

First Habib Modaraba

(An Islamic Financial Institution)



Half Year Report

FOR THE HALF YEAR
ENDED DECEMBER 31, 2023
(Unaudited)

Contents

Corporate Information	3
Directors' Report	4
Auditor's Interim Review Report.	6
Condensed Interim Balance Sheet	7
Condensed Interim Profit and Loss Account (unaudited)	8
Condensed Interim Statement of Comprehensive Income (unaudited)	9
Condensed Interim Cash Flow Statement (unaudited)	10
Condensed Interim Statement of Changes In Equity (unaudited).....	11
Notes To The Condensed Interim Financial Statements	12

Corporate Information

MODARABA MANAGEMENT COMPANY

Habib Metropolitan Modaraba Management Company (Private) Limited

BOARD OF DIRECTORS

Syed Rasheed Akhtar	- Chairman (Non-Executive Independent Director)
Mr. Muhammad Shoaib Ibrahim	- Chief Executive Officer
Mr. Usman Nurul Abedin	- Non-Executive Director
Mr. Saeed Uddin Khan	- Non-Executive Independent Director
Mr. Mohammad Shams Izhar	- Non-Executive Director
Dr. Irum Saba	- Non-Executive Director

LEGAL ADVISOR

Mohsin Tayebaly & Company
Ahmed & Qazi Advocates & Legal Consultants

AUDIT COMMITTEE

Mr. Saeed Uddin Khan	- Chairman
Syed Rasheed Akhtar	- Member
Mr. Mohammad Shams Izhar	- Member
Mr. Muhammad Babar	- Secretary

HUMAN RESOURCE COMMITTEE

Mr. Saeed Uddin Khan	- Chairman
Syed Rasheed Akhtar	- Member
Mr. Mohammad Shams Izhar	- Member
Mr. Muhammad Jehanzeb	- Secretary

SHARES REGISTRAR

CDC Share Registrar Services Limited
Share Registrar Department
CDC House, 99-B, Block "B",
S.M.C.H.S
Main Shahrah-e-Faisal,
Karachi,
Pakistan. Tel: 111-111-500

AUDITORS

BDO Ebrahim & Co.
Chartered Accountants

COMPANY SECRETARY

Ms. Aeraj Abeer

SHARIAH ADVISOR

Mufti Faisal Ahmed

BANKERS

Habib Metropolitan Bank Limited (Islamic Banking)
Meezan Bank Limited
Al Baraka Bank Pakistan Limited
Bankislami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Soneri Bank Limited (Islamic Banking)
Habib Bank Limited (Islamic Banking)

REGISTERED OFFICE

6th Floor, HBZ Plaza (Hirani Centre)
I.I. Chundrigar Road, Karachi.
Tel : 021-32635949-51
UAN : 111-346-346
Web : www.habibmodaraba.com
Email: fhm@habibmodaraba.com

GEOGRAPHICAL PRESENCE

- BRANCH OFFICES

Karachi Branch:

3rd Floor, Al-Manzoor Building,
Dr. Ziauddin Ahmed Road. Karachi.
Tel : 021-32635949-51

Lahore Branch:

1st Floor, 5-Z Block, Phase III, Defence Housing
Authority, Lahore.
Tel : 042-35693074-76

Islamabad Branch:

Office No. 513, 5th Floor, ISE Towers, Jinnah
Avenue Blue Area, Islamabad.
Tel : 051-28994571-73

Multan Branch:

Mezzanine Floor, Abdali Tower,
Abdali Road, Multan.
Tel : 061-4500121-3

Directors' Report

On behalf of the Board of Directors, it is our great pleasure to present the un-audited financial statements of the First Habib Modaraba for the six months ended 31st December, 2023.

Business Operation

Performance of first half of current financial year remain satisfactory. Disbursements of Rs.6.818 billion were made as compared to Rs.5.341 billion of corresponding period of last year. Balance sheet footing also increased to Rs.23.122 billion as compared to Rs.20.540 billion of as on 30th June, 2023. Furthermore, FHM has made significant growth due to high business volumes and enhancement in financing assets.

Economic Outlook

Pakistan's economic challenges such as higher budget and current account deficits have been brought down to some extent. The downward trends of twin deficit supported caretaker government to reduce pressure on foreign exchange reserve and macroeconomic imbalances. However, Pakistan's economy is still facing enormous macroeconomic challenges such as fragile balance of payments, weakening growth, and high inflation. The utmost challenge is to formulate a longer term financing plan for Pakistan's growing external debt obligation. In order to keep foreign exchange reserve at optimal level, it would be imperative to go for 2nd review program with International Monetary Fund (IMF) and that would be crucial challenge for new government.

In recent meeting of Monetary Policy Committee (MPC) the State Bank of Pakistan (SBP) has maintained policy rate at same level keeping in view of upward trend in energy prices which has further pushed the inflation number. The high energy prices are one of the key issues for high inflation and business growth. The circular debt in energy sector is showing miserable numbers both in power and gas sector. Over the last decades it has rolled over from one government to another government, but so far no success. However, recently Special Investment Facilitation Council (SIFC) has reported new plan to tackle critical issue of circular debt.

In current month, general election has been held and now new government is in process of formation. The new setup will have difficult time to stabilize ailing economy of Pakistan. The high rate of inflation which is hovering around since last more than one year including massive rise in domestic borrowing by government has crowded out private sector borrowing. The political uncertainty is still roaming around even after election. To bring back economy on track, it is necessary to restore political stability and re-energized government machinery. It would be inevitable for new setup to implement required reforms instantly for long stability and sustainable growth.

Conclusion

Our business of performance of first half remained satisfactory. The satisfactory results of six months are due to concentrations on new cities and markets along with our engagement in SME sector. We have also slightly moved our financing portfolio in non-auto segment i.e., financing in solar equipment and industrial machineries. As a way forward, we expect that 2nd half would be challenging one due to formation of new government and increasing trend of inflation. The unrest in red sea is also cause of concern which is not only disturbing supply but also increasing cost of transports since nation terribly rely on imported raw materials. The delayed arrival of essential goods impacts raw materials supply and delay in finished products which ultimate disturb exports and domestic supply chain.

Acknowledgment

We would like to express our sincere thanks and gratitude for the continued support and guidance provided by Securities & Exchange Commission of Pakistan and Registrar Modaraba, customers of the Modaraba for their patronage and Certificate holders, investors who have remained committed to FHM. We also appreciate dedication, high level of professionalism and hard work of employees of FHM for smooth operations and achieving satisfactory results in extremely difficult business environment.

