

# First Habib Modaraba

(An Islamic Financial Institution)



## Quarterly Accounts

FOR THE QUARTER  
ENDED September 30, 2024  
(Unaudited)

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# Corporate Information

## MODARABA MANAGEMENT COMPANY

Habib Metropolitan Modaraba Management Company (Private) Limited

### BOARD OF DIRECTORS

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

### 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

### LEGAL ADVISOR

Mohsin Tayebaly & Company  
Ahmed & Qazi Advocates & Legal Consultants

### 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

Mr. Tehsin Abbas

### SHARIAH ADVISOR

Mufti Faisal Ahmed

### BANKERS

Al Baraka Bank  
Dubai Islamic Bank  
Faysal Bank Limited  
Habib Bank Limited - (Islamic Banking)  
Habib Metropolitan Bank - (Islamic Banking)  
MCB Islamic Bank  
Meezan Bank Limited  
Soneri Bank - (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 Statement of the First Habib Modaraba (FHM) for the quarter ended September 30, 2024.

## Business Operation

Alhamdulillah, performance of first quarter of current year remained satisfactory due to slightly better economic conditions of Pakistan. Disbursements of Rs.3.895 billion were made as compared to Rs.2.702 billion of corresponding quarter of last year. Balance sheet footing also increased and reach to Rs.28.195 billion as compared to Rs.21.300 billion same quarter of last year along satisfactory growth in profitability as compared to same period of last year.

## Economic Outlook

Pakistan's economy has shown significant positive developments going into the fiscal year 2024-25, as most of the economic indicators have shown improvement. Inflation has dropped to single digit, industrial output has increased, and large exporting sectors have witnessed growth that reflects a favorable shift in several key economic indicators. Monetary Policy Committee (MPC) decided to cut the policy rate by 200 bps to 17.5 percent, effective from September 13, 2024. Both headline and core inflation fell sharply over the past two months. Moreover, an accommodative monetary policy stance, improved investor's Confidence and the global market recovery, will provide additional support to foster the sustainable industrial growth. With declining trend of SBP policy rate, the KSE-100 index reach all time high and breached past record.

In August 2024, the KSE-100 index floated around 78,000 points and closed at 78,488 points at month end.

## Conclusion

Going forward, we expect that in current year business activities will be improved as economic activity is expected to continue recovering. Moreover, an accommodative monetary policy stance, improved investor's confidence and the global market recovery. According to our business strategy of current year, we shall move forward in cautious manner and enhance our domestic presence, continue to deliver unmatched services to our customers and add sound entities within financing portfolio, we are confident that we will achieve our business target and produce satisfactory results for FY2024-25 Insha'Allah.

## 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

**Muhammad Shoaib Ibrahim**  
Chief Executive Officer

**Muhammad Shams Izhar**  
Chairman

Karachi: 28th October, 2024

# ڈائریکٹرز رپورٹ

یہ ہمارے لئے باعث مسرت ہیکہ ہم بورڈ آف ڈائریکٹرز کی جانب سے ۳۰ ستمبر، ۲۰۲۳ کو ختم ہونے والی سہ ماہی کیلئے فرسٹ حبیب مضاربہ کی کھاتے پیش کریں۔

## بزنس آپریشن:

الحمد للہ رواں سال کی پہلی سہ ماہی کی کارکردگی پاکستان کے قدرے بہتر معاشی حالات کی وجہ سے تسلی بخش رہی۔ گزشتہ سال کی اسی سہ ماہی کے ۲۰۲۳ء ۱۲ ارب روپے کے مقابلے میں ۳۸۹۵ء ۱۲ ارب روپے کی ادائیگیاں کی گئی۔ بیلنس شیٹ میں بھی اضافہ ہوا اور یہ گزشتہ سال کی اسی سہ ماہی کے ۲۰۲۳ء ۲۱ ارب روپے کے مقابلے میں ۲۸۹۵ء ۱۲ ارب روپے تک پہنچ گئی اور گزشتہ سال کے اسی عرصے کے مقابلے میں منافع میں اطمینان بخش اضافہ ہوا۔

