرادی رُکن کی صورت میں اصل اونر اور پراکسی کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول منسلک کرنا لازمی ہے۔
- پراکسی کے کارپوریٹ ہونے کی صورت میں بورڈ آف ڈائیریکٹر کی قرارداد، پاور آف اٹارنی، شناختی کارڈ اور پاسپورٹ کی تصدیقی شدہ نقول، پراکسی فارم کے ساتھ منسلک کرنا ضروری ہے۔

دفتری طرزِ عمل سے مطابقت

کمپنی سیکریٹری، مجوزہ فارم میں، جیسا کی پاکستان اسٹاک ایکسچینج کے مروجہ لسٹنگ ضابطے کے تحت درکار ہے، ایک سیکریٹریل کمپلائنس سرٹیفکیٹ (Secretarial Compliance Certificate) پیش کرتا جو رجسٹرار آف کمپنیز کے ساتھ فائل کی جانے والے سالانہ ریٹرن (Annual Return) کا حصہ ہوتا ہے تا کہ کمپنیز آرڈیننس 1984 اور لسٹنگ ضوابط سے مکمل ہم آہنگی کی سیکریٹریل اور کارپوریٹ شرائط کی تصدیق ہو جائے۔

ڈائریکٹرز کا انتخاب

کمپنیز آرڈیننس 1984 کی دفعہ 180 کے قوانین کے مطابق 2013 کے سالانہ اجلاس عام میں منتخب ہونے والے سات ڈائریکٹران کی تین (3) سال کی مدت 21 ستمبر 2016 کو ختم ہو چکی ہے۔ کمپنی نے اپنے غیر معمولی اجلاس عام منعقدہ 21 ستمبر 2016 (8) ڈائریکٹران کا انتخاب کر لیا ہے تا کہ تین سال کی مدت کے لئے اپنی خدمات پیش کریں جو کہ ستمبر 2019 میں اختتام پذیر ہوگا۔

بیلنس شیٹ کے بعد کے واقعات

30 جون 2016 سے اس رپورٹ کی تاریخ تک میں کوئی بنیادی تبدیلی واقع نہیں ہوئی ہے سوائے حتمی نقد منافع منقسمہ 2.5 روپے فی شیئر یعنی 25% کی سفارش کے جس کی منظوری 22 ویں سالانہ اجلاس عام میں ممبران پر منحصر ہے جو مورخہ 29 اکتوبر 2016 منعقد ہوگا۔ منافع منقسمہ کا اثر آئندہ سال کے مالیاتی گوشواروں میں منعکس ہوگا۔

متعلقہ فریق کے لین دین

لسٹنگ ضوابط کی شرائط سے ہم آہنگی کی غرض سے، کمپنی نے آڈٹ کمیٹی اور بورڈ کے سامنے تمام متعلقہ فریقین کے لین دین کے گوشوارے پیش کئے تا کہ وہ اس کا جائزہ لے کر منظوری دیں۔ ان لین دین کو اگلے متعلقہ اجلاس میں آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے منظور کر لیا۔ متعلقہ فریق کے لین دین کی تفصیلات منسلکہ آڈٹ شدہ مالیاتی گوشواروں کے نوٹ نمبر 36 میں فراہم کی جا چکی ہیں۔

اعتراف:

ڈائریکٹرز کمپنی کے اسٹیک ہولڈرز کا انکے مسلسل اعتماد اور سرپرستی کے لئے شکر گزار ہیں۔ ہم برملا اپنے کاروباری شرکاء کی جانب سے ہم پر یقین اور بھروسہ کرنے پر اظہار تشکر و اعتراف کرتے ہیں اور بینکرز اور مالیاتی ادارے بھی لائق تحسین ہیں۔ ہم وزارت خزانہ، سیکیوریٹی اینڈ ایکسچینج کمیشن آف پاکستان، بینک دولت پاکستان، کمپٹیشن کمیشن آف پاکستان، سنٹرل ڈپازٹری کمپنی آف پاکستان اور پاکستان اسٹاک ایکسچینج کی انتظامیہ کے تہہ دل سے ممنون و مشکور ہیں کہ انہوں نے مسلسل تعاون اور رہنمائی سے ہمیں سرفراز کیا جو کہ کمپنی کو موجودہ صورت تک لانے میں شریک کار ہیں۔

کسی ادارے کا نتیجہ ان افراد کی کاوشوں کا عکاس ہوتا ہے جو اس ادارے میں انکے لئے کام کرتے ہیں۔ ڈائریکٹرز کمپنی کی کامیاب سرگرمیوں کے لئے کمپنی کے ملازمین کی جانب سے مجموعی کوششوں کا مکمل اعتراف کرتے ہیں۔ ہم آڈٹ اور دیگر معاون کمیٹیوں کے ارکان کے گراں قدر رہنے اور متحرک کردار کو بھی داد و تحسین پیش کرتے ہیں جس کے ذریعہ انتہائی اہمیت کے حامل مسائل پر انتظامیہ کی مدد اور رہنمائی کی گئی۔

بورڈ کے لئے اور جانب سے

عارف حبیب

چیف ایگزیکیٹو

کراچی۔ 27 ستمبر 2016

ڈائریکٹرز اور ایگزیکٹیوز کی جانب سے کمپنی کے شیئرز میں تجارت:

تمام ڈائریکٹرز بشمول چیف ایگزیکٹیو، چیف فنانشل آفیسرز اور کمپنی کے ایگزیکٹیوز کو کمپنی سیکریٹری کی جانب سے تحریری اطلاع فراہم کردی گئی ہے کہ وہ فوری طور پر تحریز کمپنی شیئرز میں اپنی جانب یا اپنی ازواج کی جانب سے کی جانے والی تجارت سے آگاہ کریں اور قیمت کا تحریری ریکارڈ، شیئرز کی تعداد اور CDC گوشوارہ ایسی کسی ٹرانزکشن کے دو دنوں کے اندر کمپنی کے سیکریٹری کو فراہم کردیں۔ اپنے ڈائریکٹرز، چیف ایگزیکٹیوز آفیسر، چیف فنانشل آفیسر، کمپنی سیکریٹری اور ان کے ازواج اور خاندان کے نابالغ افراد کی جانب سے خریدے اور بیچے گئے کمپنی شیئرز کو ظاہر کرنے والا ایک ضمیمہ Annexure - I کے طور پر منسلک کردیا گیا ہے۔

بورڈ اجلاس میں حاضری:

بورڈ اجلاس میں حاضری کو ظاہر کرنے والا ایک ضمیمہ Annexure - II کے طور پر منسلک کردیا گیا ہے۔

پیٹرن آف شیئر ہولڈنگ:

کمپنی کے شیئرز پاکستان اسٹاک ایکسچینج پر لسٹڈ ہیں۔ 30 جون 2016 کے مطابق کمپنی کے شیئر ہولڈرز کی تعداد 5,260 تھی۔ شیئر ہولڈنگ کا مفصل اسلوب اور کمپنی کے شیئر ہولڈنگ کی درجہ بندیاں بشمول ڈائریکٹرز اور ایگزیکٹیوز کی جانب سے رکھے گئے شیئرز، اگر ہیں، ایک ضمیمہ Annexure - III کے طور پر منسلک کردیا گیا ہے۔

مالیاتی اور کاروباری جھلکیاں:

بنیادی آپریٹنگ اور فنانشل ڈیٹا خلاصے کی شکل میں بعنوان "مالیاتی اور کاروباری جھلکیاں۔ چھ سال ایک نظر میں (Financial & Bussiness Highlights -Six years at a glance)" (صفحہ نمبر 75) اور اہم ترین شماریات گراف کی شکل میں (صفحہ نمبر 78-77) پر پیش کردیئے گئے ہیں۔

ریٹائرمنٹ فوائد میں سرمایہ کاری:

کمپنی کی جانب سے بروئے کار آنے والے اسٹاف پراویڈنٹ فنڈ میں ان کے متعلقہ آڈٹ شدہ مالیاتی گوشواروں بمطابق 30 جون 2015 سرمایہ کاری کی مالیت 16.3 ملین روپے ہے۔

آڈٹ کمیٹی:

Code of Corporate Governance کے تحت درکار، آڈٹ کمیٹی بورڈ کی مناسب منظوری کے بعد اپنے ٹرم آف ریفرنس یعنی حوالے کی شرائط کے مطابق سرگرم عمل رہی۔ کمیٹی کی تشکیل اور اس کے حوالے کی شرائط چیدہ چیدہ خصوصیات بھی اس رپورٹ (گزارش) کے ساتھ منسلک ہیں

آڈیٹرز

موجودہ بیرونی آڈیٹرز میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی سالانہ اجلاس عام بتاریخ 29 اکتوبر 2016 کے اختتام پر سبکدوش ہوجائیں گے اور 30 جون 2017 کو ختم ہونے والے سال کے لئے اپنا آپ کو دوبارہ پیش کرنے کے اہل ہونگے۔ بیرونی آڈیٹرز انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کی جانب سے جیسا کہ ان کے کوالٹی کنٹرول ریویو پروگرام کے تحت مطلوب ہے اطمینان بخش درجہ بندی کے حامل ہیں۔ جیسا کہ آڈٹ کمیٹی کی جانب سے تجویز کیا گیا ہے، بورڈ میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی کے آڈیٹرز برائے 30 جون 2017 کو اختتام پزیر ہونے والے سال کے لیے متعلق علیہ فیس پر دوبارہ تقرری کے لئے سفارش کرتا ہے۔ اسے مئوثر بنانے کے لئے منظوری آئندہ منعقد ہونے والے سالانہ اجلاس عام جو مورخہ 29 اکتوبر 2016 کو ہوگا میں شیئر ہولڈرز سے درخواست کی جائے گی۔

انسانی وسیلہ (Human Resource):

آپ کی کمپنی کاروبار کے تمام دائرہ کار میں ملازمین کی طرف سے ظاہر کی گئی وابستگی، اہلیت اور اپنائیت پر فخر کرتی ہے۔ کمپنی نئے اقدامات کے سلسلے کو جاری رکھے ہوئے ہے تاکہ انسانی وسیلے کی پالیسیز کو مزید ہم آہنگ اور استوار کرتے ہوئے کاروبار کی بڑھتی ضروریات کی تکمیل ہو۔ افراد کی فروغ و ترقی پر آپ کی کمپنی کافی توجہ دیتی ہے۔ AHCL میں شعبہ انسانی وسائل اپنے کاروباری شریک کار کے کردار میں حکمت عملی کا نفاذ کرتا ہے تاکہ ہر ٹیم ممبر کی کارکردگی اس کی مکمل صلاحیتوں کا مظہر ہو۔ ہماری کامیابی کی بنیادی و اولین وجہ یہ ہے کہ ہمارا ادارہ ان افراد کے گرد تشکیل و تعمیر کیا گیا ہے جو خود ایک گام آگے جا کر اور بڑھ کر کام کرنے کے خواہش مند ہیں۔