For and on behalf of Board of Directors

Syed Rasheed Akthar
Chairman

Muhammad Shoaib Ibrahim
Chief Executive Officer

Karachi: 26th February, 2024

ڈائریکٹرز رپورٹ

یہ ہمارے لئے باعث مسرت ہیکہ ہم بورڈ آف ڈائریکٹرز کی جانب سے ۳۱ دسمبر، ۲۰۲۳ کو ختم ہونے والی ششماہی مدت اختتام پر فرسٹ حبیب مضاربہ کی غیر محتسب شدہ کھاتے پیش کریں۔

کاروباری سرگرمیاں:

رواں مالی سال کی پہلی ششماہی کی کارکردگی تسلی بخش رہی۔ گزشتہ سال کی اسی مدت میں 5.341 ارب روپے کے مقابلے میں 6.818 ارب روپے کی تقسیم کی گئی۔ 30 جون 2023 تک 20.540 بلین روپے کے مقابلے میں بیلس شیٹ کی سطح بھی بڑھ کر 23.122 بلین روپے ہو گئی۔ مزید برآں، FHM نے کاروباری حجم اور مالیاتی اثاثوں میں اضافے کی وجہ سے نمایاں ترقی کی ہے۔

معاشی جائزہ:

پاکستان کے معاشی چیلنجز جیسے زیادہ بجٹ اور کرنٹ اکاؤنٹ خسارے کو کسی حد تک کم کیا گیا ہے۔ دونوں خساروں کے نیچے کی طرف گامزن رجحان نے نگران حکومت کو زرمبادلہ کے ذخائر اور میکرو اکنامک عدم توازن پر دباؤ کو کم کرنے میں مدد دی۔ تاہم، پاکستان کی معیشت کو اب بھی بہت بڑے معاشی چیلنجز کا سامنا ہے جیسے ادائیگیوں کا نازک توازن، کمزور ہوتی نمو، اور بلند افراط زر۔ سب سے بڑا چیلنج پاکستان کے بڑھتے ہوئے بیرونی قرضوں کی ذمہ داری کے لیے ایک طویل مدتی فنانشنگ پلان تشکیل دینا ہے۔ زرمبادلہ کے ذخائر کو بہترین سطح پر رکھنے کے لیے بین الاقوامی مالیاتی فنڈ (آئی ایم ایف) کے ساتھ دوسرے جائزہ پروگرام کے لیے جاننا ضروری ہو گا اور یہ نئی حکومت کے لیے ایک اہم چیلنج ہو گا۔

مائیٹری پالیسی کمیٹی (MPC) کے حالیہ اجلاس میں اسٹیٹ بینک آف پاکستان (SBP) نے توانائی کی قیمتوں میں اضافے کے رجحان کو مد نظر رکھتے ہوئے پالیسی ریٹ کو اسی سطح پر برقرار رکھنے میں مدد دی۔ توانائی کی بڑھتی قیمتیں بلند افراط زر اور کاروبار کی ترقی کے لیے اہم مسائل میں سے ایک ہیں۔ توانائی کے شعبے میں گردش قرضہ بجلی اور گیس دونوں شعبوں میں انتہائی مابوس کن اعداد و شمار دکھارہا ہے۔ پچھلی دہائیوں کے دوران، یہ ایک حکومت سے دوسری حکومت میں گھومتا رہا، لیکن ابھی تک کوئی کامیابی نہیں ملی۔ تاہم، حال ہی میں اسٹیبل انویسٹمنٹ فیسی لیٹیشن کونسل (SIFC) نے گردش قرضے کے اہم مسئلے سے نمٹنے کے لیے ایک نئے منصوبے کی اطلاع دی ہے۔

رواں ماہ میں عام انتخابات ہو چکے ہیں اور اب نئی حکومت کی تشکیل کا عمل جاری ہے۔ نئے سیٹ اپ کو پاکستان کی بیمار معیشت کو مستحکم کرنے میں بہت مشکل وقت درپیش ہو گا۔ مہنگائی کی بلند شرح جو گزشتہ ایک سال سے زائد عرصے سے منڈلا رہی ہے جس میں حکومت کی جانب سے ڈومیسٹک قرضوں میں بڑے پیمانے پر اضافہ بھی شامل ہے، نئی شعبے کے قرضے لینے پر رش پڑ چکا ہے۔ الیکشن کے بعد بھی سیاسی بے یقینی کی کیفیت طاری ہے۔ معیشت کو پٹری پر لانے کے لیے سیاسی استحکام اور حکومتی مشینری کو دوبارہ متحرک کرنا ضروری ہے۔ طویل استحکام اور پائیدار ترقی کے لیے فوری طور پر مطلوبہ اصلاحات کو نافذ کرنا نئے سیٹ اپ کے لیے ناگزیر ہو گا۔

خلاصہ:

ہماری کارکردگی پہلی ششماہی کے دوران اطمینان بخش رہی۔ چھ ماہ کے اطمینان بخش نتائج SME سیکٹر میں ہماری مصروفیت کے ساتھ ساتھ نئے شہروں اور بازاروں پر توجہ مرکوز کرنے کی وجہ سے ہیں۔ ہم نے اپنے فنانشنگ پورٹ فولیو کو نان آٹو سیکٹ یعنی شمسی آلات اور صنعتی مشینری میں فنانشنگ میں بھی تھوڑا سا منتقل کیا ہے۔ آگے بڑھنے کے راستے کے طور پر، ہم توقع کرتے ہیں کہ نئی حکومت کی تشکیل اور مہنگائی کے بڑھتے ہوئے رجحان کی وجہ سے دوسری نصف ششماہی چیلنجنگ ہو گی۔ بحیرہ احمر میں بد امنی بھی تشویش کا باعث ہے جو نہ صرف سپلائی کو پریشان کر رہی ہے بلکہ ٹرانسپورٹ کی لاگت میں بھی اضافہ ہو رہا ہے کیونکہ قوم درآ مد شدہ خام مال پر بہت زیادہ انحصار کرتی ہے۔ ضروری اشیاء کی تاثیر سے آمد خاں مال کی سپلائی پر اثر انداز ہوتی ہے اور تیار مصنوعات میں تاخیر جو بالآخر برآمدات اور ڈومیسٹک سپلائی چین کو متاثر کرتی ہے۔

اظہار تشکر:

بورڈ آف ڈائریکٹرز کی طرف سے ہم سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کا، رجسٹرار مضاربہ کے بہت ہی مشکور ہیں جنہوں نے ہماری مسلسل رہنمائی اور سرپرستی کی، اپنے قابل قدر کسٹمرز کا، اپنے سرٹیفیکیٹ ہولڈرز کا کہ انہوں نے ہم پر بھروسہ کیا اور فرسٹ حبیب مضاربہ کے ساتھ رہے۔ اور ہم فرسٹ حبیب مضاربہ ملازمین کی اعلیٰ پائے کی پیشہ ورانہ مہارت اور مسلسل بے انتہا محنت کا جس کی وجہ سے ہم نے انتہائی مشکل ترین حالات میں بھی اطمینان بخش نتائج حاصل کئے۔

بورڈ آف ڈائریکٹرز کیلئے اور ان کی جانب سے

محمد شعیب ابراہیم
سید رشید اختر
چیف ایگزیکٹو آفیسر
چیرمین

کراچی: 26 فروری 2024

Independent Auditors' Report

on Review of Condensed Interim Financial Statements to the Certificate Holders of First Habib Modaraba

Introduction

We have reviewed the accompanying condensed interim balance sheet of FIRST HABIB MODARABA ("the Modaraba") as at December 31, 2023 and the related condensed interim statement of profit and loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the half year then ended (here-in-after referred as the "condensed interim financial statements"). The Modaraba Management Company (Habib Modaraba Management Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

We draw attention to note 1.2 of notes to the condensed interim financial statements which provide details regarding scheme of arrangement (scheme of merger) of Habib Metro Modaraba with and into First Habib Modaraba which was sanctioned by the Honorable Sindh High Court. The approved scheme takes effect retrospectively from July 01, 2022. Our opinion is not modified in respect of this matter.

Other Matters

The condensed interim financial statements for the half year ended December 31, 2022 and annual financial statement of the Modaraba for year ended June 30, 2023 were reviewed and audited by another firm of Chartered Accountants who have expressed an unmodified conclusion and unmodified opinion thereon vide their reports dated February 28, 2023 and October 02, 2023 respectively.

The figures for the quarter ended December 31, 2023 and December 31, 2022 in the condensed interim statement of profit and loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditor's report is Tariq Feroz Khan.

KARACHI

DATED: February 26, 2024
UDIN: RR202310166IKdLjYymW

BDO EBRAHIM & Co.
CHARTERED ACCOUNTANTS

Condensed Interim Balance Sheet

AS AT DECEMBER 31, 2023

	Note	(Un-audited)	(Audited)
		December 31, 2023	June 30, 2023
		(Rupees)	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets in own use	4	65,592,238	54,442,474
Intangible asset		45,318	81,143
Diminishing musharaka financing	5	13,590,495,807	12,102,544,307
Long term prepayments and deposits		1,465,300	852,800
Investments	6	409,895,160	395,045,160
Deferred tax asset		267,837,013	169,977,273
		<u>14,335,330,836</u>	<u>12,722,943,157</u>
CURRENT ASSETS			
Investments	6	113,098,387	103,871,927
Current portion of diminishing musharaka financing	5	6,851,854,230	5,879,239,824
Diminishing Musharaka financing installments receivable		3,995,047	7,590,286
Advances and prepayments	7	1,151,448,188	1,253,786,642
Other receivables		85,256,792	24,375,360
Cash and bank balances	8	581,019,964	548,048,894
		<u>8,786,672,608</u>	<u>7,816,912,933</u>
		<u>23,122,003,444</u>	<u>20,539,856,090</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized certificate capital 280,000,000 (June 30, 2023: 280,000,000) certificates of Rs.5/- each		1,400,000,000	1,400,000,000
Issued, subscribed and paid-up certificate capital		1,108,305,000	1,108,305,000
Reserves		3,751,677,920	3,499,571,200
Certificate holders' equity		4,859,982,920	4,607,876,200
SURPLUS ON REVALUATION OF INVESTMENTS		16,329,509	5,915,958
NON-CURRENT LIABILITIES			
Liability against right of use assets	9	20,616,203	19,655,522
CURRENT LIABILITIES			
Certificates of investment (musharaka)	10	14,205,605,984	13,708,381,051
Current maturity of liability against right of use assets	9	7,376,580	2,769,105
Unearned diminishing musharaka installments		16,050,015	38,359,710
Advance diminishing musharaka installments		15,667,851	15,572,861
Trade and other payables		1,058,025,672	981,833,656
Running Musharaka		2,495,662,320	745,667,326
Profit payable on certificates of investment (musharaka)		372,578,692	362,344,841
Unclaimed profit distributions		54,107,698	51,479,860
		<u>18,225,074,812</u>	<u>15,906,408,410</u>
		<u>23,122,003,444</u>	<u>20,539,856,090</u>
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
	11		

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

For Habib Metropolitan Modaraba Management Company (Private) Limited
(Modaraba Management Company)

Chief Executive Officer

Chief Financial Officer

Director

Director

Condensed Interim Profit And Loss Account (Un-audited)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023

	Note	Half-year ended		Quarter ended	
		December 31, 2023	December 31, 2022 (Restated)	December 31, 2023	December 31, 2022 (Restated)
		(Rupees)			
Income from lease financing		-	38,523,599	-	16,588,876
Income from diminishing musharaka financing		2,473,113,272	1,444,794,367	1,277,918,063	790,247,173
Provision in respect of diminishing musharaka financing		(191,936,417)	(145,557,232)	(105,496,231)	(111,662,305)
Administrative expenses		(122,610,928)	(107,124,725)	(59,732,764)	(56,032,875)
		2,158,565,927	1,230,636,009	1,112,689,068	639,140,869
Other income	12	134,196,212	132,992,496	64,952,874	88,287,771
		2,292,762,139	1,363,628,505	1,177,641,942	727,428,640
Financial charges	13	(1,617,339,670)	(988,350,926)	(813,252,630)	(525,758,272)
Modaraba Management Company's remuneration	14	(67,542,247)	(37,527,758)	(36,438,931)	(20,167,037)
Sales tax on Modaraba Management Company's remuneration	14	(8,780,492)	(4,878,609)	(4,737,061)	(2,620,172)
Provision for Workers' Welfare Fund		(11,981,995)	(6,657,425)	(6,464,267)	(3,575,526)
Profit before taxation		587,117,735	326,213,787	316,749,053	175,307,633
Taxation	15	(113,350,015)	(78,088,255)	(30,561,905)	(39,760,542)
Profit for the period		473,767,720	248,125,532	286,187,148	135,547,091
Earning per certificate - basic and diluted	16	2.14	(Restated) 1.23	1.29	(Restated) 0.67