## معاشی جائزہ:

مالی سال ۲۰۲۳-۲۵ میں پاکستان کی معیشت میں نمایاں مثبت پیش رفت دیکھنے میں آئی ہے کیونکہ بیشتر معاشی اشاریوں میں بہتری نظر آئی ہے۔ افراط زر سنگل ڈیجٹ تک گر گیا ہے، صنعتی پیداوار میں اضافہ ہوا ہے، اور بڑے برآمدی شعبوں میں ترقی دیکھنے میں آئی ہے جو کئی اہم معاشی اشاریوں میں سازگار تبدیلی کی عکاسی کرتی ہے۔ مانیٹری پالیسی کمیٹی (ایم پی سی) نے پالیسی ریٹ کو ۲۰۰ بی پی ایس کم کر کے ۱۷.۵ فیصد کرنے کا فیصلہ کیا ہے، جس کا اطلاق ۱۳ ستمبر ۲۰۲۳ء سے ہو گا۔ گزشتہ دو ماہ کے دوران سرچڑھتے اخراجات اور بنیادی افراط زر دونوں میں تیزی سے کمی آئی ہے۔ مزید برآں، ایک نرم مانیٹری پالیسی نے سرمایہ کاروں کے اعتماد میں بہتری اور عالمی مارکیٹ کی بحالی، پائیدار صنعتی ترقی کو فروغ دینے کے لئے اضافی مدد فراہم کرے گی۔ اسٹیٹ بینک کی پالیسی ریٹ میں کمی کے رجحان کے باعث کے ایس ای ۱۱۰۰ انڈیکس تاریخ کی بلند ترین سطح پر پہنچ گیا اور ماضی کے سابقہ ریکارڈ کو توڑ دیا۔

اگست ۲۰۲۳ میں کے ایس ای ۱۱۰۰ انڈیکس تقریباً ۷۸ ہزار پوائنٹس کے اضافے سے ۷۸ ہزار ۳۸۸ پوائنٹس پر بند ہوا تھا۔

## خلاصہ:

ہم توقع کرتے ہیں کہ رواں سال کاروباری سرگرمیوں میں بہتری آئے گی کیونکہ معاشی سرگرمیوں کی بحالی کا سلسلہ جاری رہنے کی توقع ہے۔ مزید برآں، نرم مانیٹری پالیسی، سرمایہ کاروں کے اعتماد میں بہتری اور عالمی مارکیٹ کی بحالی، رواں سال کی اپنی کاروباری حکمت عملی کے مطابق ہم محتاط انداز میں آگے بڑھیں گے اور اپنی ملکی موجودگی میں اضافہ کریں گے، اپنے صارفین کو بے مثال خدمات کی فراہمی جاری رکھیں گے اور فنانشنگ پورٹ فولیو میں مضبوط اداروں کو شامل کریں گے، ہمیں یقین ہے کہ ہم اپنا کاروباری ہدف حاصل کریں گے اور مالی سال ۲۰۲۳-۲۵ کے تسلی بخش نتائج حاصل کریں گے۔

## اظہارِ 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 قابلِ قدر کسٹمرز کا، اپنے سرٹیفیکیٹ ہولڈرز کا کہ انہوں نے ہم پر بھروسہ کیا اور فرسٹ حبیب مضاربہ کے ساتھ بنے 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 کے لئے اور ان کی طرف سے