ملازمین کو ان کی کارکردگی پر سراہا اور ان کی صلاحیتوں کا اعتراف کیا جاتا ہے جس کا نتیجہ تمام سطحوں پر بھرپور عزم اور زیادہ احساس تحفظ کی صورت میں ظاہر ہوتا ہے۔ ہماری تمام کاروباری سرگرمیاں شفاف طریقے سے جاری رہتی ہیں اور ہمارے ضابطہ اخلاق کی خلاف ورزی پر کوئی مصالحت نہیں کی جاتی۔

ادارہ جاتی سماجی ذمہ داری (CSR):

پائیدار اور قابل اعتبار ترقی و فروغ ابتداء ہی سے ہمارا کلیدی محور رہا ہے۔ جس کی وجہ سے ہم اپنی گروپ کمپنیز کی مسلسل حوصلہ افزائی کرتے رہتے ہیں کہ وہ افراد اور ماحول جس میں وہ کام کرتے ہیں میں ذمہ داری اور احساس کا مظاہرہ کریں۔ آج، عارف حبیب گروپ کمپنیز پاکستان میں ایک قابل قدر CSR پروگرام چلا رہا ہے جو مختلف شعبہ جات کا احاطہ کرتا ہے جنھیں توجہ کی اشد ضرورت ہے خاص طور پر تعلیم، صحت عامہ و بہبود، ماحولیات، سماجی بہبود، کھیل اور امدادی کاموں کے شعبے اور مستقبل میں ان کی وسعت اور خدمات کو مزید بڑھانے کا ارادہ رکھتا ہے۔ ہم، عارف حبیب گروپ میں اپنے ملازمین کی خصوصاً اور معاشرے کی عموماً فلاح و بہبود کا خیال رکھتے ہیں۔

گروپ کمپنیز توانائی کے استعمال میں احتیاط پر خوب توجہ دیتی ہیں اور تمام شعبہ جات اور ملازمین توانائی کی بچت کے اقدامات سے جڑے ہوئے ہیں۔

آپ کی کمپنی قومی معیشت میں اپنے ڈالے گئے حصہ کو بہت سنجیدگی سے لیتی ہے اور ہمیشہ اپنے فرائض شفاف، درست اور بروقت انداز سے انجام دیتی ہے۔

گروپ کمپنیز کی جانب سے خدمات کی تفصیلات صفحہ نمبر 65 پیش کیے گئے ہیں۔ مزید برآں AHCL نے 56 ملین کی رقم ٹیکسوں کی مد میں جمع کرائی ہے۔ یہ ہمارا وژن ہے کہ ہم پاکستان میں انکی معیشت، اس کے لوگوں اور ان کے ماحولیات کی پائیداری میں مستعدی سے سرمایہ کاری کے ذریعے معاشی ترقی اور استحکام میں اپنا کردار تسلسل سے ادا کرتے رہیں۔

ادارہ جاتی نظم:

AHCL پاکستان اسٹاک ایکسچینج میں لسٹڈ ہے۔ کمپنی کا بورڈ اور مینجمنٹ لسٹڈ کمپنیز کے تجویز کردہ ادارہ جاتی نظم کے ضابطے کی پاسداری کے لیے پرعزم ہے اور اپنے ذمہ داریوں سے خوب واقف اور کاروباری سرگرمیوں اور کارکردگی کی نگرانی میں مصروف ہے تاکہ درستی اور صحت میں اضافہ کیا جائے۔

مالیاتی اور غیر مالیاتی معلومات کی جامعیت اور شفافیت:

بورڈ یہ بتانا چاہے گا کہ کمپنی کے اکاؤنٹس کی پروپر بکس برقرار رکھی جاتی ہے اور مناسب اکاؤنٹنگ پالیسیز اختیار کی جاتی ہیں اور مالیاتی گوشواروں کی تیاری میں تسلسل کے ساتھ بروئے کار لائی جاتی ہیں سوائے ان تبدیلیوں کے جو مالیاتی گوشوارے کے نوٹ 2.5 میں درج ہیں، اور اکاؤنٹنگ تخمینہ جات معقول اور محتاط فیصلوں پر مبنی ہوتے ہیں۔ انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز، جیسا کہ پاکستان میں لاگو ہیں، مالیاتی گوشواروں کی تیاری میں پیروی کیے جاتے ہیں۔ انٹرنل کنٹرولز کا نظام تشکیل (ڈیزائن) میں درست اور مؤثر طریقے سے نافذ ہے اور اس کی نگرانی کی جاتی ہے۔ کمپنی کے مالیاتی گوشوارے اس کے امور کار، کاروباری نتائج، کیش فلو اور اثاثہ جات کی خاص حالت میں حرکت کو ایماندارانہ طریقے سے پیش کرتے ہیں۔ کوئی رقم ٹیکسوں، ڈیوٹیز، لیویز اور چارجز کی مد میں واجب الادا نہیں ہیں۔ کوئی رقم گریجوئٹی، پنشن اور پراویڈنٹ فنڈ کی مد میں واجب الادا نہیں ہیں۔

کوڈ کی پیروی کے مطابق، بورڈ بذریعہ ہذا توثیق و تصدیق کرتا ہے کہ کمپنی کی بطور جاری کاروبار کے تسلسل رکھنے کی صلاحیت میں کوئی شک و شبہ نہیں ہے اور لسٹنگ ضوابط میں مفصل درج ادارہ جاتی نظم کے بہترین طور طریقوں سے کوئی قابل ذکر انحراف نہیں ہے اور نہ ہی ٹرانسفر پرائسنگ سے کوئی انحراف ہے۔