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

**For Habib Metropolitan Modaraba Management Company (Private) Limited
(Modaraba Management Company)**

Chief Executive Officer

Chief Financial Officer

Director

Director

Condensed Interim Statement Of Comprehensive Income (Un-audited)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023

	Half-year ended		Quarter ended	
	December 31, 2023	December 31, 2022 (Restated)	December 31, 2023	December 31, 2022 (Restated)
	----- (Rupees) -----			
Profit for the period	473,767,720	248,125,532	286,187,148	135,547,091
Items that will not be reclassified subsequently to profit and loss account				
Surplus / (deficit) on revaluation of investments classified as 'at fair value through other comprehensive income'- net	14,850,000	(6,914,810)	18,155,000	(1,030,756)
Total comprehensive income for the period	<u>488,617,720</u>	<u>241,210,722</u>	<u>304,342,148</u>	<u>134,516,335</u>

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

For Habib Metropolitan Modaraba Management Company (Private) Limited
(Modaraba Management Company)

Chief Executive Officer

Chief Financial Officer

Director

Director

Condensed Interim Cash Flow Statement (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	Note	(Restated)	
		December 31, 2023	December 31, 2022
----- (Rupees) -----			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the period		587,117,735	326,213,787
Adjustment for:			
Depreciation and amortization		12,455,831	56,359,482
Financial charges		1,617,339,670	934,595,748
Gain on transfer of lease financing assets - net		-	(37,835,303)
Loss on disposal of assets in own use		150,150	-
Gain on disposal of assets in own use	12	(481,190)	(11,668)
Gain on sale of investment		(2,793)	-
Provision in respect of diminishing musharaka		191,936,417	145,557,232
Gain on termination of lease contract		-	(2,547,681)
Dividend income	12	-	(1,500,000)
		1,821,398,085	1,094,617,810
Changes in working capital			
Decrease / (increase) in current assets			
Diminishing Musharaka financing installments receivable		(188,341,178)	(144,253,758)
Advances and prepayments		102,338,454	5,385,188
Other receivables		(7,877,376)	13,066,767
		(93,880,100)	(125,801,803)
(Decrease) / increase in current liabilities			
Unearned diminishing musharaka installments		(22,309,695)	(9,884,540)
Advance diminishing musharaka installments		94,990	(2,826,180)
Trade and other payables		(1,816,240,074)	97,024,534
		(1,838,454,779)	84,313,814
Cash generated from operations		476,180,941	1,379,343,608
Proceeds from transfer of lease financing assets		-	175,913,407
Diminishing musharaka financing - net		(2,460,565,906)	(1,958,823,847)
Long term advances, deposits and prepayments		(612,500)	25,000
Security deposits against lease financing assets		-	(59,981,948)
Financial charges paid		(1,662,490,337)	(869,225,787)
Tax paid - net		(53,004,056)	(37,340,964)
		(4,176,672,799)	(2,749,434,139)
Net cash used in operating activities		(3,700,491,858)	(1,370,090,531)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of assets in own use	4.1.1	(25,767,578)	(4,351,677)
Proceeds from sale / maturity of investments - net		(24,076,460)	51,301,475
Proceeds from sale of assets in own use		7,969,754	88,858
Dividend received		-	1,500,000
Net cash used in investing activities		(41,874,284)	48,538,656
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(221,661,000)	(198,232,825)
Payments of lease rentals	9	(216,710)	(1,156,707)
Running Musharaka		1,749,994,994	(754,409,908)
Certificates of investment (musharaka)		497,224,933	2,407,099,161
Net cash inflow from financing activities		2,025,342,217	1,453,299,721
Net increase in cash and cash equivalents during the period		(1,717,023,924)	131,747,846
Cash and cash equivalents at the beginning of the period		(197,618,432)	(329,366,278)
Cash and cash equivalents at the end of the period	17	(1,914,642,356)	(197,618,432)

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

**For Habib Metropolitan Modaraba Management Company (Private) Limited
(Modaraba Management Company)**

Chief Executive Officer

Chief Financial Officer

Director

Director

Condensed Interim Statement Of Changes In Equity (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	Certificate capital	Capital reserves			Revenue reserves		Total equity
		Certificate premium	Amalgamation reserve	Statutory reserves	General reserves	Unappropriated profit	
	(Rupees)						
Balance as at July 01, 2022 (Audited)	1,008,000,000	378,000,000	-	1,284,362,639	740,000,000	557,156,812	3,967,519,451
Total comprehensive income for the period (Note 1.2)	-	-	-	-	-	248,125,532	248,125,532
Profit distribution for the year ended							
June 30, 2022 @ Rs.1.00/- per certificate	-	-	-	-	-	(201,600,000)	(201,600,000)
Surplus transferred to unappropriated profit during the period	-	-	-	-	-	3,999,910	3,999,910
Balance as at December 31, 2022 - Restated (Unaudited)	1,008,000,000	378,000,000	-	1,284,362,639	740,000,000	607,682,254	4,018,044,893
Balance as at July 01, 2023 (Audited)	1,108,305,000	378,000,000	233,003,899	1,284,362,639	1,340,000,000	264,204,662	4,607,876,200
Total comprehensive income for the period	-	-	-	-	-	473,767,720	473,767,720
Profit distribution for the year ended							
June 30, 2023 @ Rs.1.00/- per certificate	-	-	-	-	-	(221,661,000)	(221,661,000)
Balance as at December 31, 2023 (Unaudited)	1,108,305,000	378,000,000	233,003,899	1,284,362,639	1,340,000,000	516,311,382	4,859,982,920

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

For Habib Metropolitan Modaraba Management Company (Private) Limited
(Modaraba Management Company)

Chief Executive Officer

Chief Financial Officer

Director

Director

Notes To The Condensed Interim Financial Statements

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

1. STATUS AND NATURE OF BUSINESS

First Habib Modaraba (the Modaraba) is a perpetual, multi-purpose modaraba floated and managed by Habib Metropolitan Modaraba Management Company (Private) Limited (the Modaraba Management Company) The Modaraba is listed on Pakistan Stock Exchange Limited. The Modaraba is engaged in the business of leasing, Musharaka, Murabaha financing and other related business. The affairs, activities and transactions, performed by the Modaraba during the period comply with the rules and principles of Islamic Shariah in light of the guidelines and directives given by the Shariah Advisor and guidelines issued by office of the Registrar Modaraba, Securities and Exchange Commission of Pakistan Limited (SECP). The registered office of the Modaraba is at 6th Floor at HBZ Plaza, Hirani Centre, I.I. Chundrigar Road, Karachi.