محمد شمس اظہار  
چیئرمین

محمد شعیب ابراہیم  
چیف ایگزیکٹو آفیسر

کراچی: ۲۸ اکتوبر ۲۰۲۳

# Condensed Interim Statement of Financial Position

AS AT SEPTEMBER 30, 2024

	Note	(Un-audited)	(Audited)
		September 30, 2024	June 30, 2024
(Rupees)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets in own use	4	88,613,057	85,056,329
Intangible assets		8,933,651	9,626,317
Diminishing musharaka financing	5	16,464,312,255	15,862,875,979
Long term deposits		1,465,300	1,465,300
Investments	6	448,910,160	436,890,160
Deferred tax assets - net		240,375,369	221,253,543
		<b>17,252,609,792</b>	16,617,167,628
<b>CURRENT ASSETS</b>			
Investments	6	321,727,658	233,161,186
Current portion of diminishing musharaka financing	5	8,285,571,808	7,806,471,555
Diminishing musharaka financing installments receivables		18,941,875	5,207,720
Advances and prepayments	7	1,751,166,044	1,460,347,585
Other receivables		32,102,451	21,993,461
Cash and bank balances	8	533,260,938	265,576,058
		<b>10,942,770,774</b>	9,792,757,565
		<b>28,195,380,566</b>	26,409,925,193
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorized certificate capital 140,000,000 (June 30, 2024: 140,000,000) certificates of Rs.10/- 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		3,923,636,470	3,966,122,330
Certificate holders' equity		5,031,941,470	5,074,427,330
<b>SURPLUS ON REVALUATION OF INVESTMENTS</b>		<b>43,044,528</b>	34,503,367
<b>NON-CURRENT LIABILITIES</b>			
Liability against right of use assets	9	12,919,433	16,124,116
<b>CURRENT LIABILITIES</b>			
Certificates of investment (musharaka)	10	18,033,215,824	16,188,522,739
Current maturity of liability against right of use assets	9	11,633,609	7,969,360
Unearned diminishing musharaka installments		37,418,923	24,961,381
Advance diminishing musharaka installments		21,047,859	25,020,110
Trade and other payables		910,614,524	953,087,947
Profit payable on certificates of investment (musharaka)		529,147,840	488,241,779
Running Musharaka		2,862,704,299	3,164,386,488
Unclaimed profit distributions		285,755,452	53,135,949
Taxation - net		415,936,805	379,544,627
		<b>23,107,475,135</b>	21,284,870,380
		<b>28,195,380,566</b>	26,409,925,193
<b>TOTAL EQUITY AND LIABILITIES</b>			
<b>CONTINGENCIES AND COMMITMENTS</b>			
	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 Statement of Profit or Loss

FOR THE QUARTER ENDED SEPTEMBER 30, 2024 (UN-AUDITED)

	Note	Quarter ended	
		September 30, 2024	September 30, 2023
(Rupees)			
Income from diminishing musharaka financing		<b>1,426,641,723</b>	1,195,195,209
Provision in respect of diminishing musharaka financing		<b>(57,494,546)</b>	(86,440,186)
Administrative expenses		<b>(62,081,360)</b>	(62,878,164)
		<b>1,307,065,817</b>	1,045,876,859
Other income	12	<b>61,823,982</b>	69,243,338
		<b>1,368,889,799</b>	1,115,120,197
Financial charges	13	<b>(1,012,719,520)</b>	(804,087,040)
Modaraba Management Company's remuneration	14	<b>(35,617,028)</b>	(31,103,316)
Sales tax on Modaraba Management Company's remuneration	14	<b>(4,630,214)</b>	(4,043,431)
Provision for Workers' Welfare Fund		<b>(6,318,461)</b>	(5,517,728)
<b>Profit before taxation</b>		<b>309,604,576</b>	270,368,682
Taxation	15	<b>(119,346,386)</b>	(82,788,110)
<b>Profit for the period</b>		<b>190,258,190</b>	187,580,572
			Restated
<b>Earnings per certificate - basic and diluted</b>	16	<b>1.72</b>	1.69

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

FOR THE QUARTER ENDED SEPTEMBER 30, 2024 (UN-AUDITED)

	Quarter ended	
	September 30, 2024	September 30, 2023
	----- (Rupees) -----	
<b>Profit for the period</b>	<b>190,258,190</b>	187,580,572
<b>Other comprehensive income</b>		
Items that will not be reclassified subsequently to profit and loss		
Surplus / (deficit) on revaluation of investments classified as at fair value through other comprehensive income <sup>1</sup> - net of tax	<b>8,541,160</b>	(3,305,000)
<b>Total comprehensive income for the period</b>	<b>198,799,350</b>	184,275,572

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

FOR THE QUARTER ENDED SEPTEMBER 30, 2024 (UN-AUDITED)