کمپنی کی ہمیشہ کوشش رہی ہے کہ وہ بہتر ادارہ جاتی نظم اور ایمانداری اور شفاف طور طریقوں جن میں سے کئی ایک تو قانون کے لاگو ہونے سے قبل ہی موجود ہیں، سے فوقیت و فضیلت حاصل کرے۔

مستقبل کی توقعات:

کم افراطِ زر، بہتر امن وامان کی صورتحال، حوصلہ افزا LSM اعداد وشمار اور کم شرح سود سے مجموعی اور پرامید کی جاسکتی ہے کہ مزید سرمایہ کاری اور معاشی استحکام آئے گا۔ پاک چین اقتصادی راہداری منصوبے سے توقع ہے کہ تعمیرات اور توانائی کے شعبوں میں سرگرمی کی رفتار اور بھی تیز ہوجائے جس سے اقتصادی ترقی مجموعی طور پر مثبت انداز سے متاثر ہو۔

ہمارے تمام ادارے جن میں سرمایہ کاری کی گئی ہے حکومت کی جانب سے ترقیاتی پروگرام جن کا انتظار ہے سے مستفید ہونے کے بارے میں پرامید ہیں۔ کھاد ساز کمپنی سے توقع ہے کہ وہ دوسرے نصف کے دوران فروخت (سیلز) میں اضافہ اور بہتری دیکھیں، جس سے کافی منافع ہونا چاہیئے۔ فرٹیلائزر مارجنز دباؤ کے تحت رہ سکتے ہیں لیکن فاطمہ اور پاک عرب دونوں کے تحت تسلسل کی بنیاد پر توقع ہے کہ نمایاں اضافہ حاصل کرینگے۔ مالیاتی خدمات کے ادارے، عارف حبیب لمیٹڈ اور ایم سی بی عارف حبیب سیونگز اینڈ انویسٹمنٹ کمپنی سے توقع ہے کہ وہ خوب کارکردگی دکھائیں جنھیں کیپٹل مارکیٹ پر مضبوط توقعات سے منسوب کیا جائے۔ کمپنی کے انویسٹمنٹ پورٹ فولیو کنٹرز آگے بڑھتی کارکردگی دکھاتی مارکیٹ کی توقعات پر بڑھ بھی سکتے ہیں۔

درج بالا مستقبل کی توقعات کی روشنی میں آپ کی کمپنی متوازن اور مستحکم ہے۔

خطرات کی نظم کاری (Risk Management):

بورڈ کی جانب سے قائم رسک مینجمنٹ سسٹم باریک بینی سے تشکیل کردہ تنظیمی اور طریقہ کار اجزا کی وسیع رینج پر مشتمل ہے اور کمپنی کی جاری کاروباری حیثیت کو کمزور کرنے والے یا نقصانات پہنچانے والے واقعات اور پیش رفتوں کی نشاندہی کرنے کی صلاحیت رکھتا ہے۔ رسک مینجمنٹ سسٹم (خطرات کی نظم کاری کا نظام) تمام تنظیمی سطحوں پر خطرات کی طرف ایک متوازن سوچ کو فروغ دینے، ابتدائی مرحلے پر مواقع اور خطرات کی نشاندہی اور تجزیے کرنے، انکی پیمائش کرنے اور خطرات کی نظم کاری اور نگرانی کے لیے مناسب آلات استعمال کرنے کے غرض سے تشکیل دیا گیا ہے۔

کمپنی کے کلیدی کاروبار جو کہ سرمایہ کاری ہے کہ ساتھ اس نے اپنے رسک مینجمنٹ سسٹم کا ارتقا بطور اس کی سرمایہ کاری کی حکمت عملی ارتقا کیا ہے۔ کمپنی نے سیکنڈری مارکیٹ انویسٹمنٹس سے آغاز کیا تھا اور ہمیشہ شعبہ جات اور کمپنیز کے درمیان تنوع کی پالیسی کی پیروی کی ہے اور اس کے ساتھ ہی بنیادی تجزیہ پر سرمایہ کاری کے انفرادی فیصلوں کو قائم کیا ہے اور مفید سرمایہ کاری کے آزمودہ کلیہ پر عمل کیا۔ کمپنی بالحاظ انتخاب ضمانت (Security Selection) احتیاط بروئے کار لاتے ہوئے خطرات کی نظم کاری کرتی ہے۔ ارتکاز خطرے سے اجتناب برتتی ہے، مناسب بنیادی کو لیٹرل اور نقد بہاؤ کو یقینی بناتی ہے اور مقاش کی صلاحیت کا تخمینہ لگاتی ہے۔ اس کے علاوہ کمپنی بنیادی کیپٹل مارکیٹ انفرا اسٹرکچر کی ترقی و فروغ میں اپنے نمائندگان کے ذریعے تسلسل کے ساتھ کردار ادا کرتی ہے۔