1.2 SCHEME OF MERGER AND CONSEQUENT RESTATEMENT OF FINANCIAL STATEMENTS OF PRIOR YEAR

The Board of Directors of Modaraba Management Company in their meeting held on June 06, 2022 had approved the Scheme of Arrangement (the Arrangement) for merger of Habib Metro Modaraba and First Habib Modaraba. The Honorable High Court of Sindh approved / sanctioned the merger scheme dated February 07, 2023 w.e.f. July 01, 2022.

As per the arrangement, the entire assets, liabilities, and obligations of Habib Metro Modaraba stand transferred to First Habib Modaraba and consequently, Habib Metro Modaraba stand dissolved without winding-up.

On the scheme becoming effective, the authorized certificate capital of Habib Metro Modaraba of Rs 300,000,000 stand merged with the authorized certificate capital of First Habib Modaraba, consequently the authorized certificate capital of First Habib Modaraba stand increased to Rs. 1,400,000,000 divided into 280,000,000 modaraba certificates of Rs. 5 each. Further, consequent on the scheme became effective, the issued, subscribed, and paid-up capital of First Habib Modaraba stands increased to Rs. 1,108,305,000/- divided into modaraba certificates of Rs. 5 each at swap ratio of 1.00: 0.6687 (First Habib Modaraba: HabibMetro Modaraba). The swap ratio was calculated based on audited financial statements for the period ended March 31, 2022 which has been specially audited and the relative valuation/ carried out and approved by the Board of Director.

The Pakistan Stock Exchange Limited (the PSX) through its notice No. PSX/N- 208 dated March 01, 2023 notified the suspension of trading in the certificates of amalgamated modarabas with effect from March 08, 2023 for the entitlement of certificates of surviving modaraba pursuant to amalgamation.

In consideration for the transfer of the entire undertakings of the amalgamated modarabas, the surviving modaraba has issued fully paid modaraba certificates to all the certificate holders of the amalgamated modarabas on April 19, 2023 as per the respective swap ratios.

Furthermore, the PSX through its notice No. PSX/N- 378 dated April 17, 2023 notified the delisting of the certificates of amalgamated modarabas with effect from April 19, 2023.

In order to implement the order of the Honorable High Court of Sindh, particularly the effective date of merger, these financial statements have been prepared with the consideration that the entire business of the amalgamated modarabas including properties, assets, liabilities and rights and obligations vested into the surviving modaraba on July 01, 2022.

As the amalgamated modarabas were the group entities under common control, the merger has been accounted for as a common control transaction and predecessor accounting has been applied. Under predecessor accounting, the acquired net assets of amalgamated modarabas are included in the special purpose financial statements of First Habib

Notes To The Condensed Interim Financial Statements

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

Modaraba at the same carrying values as recorded in their own financial statements as on July 01, 2022. The results and the statements of financial position of the modarabas are consolidated from date of merger i.e July 01, 2022 in accordance with the requirements of "IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors" by restating the comparative amounts of the prior period.

Incorporation of merger has resulted in restatement of profit and loss account, other comprehensive income and changes in equity for the period ended December 31, 2022. The details of impact on profit and loss account and statement of comprehensive income are as follows:

	Half year ended			Quarter ended		
	Previously stated 2022	Impact due to merger	Restated 2022	Previously stated 2022	Impact due to merger	Restated 2022
	----- Rupees -----			----- Rupees -----		
Profit and loss account						
Income						
Income from lease financing	38,523,599	-	38,523,599	16,588,876	-	16,588,876
Income from diminishing musharaka financing	1,421,579,302	23,215,065	1,444,794,367	778,884,040	11,363,133	790,247,173
Provision in respect of diminishing musharaka financing	(145,557,232)	-	(145,557,232)	(111,662,305)	-	(111,662,305)
Administrative expenses	(100,934,346)	(6,190,379)	(107,124,725)	(52,196,466)	(3,836,409)	(56,032,875)
	1,213,611,323	17,024,686	1,230,636,009	631,614,145	7,526,724	639,140,869
Other income - net	122,029,960	10,962,536	132,992,496	81,993,190	6,294,581	88,287,771
	1,335,641,283	27,987,222	1,363,628,505	713,607,335	13,821,305	727,428,640
Financial charges	(988,246,912)	(104,014)	(988,350,926)	(525,684,882)	(73,390)	(525,758,272)
Modaraba Management Company's remuneration	(34,739,437)	(2,788,321)	(37,527,758)	(18,792,245)	(1,374,792)	(20,167,037)
Sales tax on Modaraba Management Company's remuneration	(4,516,127)	(362,482)	(4,878,609)	(2,442,992)	(177,180)	(2,620,172)
Provision for Sindh Workers' Welfare Fund	(6,162,777)	(494,648)	(6,657,425)	(3,333,744)	(241,782)	(3,575,526)
Profit before taxation	301,976,030	24,237,757	326,213,787	163,353,472	11,954,162	175,307,634
Taxation	(71,182,899)	(6,905,356)	(78,088,255)	(36,293,835)	(3,466,707)	(39,760,542)
Profit after taxation	230,793,131	17,332,401	248,125,532	127,059,637	8,487,455	135,547,092
Statement of comprehensive income						
Profit after Taxation	230,793,131	17,332,401	248,125,532	127,059,637	8,487,455	135,547,092
Other comprehensive income for the year:						
Items that will not be reclassified subsequently to profit and loss						
(Deficit) / surplus on revaluation of investments classified as 'at fair value through other comprehensive income'- net *	(6,914,810)	-	(6,914,810)	(1,030,756)	-	(1,030,756)
Total comprehensive income for the year	223,878,321	17,332,401	241,210,722	126,028,881	8,487,455	134,516,336

Notes To The Condensed Interim Financial Statements

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act 2017
- The requirements of Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Modaraba Regulations 2021; and
- Provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP), under the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 and the Companies Act, 2017.

Where provisions and directives issued under Companies Act, 2017 and the relevant laws differ from IFRS Standards, the provisions and directives issued under Companies Act, 2017 and the relevant laws have been followed.

2.2 The condensed interim financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual audited financial statements of the Modaraba as at and for the year ended June 30, 2023.