	September 30, 2024	September 30, 2023
Note	(Rupees)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit for the period	<b>309,604,576</b>	270,368,682
Adjustment for:		
Depreciation and amortization	<b>7,603,504</b>	4,884,136
Financial charges	<b>1,012,719,520</b>	804,087,040
Loss on disposal of assets in own use - net	-	1,009,483
Gain on disposal of assets in own use - net	<b>(655,905)</b>	-
Provision in respect of diminishing musharaka financing	<b>57,494,546</b>	86,440,186
	<b>1,077,161,665</b>	896,420,845
<b>Changes in working capital</b>		
<b>(Increase) / decrease in current assets</b>		
Diminishing musharaka financing installments receivables	<b>(13,734,155)</b>	(5,460,119)
Advances and prepayments	<b>(290,818,459)</b>	313,563,573
Other receivables	<b>(10,108,990)</b>	68,968,262
	<b>(314,661,604)</b>	377,071,716
<b>(Decrease) / increase in current liabilities</b>		
Unearned diminishing musharaka installments	<b>12,457,542</b>	3,889,603
Advance diminishing musharaka installments	<b>(3,972,251)</b>	(2,066,158)
Trade and other payables	<b>(42,473,423)</b>	450,040,102
	<b>(33,988,132)</b>	451,863,547
<b>Cash generated from operations</b>	<b>1,038,116,505</b>	1,995,724,790
Diminishing musharaka financing - net	<b>(508,904,482)</b>	(686,393,055)
Financial charges paid	<b>(971,813,459)</b>	(725,347,555)
Tax paid	<b>(104,367,463)</b>	(84,142,566)
	<b>(1,585,085,404)</b>	(1,495,883,176)
<b>Net cash (used in) / generated from operating activities</b>	<b>(546,968,899)</b>	499,841,614
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of assets in own use	<b>(13,408,332)</b>	(23,347,719)
Proceeds from sale / maturity of investments - net	<b>(100,586,472)</b>	(228,051,921)
Payments of lease rentals	<b>(596,924)</b>	(168,859)
Proceeds from sale of assets in own use	<b>3,773,671</b>	7,699,028
<b>Net cash used in investing activities</b>	<b>(110,818,057)</b>	(243,869,471)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	<b>(232,744,050)</b>	(221,643,347)
Running Musharaka	<b>(301,682,189)</b>	(250,002,694)
Certificates of investment (musharaka)	<b>1,844,693,085</b>	712,080,046
<b>Net cash inflow from financing activities</b>	<b>1,310,266,846</b>	240,434,005
Net increase in cash and cash equivalents during the period	<b>652,479,890</b>	496,406,148
Cash and cash equivalents at the beginning of the period	<b>(2,814,862,880)</b>	(197,618,432)
<b>Cash and cash equivalents at the end of the period</b>	<b>(2,162,382,990)</b>	298,787,716

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

FOR THE QUARTER ENDED SEPTEMBER 30, 2024 (UN-AUDITED)

	Certificate capital	Capital reserves			Revenue reserves		Total equity
		Certificate premium	Amalgamation Reserve	Statutory reserves	General reserves	Unappropriated profit	
----- Rupees -----							
Balance as at June 30, 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	-	-	-	-	-	187,580,572	187,580,572
Profit distribution for the year ended June 30, 2023 @ Rs.1.00/- per certificate	-	-	-	-	-	(221,661,000)	(221,661,000)
<b>Balance as at September 30, 2023</b>	<b>1,108,305,000</b>	<b>378,000,000</b>	<b>233,003,899</b>	<b>1,284,362,639</b>	<b>1,340,000,000</b>	<b>230,124,234</b>	<b>4,573,795,772</b>
Balance as at June 30, 2024 (Audited)	1,108,305,000	378,000,000	233,003,899	1,284,362,639	1,830,000,000	240,755,792	5,074,427,330
Total comprehensive income for the period	-	-	-	-	-	190,258,190	190,258,190
Profit distribution for the year ended June 30, 2024 @ Rs.2.10/- per certificate	-	-	-	-	-	(232,744,050)	(232,744,050)
<b>Balance as at September 30, 2024</b>	<b>1,108,305,000</b>	<b>378,000,000</b>	<b>233,003,899</b>	<b>1,284,362,639</b>	<b>1,830,000,000</b>	<b>198,269,932</b>	<b>5,031,941,470</b>

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 QUARTER ENDED SEPTEMBER 30, 2024 (UN-AUDITED)

## 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.

## 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 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, 2024.

**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 Modaraba 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, 2024.