اپنی حکمت عملی کے ساتھ اہم سرمایہ کاری کے لیے، کمپنی نے ایسی سرمایہ کاری کے لیے موزوں و مناسب رسک مینجمنٹ سسٹم تشکیل دیے ہیں۔ کاروباری فیصلے جامع پروجیکٹ تجزیوں کے بحث و مباحثے کے بعد اختیار کیے جاتے ہیں، جو کہ ممکنہ اور حقیقی خطرات اور مواقع اور امکانات دونوں کی نشاندہی کرتے ہیں۔ خطرے کی نظم کاری کے لیے کمپنی بنیادی شعبے جیسے بورڈ کی جانب سے نظم و نسق اور سطحِ مینجمنٹ، پالیسیز کی تیاری اور نفاذ اور طریقہ کار، خطرات کی نگرانی اور مینجمنٹ انفارمیشن سسٹم (MIS) اور اندرونی کنٹرولز پر توجہ مرکوز رکھتی ہے۔ کمپنی میں شناخت اور خطرے کی تخمینے اور کنٹرولز اور جہاں ضروری ہو طریقہ کار کو بہتر بنانے جس سے خطرات کی نظم کاری کی جاتی ہے ایک منظم سلسلہ عمل سے گزرتی ہے۔ ایک جاری عمل کے طور پر اور سال میں کم از کم ایک بار مینجمنٹ (انتظامیہ) مالیاتی گوشواروں کی گزارشات اور خطرات کی نظم کاری، ادارہ جاتی سماجی ذمہ داری (CSR) ضابطہ اخلاق کے ساتھ خلوص اور مطابقت، اکاؤنٹنگ مینوئل، قانونی دفعات اور دیگر قوانین اور ضوابط کے ساتھ ہم آہنگی سے متعلق گزارشات ابیانات کا جائزہ لیتی ہے۔

آپریشنل رسک مینجمنٹ کے لیے سرمایہ کاری سے قبل گہرا تجزیہ ہی ہمیشہ نقطۂ آغاز رہا ہے اور اس کے علاوہ جن کمپنیوں میں سرمایہ کاری کی جاتی ہے کے بورڈ پر کوالیفائیڈ اور پروفیشنلز کو اس کی نمائندگی دی جاتی ہے، تاکہ وہ بورڈ ممبرز کی توسط سے ایکی کمپنیز پر بجٹ سے متعلق اور دیگر اندرونی کنٹرولز بروئے کار لائیں انویسٹی کمپنیز کی کارکردگی کا مسلسل جائزہ لیتے ہیں اور جب اور جب ضروری ہو اصلاحی اقدامات لیتا بشمول اگر درست سمجھیں تو کاروبار سے سرمایہ کاری ختم کرلینا۔

بورڈ نے حکمت عملی کے ساتھ کی گئی تمام سرمایہ کاری کی مسلسل نگرانی اور نظر ثانی کی ذمہ داری کے ساتھ ایک انویسٹمنٹ کمیٹی تشکیل دی ہے۔ ثانیاً کمپنی کا مینجمنٹ اسٹاف حکمت عملی کے ساتھ کی گئی سرمایہ کاری پر بروقت رپورٹس کمیٹی کو فراہم کرنے کا ذمہ دار ہے۔

رسک مینجمنٹ پر مفصل کوالیٹیو رپورٹس اور کوانٹیٹو تجزیہ مالیاتی گوشواروں کے نوٹ نمبر 32 میں پیش کئے گئے ہیں۔

سرمائے کی نظم کاری اور زرسیال (Capital Management & Liquitity):

کمپنی کی ایک پالیسی ہے کہ مستحکم اساس سرمایہ (Capital Base) برقرار رہے تاکہ سرمایہ کار، قرض دہندگان اور بازار کا اعتماد بحال رہے، کاروبار کی مزید ترقی و فروغ کو جاری رہے، کمپنی کی صلاحیت بطور جاری و ساری منافع بخش کاروبار کی حفاظت رہے تاکہ شیئر ہولڈرز، اور دیگر اسٹیک ہولڈرز کے مفاد کے لئے منافع جات فراہم ہوں لاگت سرمائے کم کرنے کے لئے سرمائے کا اسٹرکچر زیادہ سے زیادہ برقرار رہے۔ بورڈ آف ڈائریکٹرز سرمائے پر منافع جات کی نگرانی کرتا ہے جسکی تعریف کمپنی بطور بعد از ٹیکس خالص منافع تقسیم شیئر ہولڈرز کا مجموعی حصہ کرتی ہے۔ سال کے دوران کمپنی کی کیپٹل مینجمنٹ (سرمائے کی نظم کاری) کے متعلق سوچ میں کوئی تبدیلی نہیں ہوئی اور کمپنی پر بیرونی سرمائے کی شرائط کا اطلاق نہیں ہوتا۔

مالیاتی خدمات:

اس شعبے میں ذیلی اور منسلک اداروں کی جاری مالیاتی کارکردگی میں قابل ذکر بہتری رہی ہے۔ تاہم سرمایہ کاری پر منافع جات میں نمایاں کمی دیکھی گئی ہے۔ عارف حبیب لمیٹڈ (AHL) نے سال کے دوران بعد از ٹیکس 409 ملین روپے منافع کے ساتھ 7.45 روپے فی شیئر منافع ریکارڈ کیا۔ کمپنی اب اس مقام پر ہے جہاں وہ نفع کے مواقع جو کہ اسکے کاروبار کے تمام شعبوں میں دستیاب ہیں بھرپور طور پر حاصل کرے۔ کمپنی نے 7 روپے کے نقد منافع منقسمہ کا اعلان کیا جو گزشتہ سال کے برابر ہے۔

ایم سی بی۔ عارف حبیب سیونگز اینڈ انویسٹمنٹ لمیٹڈ نے 30 جون 2016 کو ختم ہونے والے سال کے لئے بعد از ٹیکس 239.1 ملین روپے منافع حاصل کیا اور 3.25 روپے فی شیئر کے نقد منافع منقسمہ کا اعلان کیا۔ زیر انتظام اثاثہ جات (رقوم) 42.36 ارب روپے کی سطح پر ہیں۔