2.3 These condensed interim financial statements have been presented in Pak Rupee, which is the functional currency of the Modaraba.

3. MATERIAL ACCOUNTING POLICIES

The Company adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after 1 January 2023. Although the amendments did not result in any changes to accounting policy themselves, they will impact the accounting policy information disclosed in the annual financial statements.

The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

These amendments had no effect on the interim condensed financial statements of the Modaraba as they relate to disclosures of accounting policies in the annual financial statements rather than interim financial statements. The amendments are expected to be applicable for the accounting policy disclosures in the annual financial statements of the Modaraba.

However, the accounting policies and methods of computation followed for the preparation of these condensed interim financial statements are the same as those applied in preparing the annual audited financial statements for the year ended June 30, 2023.

Notes To The Condensed Interim Financial Statements

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

3.1 Initial application of standards, amendments or an interpretation to existing standards

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

There are certain other new standards, interpretations and amendments to accounting and reporting standards which are mandatory for the Modaraba's accounting periods beginning on or after July 1, 2023 but are considered not to be relevant except mentioned above or expected to have any significant effect on the Modaraba's financial reporting and therefore, have not been disclosed in these condensed interim financial statements.

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

There are certain new standards, interpretations and amendments to accounting and reporting standards that will be mandatory for the Modaraba's annual accounting periods beginning on or after January 1, 2024 but are considered not to be relevant or expected to have any significant effect on the Modaraba's financial reporting and therefore, have not been disclosed in these condensed interim financial statements.

3.2 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

3.2.1 The preparation of condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by management in applying the Modaraba's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2023.

3.2.2 The financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Modaraba for the year ended June 30, 2023.

	Note	(Un-audited)	(Audited)
		December 31, 2023	June 30, 2023
----- (Rupees) -----			
4. FIXED ASSETS IN OWN USE			
Assets in own use	4.1	42,036,327	30,874,598
Right of use assets	4.2	23,555,911	23,567,876
		<u>65,592,238</u>	<u>54,442,474</u>
4.1 Opening net book value		30,874,598	32,724,232
Additions during the period / year	4.1.1	25,767,578	16,221,459
		56,642,176	48,945,691
Net book value of disposal during the period / year		(7,638,714)	(1,088,961)
Depreciation charged during the period / year		(6,967,135)	(16,982,132)
Closing net book value		<u>42,036,327</u>	<u>30,874,598</u>

Notes To The Condensed Interim Financial Statements

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	Note	(Un-audited)	(Audited)
		December 31, 2023	June 30, 2023
----- (Rupees) -----			
4.1.1 Details of additions during the period are as follows:			
Office equipment		3,324,448	3,920,040
Furniture and fixture		426,680	1,067,836
Vehicles		21,830,000	6,883,200
Leasehold improvements		186,450	4,350,383
		<u>25,767,578</u>	<u>16,221,459</u>
4.2 Movement in right-of-use assets during the period is as follows:			
At the beginning of the period / year		23,567,876	17,505,148
Additions during the period / year		3,603,676	19,548,614
Depreciation during the period / year		(3,615,641)	(5,876,087)
Terminated during the period / year		-	(7,609,799)
At the end of the period / year		<u>23,555,911</u>	<u>23,567,876</u>
5. DIMINISHING MUSHARAKA FINANCING			
Diminishing Musharaka Financing		21,201,905,969	18,549,421,878
Less: Provision in respect of Diminishing Musharaka	5.1	(759,555,932)	(567,637,747)
Non current portion		<u>20,442,350,037</u>	<u>17,981,784,131</u>
Less: Current portion		(6,851,854,230)	(5,879,239,824)
		<u>13,590,495,807</u>	<u>12,102,544,307</u>
5.1 Movement in provision in respect of Diminishing Musharaka			
At the beginning of the period / year		567,637,747	254,830,967
Charge for the period / year		191,936,417	316,331,392
Write off during the period / year		(18,232)	(3,524,612)
At the end of the period / year		<u>759,555,932</u>	<u>567,637,747</u>
5.2			
This includes classification into various categories based on subjective evaluation of borrowers. The Modaraba also applies Expected Credit Loss (ECL) model to evaluate the provisioning impact. Consequently, as per the ECL model under IFRS 9, the impairment impact is materially same to the provisioning requirements under Modaraba Regulation 2021.			
6. INVESTMENTS			
Long-term			
At fair value through other comprehensive income			
Investment in shares		56,115,000	41,265,000
Investment in sukuk bonds		80,000,000	80,000,000
		<u>136,115,000</u>	<u>121,265,000</u>
At amortised cost			
Investment in GOP Ijarah sukuk bonds		273,780,160	273,780,160
		<u>409,895,160</u>	<u>395,045,160</u>
Short-term			
At fair value through profit and loss			
Investment in MCB Arif Habib funds (Alhamra Islamic Money Market Fund)		113,098,387	103,871,927
		<u>113,098,387</u>	<u>103,871,927</u>

Notes To The Condensed Interim Financial Statements

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	(Un-audited)	(Audited)
	December 31, 2023	June 30, 2023
----- (Rupees) -----		
7. ADVANCES AND PREPAYMENTS		
Advances	422,674	4,917,458
Advance against diminishing musharaka financing	1,061,218,714	1,244,311,441
Advance against booking of vehicles	80,107,990	-
Prepayments	9,698,810	4,557,743
	1,151,448,188	1,253,786,642
8. CASH AND BANK BALANCES		
Stamps in hand	1,037,000	556,500
At banks in:		
Current accounts		
State Bank of Pakistan	441,259	964,282
With other banks	176,650,045	99,161,845
Profit bearing accounts		
Modaraba deposit account with Habib Metropolitan Bank Limited (Islamic branch) - a related party	378,258,340	87,425,790
Redemption Reserve Funds	24,633,319	359,940,477
	581,019,964	548,048,894

- 8.1** The balances held with banks in deposit account and investments in shariah compliant government securities have been kept in order to comply with the requirement of the Modaraba Regulations, 2021 issued by the SECP with respect to the maintenance of the prescribed liquidity against the Certificates of Musharaka issued by the Modaraba.

	Note	(Un-audited)	(Audited)
		December 31, 2023	June 30, 2023
----- (Rupees) -----			
9. LIABILITY AGAINST RIGHT OF USE ASSETS			
As at beginning of the period / year		22,424,627	10,264,700
Additions during the period / year		3,603,676	19,548,614
Deletions during the period / year		-	(2,828,582)
Finance cost for the period / year		2,181,192	2,640,899
Payments made during the period / year		(216,711)	(7,201,004)
		27,992,784	22,424,627
Less: Current maturity		(7,376,580)	(2,769,105)
As at end of the period / year		20,616,203	19,655,522
10. CERTIFICATES OF INVESTMENT (MUSHARAKA)			
Unsecured			
Certificates of investment (musharaka)	10.1	14,205,605,984	13,708,381,051

Notes To The Condensed Interim Financial Statements

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

Note	(Un-audited)	(Audited)
	December 31, 2023	June 30, 2023
----- (Rupees) -----		
10.1 Movement in Certificates of Investment (musharaka) is as follows:		
As at beginning of the period / year	13,708,381,051	11,262,599,835
Certificates issued during the period / year	31,705,603,487	54,192,510,001
Encashment during the year period / year	45,413,984,538	65,455,109,836
As at end of the period / year	(31,208,378,554)	(51,746,728,785)
	<u>14,205,605,984</u>	<u>13,708,381,051</u>

10.1.1 The rollover amount of Rs. 13,216,207,054 (June 30, 2023: 26,838,661,035) has been excluded from the certificate issued during the period.

10.1.2 The share of profit paid / payable on the above unsecured certificates of investment (musharaka) ranges between 14.55% to 22.34% (June 30, 2023: 12.30% to 19.80%) per annum having maturity from 3 months to 1 year.

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

There are no significant changes in the status of contingencies as reported in note 26 to the annual audited financial statements of the Modaraba for the year ended June 30, 2023.

11.2 Commitments

Commitments in respect of financing transactions amounted to Rs. 61.42 (June 30, 2023: Rs. 615) million.

	(Un-audited)	(Un-audited)
	December 31, 2023	December 31, 2022
----- (Rupees) -----		
12. OTHER INCOME		
Dividend on shares	4,434,450	1,500,000
Gain on transfer of lease financing assets	-	37,835,303
Gain on sale of owned fixed assets - net	331,040	11,668
Profit on modaraba's deposit accounts	49,521,308	44,781,047
Profit on Redemption reserve funds	9,980,425	4,708,345
Profit on Ijarah GOP sukuk bonds	30,486,702	20,712,908
Profit on Sukuk	9,849,248	6,862,387
Dividend from mutual funds	11,106,173	-
Miscellaneous income	18,486,866	16,580,838
	<u>134,196,212</u>	<u>132,992,496</u>

Notes To The Condensed Interim Financial Statements

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	(Un-audited)	(Un-audited)
	December 31, 2023	December 31, 2022
----- (Rupees) -----		
13. FINANCIAL CHARGES		
Profit paid on certificates of investment (musharaka)	1,530,505,645	933,804,413
Profit paid on Running Musharaka Financing	84,054,163	53,281,524
Financial charges on liability against right of use assets	2,181,192	473,654
Bank charges	598,671	791,335
	<u>1,617,339,670</u>	<u>988,350,926</u>

14. MODARABA MANAGEMENT COMPANY'S FEE INCLUSIVE OF SALES TAX

14.1 The Modaraba Management Company is entitled to a remuneration for services rendered to the Modaraba under the provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 upto a maximum of 10% per annum of the net annual profits of the Modaraba. The fee for the period ended December 31, 2023 has been recognized at 10% (December 31, 2022: 10%) of profit for the period.

14.2 There is no change in the status of the Sindh Sales Tax levied by the Sindh Government at the rate of 13% (December 31, 2022: 13%) on the remuneration of the Modaraba Management Company, as reported in note 24.7 to the annual financial statements of the Modaraba for the year ended June 30, 2023.

	(Un-audited)	(Un-audited)
	December 31, 2023	December 31, 2022
----- (Rupees) -----		
15. TAXATION		
Current	215,646,203	129,588,788
Deferred	(102,296,189)	(51,500,533)
	<u>113,350,015</u>	<u>78,088,255</u>

16. EARNINGS PER CERTIFICATE - BASIC AND DILUTED

16.1 Basic

Basic earnings per certificate are calculated by dividing the net profit for the period by the weighted average number of certificates outstanding during the period as follows:

	Half-year ended (Un-audited)		Quarter ended (Un-audited)	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
		(Restated)		(Restated)
Profit for the period - Rupees	473,767,720	248,125,532	286,187,148	135,547,091
Weighted average number of certificates of Rs. 5/- each	221,661,000	201,600,000	221,661,000	201,600,000
Earnings per certificate	2.14	1.23	1.29	0.67

Notes To The Condensed Interim Financial Statements

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

16.2 Diluted

No figure for diluted earnings per certificate has been presented as the Modaraba has not issued any instruments which would have an impact on earnings per certificate when exercised.

	(Un-audited) December 31, 2023	(Audited) June 30, 2023
----- (Rupees) -----		
Cash and bank balance	581,019,964	548,048,894
Running musharaka	(2,495,662,320)	(745,667,326)
	<u>(1,914,642,356)</u>	<u>(197,618,432)</u>

17. CASH AND CASH EQUIVALENTS

Cash and bank balance
Running musharaka

18. TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise the Management Company (Habib Metropolitan Modaraba Management Company (Private) Limited), Habib Metropolitan Bank Limited, Habib Bank AG Zurich, Habib Metropolitan Financial Services Limited, First Habib Modaraba Employees' Provident Fund, First Habib Modaraba Employees' Gratuity Fund and key management personnel. Transactions and balances outstanding with related parties and associated undertakings are as follows:

			(Un-audited) December 31, 2023	(Un-audited) December 31, 2022
			----- (Rupees) -----	
Balances held				
Related party	Basis of relationship	Nature of balances		
Habib Metropolitan Bank Limited	Holding Company	Bank balances	444,947,586	160,387,545
		Certificates of investment (musharaka)	4,700,000,000	4,700,000,000
		Profit receivable	9,877,504	8,183,720
		Financial charges payable	84,161,644	85,712,740
		Utility charges payable	-	3,062,108
		Security deposit	130,000	130,000
Habib Metropolitan Modaraba Management Company (Private) Limited	Management Company	Management fee payable	66,874,660	88,302,836
		Sale tax on management fee payable	52,655,315	43,961,609
Staff Retirement Benefit Fund	Associate	Payable to staff gratuity fund	2,380,847	-