عارف حبیب کموڈیٹیز (پرائیوٹ) لمیٹڈ اب بھی ترقیاتی مراحل طے کر رہی ہے پھر بھی جاری محصولات (آمدن) میں اضافہ ہوا ہے۔

آپ کی کمپنی نے زیر جائزہ سال کے دوران سلک بینک میں 28.23% کی حصہ داری حاصل کر لی ہے۔

فولاد (اسٹیل):

عائشہ اسٹیل ملز لمیٹڈ (ASML) نے زیر جائزہ سال میں پچھلے سال کے دوران 61% کے مقابلے میں 89% استعداد کار کی سطح حاصل کی۔ جاری مالی سال کے دوران کمپنی پچھلے مالی سال کے دوران 138,923 ٹن کے مقابلے میں 186,083 ٹن فولاد فروخت کرنے کے قابل رہی جو کہ 34% زیادہ ہے۔ اس کی اور عالمی منڈی میں فولاد کی قیمتوں میں کچھ استحکام کی وجہ سے پچھلے سال میں 1.2 ارب روپے کے نقصان کے مقابلے میں اس سال کے 155 ملین روپے کا نقصان ریکارڈ ہوا۔ کمپنی اپنی مصنوعات کی اقسام میں مزید تنوع اور وسعت پر غور کر رہی ہے اور اپنی صلاحیت بھی بڑھانا چاہتی ہے تا کہ زیادہ مقابلے اور استعداد کے قابل ہو جائے۔

سیمنٹ:

پاور سیمنٹ نے پچھلے سال کے مقابلے میں اس سال بہتر کارکردگی کا مظاہرہ کرتے ہوئے پچھلے سال کے 433.833 ملین روپے کے بعد از ٹیکس منافع کے مقابلے میں 486.39 ملین روپے بعد از ٹیکس منافع حاصل کیا ہے۔ سیمنٹ کی پیداوار کی صلاحیت کو بہتر کرنے کی غرض سے ایک قابل ذکر سرمایہ کاری کی گئی ہے جس سے کمپنی استعمال کی بہتر صلاحیت کو حاصل کرنے کے قابل ہو گئی ہے۔

پاور سیمنٹ موجودہ 900,000 ٹن سالانہ کی پیداواری سہولت سے 3.1 ملین ٹن سالانہ کی پیداواری سہولت تک وسعت دینے کا فیصلہ کر چکی ہے۔ یہ آپ کی کمپنی کو سیمنٹ کے شعبے میں آپ کی سرمایہ کاری میں اضافہ کا موقع فراہم کریگا۔

رئیل اسٹیٹ (املاک و جائیداد):

نیا ناظم آباد ہاؤسنگ پروجیکٹ شیڈول کے مطابق جاری و ساری ہے اور اس سنگ میل کو حاصل کر چکا ہے جو اس کے لئے متعین کیا گیا تھا۔ جاوداں کارپوریشن لمیٹڈ نے پچھلے سال کے 800.521 ملین روپے کے مقابلے میں 695.616 ملین روپے بعد از ٹیکس منافع حاصل کیا ہے۔ آپ کی کمپنی نے اس منصوبے میں تجارتی قطعہ اراضی حاصل کر لی ہے تا کہ اس وسیع ترقیاتی آغاز میں شریک ہو جائے

ونڈ پاور (ہوا کے ذریعے توانائی):

ہوا کے ذریعے توانائی کے شعبہ میں آپ کی کمپنی کی سرمایہ کاری نے جو کہ سچل انرجی ڈویلپمنٹ (پرائیوٹ) لمیٹڈ (SEDPL) کے ذریعے کی جا رہی ہے منصوبے کی نشوونما اور مالیت (Development & Financing) کے لحاظ سے کئی سنگ میل حاصل کیے ہیں۔

جاری سال کے دوران SEDPL نے ICBC چین کے ساتھ سائنوسیور (Sinosure) کے تعاون سے 100 ملین امریکی ڈالر کے سہولت معاہدہ پر دستخط کئے ہیں اور 7.134 ملین امریکی ڈالر کے مساوی پاکستانی روپے میں ICBC پاکستان سہولت معاہدہ پر بھی دستخط کئے ہیں تا کہ وہ تعمیرات کے آغاز کی اطلاع کا اجراء کرے جو شیڈول کے مطابق جاری و ساری ہے۔ SEDPL کلین ڈویلپمنٹ میکانزم (CDM) کے تحت رجسٹرڈ ہے جو کہ UNFCCC کے ساتھ کیوٹو پروٹوکول کے فریم ورک کے اندر ہے اور فی الوقت یہ گولڈ اسٹینڈرڈ فاؤنڈیشن سے رجسٹریشن کے عمل سے گزر رہا ہے۔

یہ منصوبہ 2017 سے متوقع طور پر فعال ہو جائے گا۔

زیر جائزہ مالی سال کے دوران، اسٹینڈ الون اکاؤنٹس میں آمدنی میں گزشتہ سال کے مقابلے میں کمی کی بڑی وجہ فاطمہ فرٹیلائیزر کمپنی لمیٹیڈ (FFCL) کی مارکیٹ پرائس (قیمت) میں کمی ہے۔ FFCL کی مارکیٹ پرائس میں کمی FFCL کی جانب سے سالانہ نقد منافع منقسمہ کے عدم اعلان کی وجہ سے تھی جس کا سبب کھاد کی صنعت کی جانب سے انتہائی کم اٹھان کی صورتحال تھی، جو خود زیر جائزہ مالیاتی سال کے دوران مارکیٹ کے عدم استحکام کا نتیجہ تھی۔ وقت سے بندھے ہوئے قرضہ جات کی ادائیگی کی قابل ذکر رقم کو زیر غور لاتے ہوئے جو کہ FFCL کو جنوری-جون 2016 میں کرنا تھی، اس کے بورڈ آف ڈائریکٹرز نے فیصلہ کیا کہ اس عرصہ میں کسی منافع منقسمہ کا اعلان نہیں کیا جائے گا۔ تاہم FFCL کی مالیت میں اضافہ آپ کی کمپنی کی بیلنس شیٹ کی تاریخ کے بعد دیکھنے میں آیا۔ آپکے بورڈ کو اعتماد ہے کہ مارکیٹ میں استحکام کی صورتحال کے ساتھ، منسلک ادارہ اپنا نارمل ورکنگ کیپٹل سائیکل اور ڈسٹری بیوشن ہسٹری کا دوبارہ آغاز کرے گا، جو آپ کی کمپنی کے منافع جات پر مثبت اثر ڈالے گا جو دونوں منافع منقسمہ کی آمدنی اور اسٹینڈ الون اکاؤنٹس کے لئے مالیت میں اضافے کے سبب ہونگے۔

زیر جائزہ سال کے دوران نفع کی بنیاد پر، بورڈ نے 30 جون 2016 کو ختم ہونے والے سال کے لیے 2.5 روپے فی شیئر یعنی 25% حتمی نقد منافع کے اعلان کی سفارش کی۔ یہ استحقاق صرف ان شیئر ہولڈرز (حصص داران) کو دستیاب ہوگا جن کا نام رجسٹر میں مورخہ 21 اکتوبر 2016 کے روز اختتام کاروبار پر درج ہوگا۔

The Summary of Financial Results is as follows:-	2016	2015
Profit after tax	1,281,123,988	4,438,753,272
Un-appropriated profit brought forward	19,304,067,693	16,680,314,421
Profit available for appropriation	20,585,191,681	21,119,067,693
Appropriations:		
*Final Cash Dividend at PKR 2.5 per share i.e. 25% for the year ended 30th June 2016 as recommended by the Board of Directors (PKR 4.0 per share i.e. 40% for the year ended 30th June 2015)	1,134,375,000	1,815,000,000
*Un-appropriated profit carried forward	19,450,816,681	19,304,067,693
Earnings per share – basic & diluted	2.82	9.78

* Subject to the approval by members in the AGM to be held on 29th Occober 2016

ذیلی اور منسلک اداروں کی کارکردگی:

پوری حکمت عملی کے ساتھ کی گئی سرمایہ کاری میں اپنے طویل مدتی مفادات کو یقینی بناتے ہوئے کمپنی نے عائشہ اسٹیل ملز لمیٹڈ، پاور سیمنٹ لمیٹڈ اور جاوید ان کارپوریشن لمیٹڈ سے اپنی شیئر ہولڈنگ یعنی حصص داری کم کرلی ہے۔ جن اداروں میں سرمایہ کاری کی گئی انھوں نے توقعات کے مطابق کارکردگی ظاہر کی ہے اور یہ سب کچھ آپ کی کمپنی کے مالی نتائج سے بخوبی جھلکتا ہے (دونوں Unconsolidated اور Consolidated کی بنیادوں پر)۔

شعبہ جات پر ایک نظر:

کھادسازی (فرٹیلائیزرز):

کمپنی کی سرمایہ کاری کا اچھا خاصہ حصہ کھادسازی کی صنعت میں ہے۔ اس شعبہ میں قابل ذکر سرمایہ کاری فاطمہ فرٹیلائیزر کمپنی لمیٹڈ (FFCL) اور اس کے بعد پاک عرب فرٹیلائیزرز (PAFL) کررہی ہے۔ FFCL نے اچھی کارکردگی کا مظاہرہ کیا ہے، 31 دسمبر 2015 کو ختم ہونے والے سال کیلئے 4.41 روپے فی شیئر منافع کے ساتھ بعد از ٹیکس 9.25 ارب روپے کا منافع ریکارڈ کیا ہے اور 30 جون 2016 کے ختم ہونے والے نصف سال کے لئے 1.42 روپے فی شیئر منافع کے ساتھ بعد از ٹیکس 2.98 ارب روپے رہا۔ 31 دسمبر 2015 کو ختم ہونے والے سال کے لئے PAFL نے 2.5 ارب روپے بعد از ٹیکس منافع حاصل کیا اور 30 جون 2016 کو ختم ہونے والے سال کے لئے 703 ملین روپے کا نقصان ریکارڈ کیا گیا۔

ڈائریکٹرز رپورٹ

محترم حصص یافتگان

یہ انتہائی خوشی کا مقام ہے کہ ڈائریکٹران آپ کے ادارے کی سالانہ رپورٹ اور 30 جون 2016 کو ختم ہونے والے مالی سال کے لیے آڈٹ شدہ مالیاتی گوشوارے مع اس کے آڈیٹرز رپورٹ پیش کر رہے ہیں۔

اہم ترین سرگرمیاں:

عارف حبیب کارپوریشن لمیٹڈ (AHCL) مالیاتی خدماتی اور صنعتوں پر مشتمل کئی اداروں کی ایک ہولڈنگ کمپنی ہے۔ کمپنی فرٹیلائزرز (کھاد سازی) سکیورٹیز اور کموڈیٹیز بروکریج، کارپوریٹ فنانس (ادارہ جاتی مال کاری)، ایسٹ مینجمنٹ (اثاثہ جات کی نظم کاری)، سیمنٹ، اسٹیل، ونڈ پاور اور ریئل اسٹیٹ ڈویلپمنٹ میں نمایاں دلچسپی رکھتی ہے۔ کمپنی سکیورٹیز مارکیٹ پورٹ فولیو کی نظم کاری کے تسلسل سے بھی اچھے منافع جات حاصل کرتی ہے۔

معیشت:

پاکستانی معیشت نے بڑھتے ہوئے فروغ مفادات صارفین اور شہری سازی کے درمیان قابل توجہ معاشی و اقتصادی ترقی کی ہے۔ زرعی شعبے میں ٹھہراؤ اور جمود کے باوجود صنعتی اور خدمات کے شعبے نے نشوونما ظاہر کی ہے جو مجموعی قومی پیداوار کی شرح نمو 4.71% میں معاون ثابت ہوئی ہے۔ مجموعی طور پر کاروباری ماحول ملک میں مسلح افواج اور ان کے ماتحت اداروں کی جانب سے استحکام کی احیاء میں بنیادی کردار کی وجہ سے خوش گوار رہا اور سرمایہ کاروں کا اعتماد بھی بحال رہا۔ زیر جائزہ سال جن بڑی صنعتوں نے معاشی ترقی کے پہیے کو رواں رکھا ان میں آٹوموبائلز (کار سازی)، فرٹیلائزرز (کھاد سازی) غیر دھاتی معدنی اشیاء شامل ہیں۔

پچھلے سال کے دوران 4.6% افراط زر کی شرح کے برخلاف 2.9% کی کم تر شرح افراط زر کے اعداد و شمار بھی معاون ثابت ہوئے جو عالمی مارکیٹ میں اشیاء صرف کی نئی قیمتوں کا نتیجہ تھے، جس نے بینک دولت پاکستان کے پالیسی ریٹ (شرح) میں مزید 125 بی پی ایس کی کمی کی گنجائش پیدا کردی جو کہ جون 2016 کو 5.75% یعنی کئی سالوں کی کم ترین شرح ہے۔

بیرونی محاذ پر، ملک کی برآمدات 22 ارب ڈالر (9% گروتھ) کی سطح پر مایوس کن رہی، اگرچہ درآمدی بل صرف 2% نیچے رہیں (40.4 ارب ڈالر) چنانچہ تجارتی خسارہ 18.5 ارب ڈالر نے دباؤ بنائے رکھا۔ تاہم جاری اکاؤنٹ خسارہ میں سال بہ سال کا معمولی 7% کا سکڑاؤ (انقباض) جس کی مالیت 2.5 ارب ڈالر تھی سال کے دوران ہماری افرادی قوت کی جانب سے ترسیلات زر کے ذریعے حاصل ہوا جس کی رقم 19.9 ارب ڈالر بنتی ہے (پچھلے سال سے 6% زیادہ)، ساتھ ہی 1.3 ارب ڈالر کی براہ راست بیرونی سرمایہ کاری کے ذریعے 39% متاثر کن اضافہ بھی IMF، ورلڈ بینک (عالمی بینک) اور ایشیائی ڈویلپمنٹ بینک (ADB) کی مدد سے زر مبادلہ کے ذخائر اب تک کی سب سے بلند سطح 23 ارب امریکی ڈالر تک جا پہنچے، جس سے 5 ماہ کا مؤثر درآمدی تحفظ اور مقامی کرنسی کو استحکام ملا۔

مالیاتی نتائج:

زیر جائزہ سال کے دوران، کنسولیڈیٹڈ بنیاد پر، آپ کی کمپنی نے 3.84 ارب روپے کا منافع بعد از ٹیکس کمایا ہے جو کہ سال 15-2014 میں 3.67 ارب روپے تھا۔ یہ 7.81 فی شیئر کے نفع کو ظاہر کرتا ہے جو کہ گزشتہ سال میں 7.10 روپے فی شیئر تھا۔ یہ منافع جات کنسولیڈیٹڈ بنیاد پر کمپنی، اس کے ذیلی اداروں اور منسلک اداروں کے منافع کے حصے کی اصل کارکردگی کو ظاہر کرتے ہیں۔

زیر جائزہ سال کے دوران، کمپنی نے Unconsolidated گوشواروں کی بنیاد پر 1.28 ارب بعد از ٹیکس منافع کمایا جو کہ سال گزشتہ (15-2014) میں 4.44 ارب تھا، نتیجتاً اس سال کی EPS 2.82 روپے فی حصص رہی جو کہ گزشتہ سال 9.78 روپے فی حصص تھی۔ منافع جات کا قابل ذکر حصہ منافع منقسمہ اور سبسیڈری (ذیلی) اور ایسوسی ایٹس (ملحق) کمپنیوں میں سرمایہ کاری کم کرنے پر حاصل ہوا۔ سرمایہ کاری کم کرنے کے باوجود، آپ کی کمپنی سبسیڈری (ذیلی) اور ایسوسی ایٹس (ملحق) کمپنیوں میں اپنے وسیع المدت مفادات برقرار رکھے ہوئے ہے۔

Arif Habib Corp

Arif Habib Centre
23, M. T. Khan Road
Karach-74000
Tel: +02 21 32460717-19
Fax: +92 21 32468117, 32429653
Company website: www.arifhabibcorp.com
Group website: www.arifhabib.com.pk