Notes To The Condensed Interim Financial Statements

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

			(Un-audited)	(Un-audited)
			December 31, 2023	December 31, 2022
			(Rupees)	
Transactions during the period				
Related party	Basis of relationship	Nature of transactions		
Habib Metropolitan Bank Limited	Holding Company	Profit on bank accounts	98,607,367	44,029,410
		Dividend paid	-	8,100,000
		Bank charges	975,304	434,465
		Utility charges	5,389,495	2,957,709
		Financial charges	71,847,790	335,796,898
Habib Metropolitan Modaraba Management Company (Private) Limited	Management Company	Management fee	67,542,247	37,527,758
		Sale tax on management fee	8,780,492	4,878,609
		Management fee paid	88,671,738	59,860,823
		Dividend paid	-	21,510,000
Habib Metropolitan Financial Services Limited	Associate	Brokerage commission	-	54,375
		Sales of securities	-	50,826,842
Staff Retirement Benefit Fund	Associate	Gratuity expense	930,627	1,800,000
Provident Fund	Associate	Contribution made	2,289,706	1,974,966

18.1 No remuneration in kind has been paid by the Modaraba to the directors and key management personnel of Modaraba Management Company.

18.2 The Modaraba carries out transactions with related parties at commercial terms and conditions as per Modaraba's policy.

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines 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 (i.e. an exit price).

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value.

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes To The Condensed Interim Financial Statements

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	December 31, 2023 (Un-audited)				December 31, 2023 (Un-audited)			
	Carrying amount			Total	Fair value			Total
	At Fair value through OCI	At fair value through profit or loss	At amortised cost		Level 1	Level 2	Level 3	
(Rupees)				(Rupees)				
Financial assets measured at fair value								
Shares of listed companies	56,115,000	-	-	56,115,000	56,115,000	-	-	56,115,000
Sukuk	80,000,000	-	-	80,000,000	-	80,000,000	-	80,000,000
Investment in MCB Arif Habib funds (Alhamra Islamic Money Market Fund)	-	113,098,387	-	113,098,387	-	113,098,387	-	113,098,387
	136,115,000	113,098,387	-	249,213,387	56,115,000	193,098,387	-	249,213,387
Financial assets not measured at fair value (note 20.1)								
Redemption Reserve Funds	-	-	24,633,319	24,633,319				
Investment in GOP Ijarah Sukuk			273,780,160	273,780,160				
Diminishing musharaka financing	-	-	20,442,350,037	20,442,350,037				
Long term deposits	-	-	1,465,300	1,465,300				
Diminishing musharaka financing installments receivables	-	-	3,995,047	3,995,047				
Advances	-	-	422,674	422,674				
Other receivables	-	-	85,256,792	85,256,792				
Cash and bank balances	-	-	556,386,645	556,386,645				
	-	-	21,388,289,974	21,388,289,974				

During the period ended December 31, 2023, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

	June 30, 2023 (Audited)				June 30, 2023 (Audited)			
	Carrying amount			Total	Fair value			Total
	At Fair value through OCI	At fair value through profit or loss	At amortised cost		Level 1	Level 2	Level 3	
(Rupees)				(Rupees)				
Financial assets measured at fair value								
Shares of listed companies	41,265,000	-	-	41,265,000	41,265,000	-	-	41,265,000
Sukuk	80,000,000	-	-	80,000,000	-	80,000,000	-	80,000,000
Investment in MCB Arif Habib funds (Alhamra Islamic Money Market Fund)	-	103,871,927	-	103,871,927	-	103,871,927	-	103,871,927
	121,265,000	103,871,927	-	225,136,927	41,265,000	183,871,927	-	225,136,927
Financial assets not measured at fair value								
Redemption Reserve Funds	-	-	359,940,477	359,940,477				
Investment in GOP Ijarah Sukuk			273,780,160	273,780,160				
Diminishing musharaka financing	-	-	17,981,784,131	17,981,784,131				
Long term advances and deposits	-	-	852,800	852,800				
Diminishing musharaka financing installments receivables	-	-	7,590,286	7,590,286				
Advances	-	-	4,917,458	4,917,458				
Other receivables	-	-	24,375,360	24,375,360				
Cash and bank balances	-	-	186,587,635	186,587,635				
	-	-	18,839,828,307	18,839,828,307				

	December 31, 2023 (Un-audited)			June 30, 2023 (Audited)		
	At fair value	Other financial liabilities	Total	At fair value	Other financial liabilities	Total
	(Rupees)			(Rupees)		
Financial liabilities						
Certificates of investment (musharaka)	-	14,205,605,984	14,205,605,984	-	13,708,381,051	13,708,381,051
Unearned lease financing and diminishing musharaka installments	-	16,050,015	16,050,015	-	38,359,710	38,359,710
Advance lease financing and diminishing musharaka installments	-	15,667,851	15,667,851	-	15,572,861	15,572,861
Trade and other payables	-	938,526,423	938,526,423	-	853,693,091	853,693,091
Profit payable on certificates of investment (musharaka)	-	372,578,692	372,578,692	-	362,344,841	362,344,841
Unclaimed profit distributions	-	54,107,698	54,107,698	-	51,479,860	51,479,860
	-	15,602,536,663	15,602,536,663	-	15,029,831,414	15,029,831,414

19.1 The Modaraba has not disclosed the fair values for these financial assets, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are a reasonable approximation of fair value.

Notes To The Condensed Interim Financial Statements

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

20. SEGMENT INFORMATION

As per IFRS 8, "Operating Segments", operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Chief Executive Officer of the Management Company has been identified as the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

The Chief Executive Officer is responsible for the Modaraba's entire product portfolio and considers the business to have a single operating segment. The Modaraba's asset allocation decisions are based on a single integrated investment strategy and the Modaraba's performance is evaluated on an overall basis.

The internal reporting provided to the Chief Executive Officer for the Modaraba's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of the approved accounting standards as applicable in Pakistan.

The Modaraba is domiciled in Pakistan. All of the Modaraba's income is from investments in entities incorporated in Pakistan.

21. CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified wherever necessary for the purpose of comparison and better presentation. No significant rearrangements or reclassifications have been made in these condensed interim financial statements except as disclosed below:

Reclassified from	Reclassified to	---Rupees---
Investments	Cash and bank balances	359,940,477

22. DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue on February 26, 2024 by the Board of Directors of the Modaraba Management Company.

23. GENERAL

Figures have been rounded off to the nearest rupee.

**For Habib Metropolitan Modaraba Management Company (Private) Limited
(Modaraba Management Company)**

Chief Executive Officer

Chief Financial Officer

Director

Director