### 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 current period 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 current period 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, 2024.

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, 2024.

	Note	(Un-audited)	(Audited)
		September 30, 2024	June 30, 2024
----- (Rupees) -----			
<b>4. FIXED ASSETS IN OWN USE</b>			
Assets in own use	4.1	<b>68,252,293</b>	63,142,223
Right of use assets	4.2	<b>20,360,764</b>	21,914,106
		<b>88,613,057</b>	85,056,329
<b>4.1</b> Opening net book value		<b>63,142,223</b>	30,874,598
Additions during the period / year	4.1.1	<b>13,408,332</b>	51,305,777
		<b>76,550,555</b>	82,180,375
Net book value of disposal during the period / year		<b>(3,117,766)</b>	(7,638,671)
Depreciation charged during the period / year		<b>(5,180,496)</b>	(11,399,481)
Closing net book value		<b>68,252,293</b>	63,142,223

	(Un-audited)	(Audited)
	September 30, 2024	June 30, 2024
Note	----- (Rupees) -----	
<b>4.1.1 Details of additions during the period are as follows:</b>		
Office equipment	<b>972,470</b>	17,119,624
Furniture and fixture	<b>115,300</b>	840,350
Vehicles	<b>12,320,562</b>	32,943,000
Leasehold improvements	<b>-</b>	402,803
	<b>13,408,332</b>	51,305,777
<b>4.2 Movement in right-of-use assets during the period is as follows:</b>		
At the beginning of the period / year	<b>21,914,106</b>	23,567,876
Additions during the period / year	<b>-</b>	4,615,657
Depreciation during the period / year	<b>(1,553,342)</b>	(6,269,427)
At the beginning of the period / year	<b>20,360,764</b>	21,914,106
<b>5. DIMINISHING MUSHARAKA FINANCING</b>		
Diminishing Musharka Financing	<b>25,683,437,159</b>	24,545,422,571
Less: Provision in respect of Diminishing Musharaka	<b>(933,553,096)</b>	(876,075,037)
Non current portion	<b>24,749,884,063</b>	23,669,347,534
Less: Current portion	<b>(8,285,571,808)</b>	(7,806,471,555)
	<b>16,464,312,255</b>	15,862,875,979
<b>5.1 Movement in provision in respect of Diminishing Musharaka</b>		
At the beginning of the period / year	<b>876,075,037</b>	567,637,747
Charge for the period / year	<b>57,494,546</b>	308,455,522
Write off during the period / year	<b>(16,487)</b>	(18,232)
At the end of the period / year	<b>933,553,096</b>	876,075,037
<b>5.2</b>		
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.		

	(Un-audited)	(Audited)
	September 30, 2024	June 30, 2024
	(Rupees)	
<b>6. INVESTMENTS</b>		
<b>Long-term</b>		
At fair value through other comprehensive income		
Investment in shares	<b>95,130,000</b>	83,110,000
Investment in sukuk bonds	<b>80,000,000</b>	80,000,000
	<b>175,130,000</b>	163,110,000
At Amortised cost		
Investment in GOP Ijarah sukuk bonds	<b>273,780,160</b>	273,780,160
	<b>448,910,160</b>	436,890,160
<b>Short-term</b>		
At fair value through profit or loss		
Investment in MCB Arif Habib funds (Alhamra Islamic Money Market Fund)	<b>127,254,572</b>	122,981,368
Investment in NBP Funds (Islamic Saving Funds)	<b>27,412,715</b>	26,232,268
Investment in Redemption Reserve Funds	<b>167,060,371</b>	83,947,550
	<b>321,727,658</b>	233,161,186
<b>7. ADVANCES AND PREPAYMENTS</b>		
Advances	<b>299,440</b>	234,490
Prepayments	<b>7,268,207</b>	3,864,506
Advance against diminishing musharaka financing	<b>1,743,598,397</b>	1,456,248,589
	<b>1,751,166,044</b>	1,460,347,585
<b>8. CASH AND BANK BALANCES</b>		
Stamps in hand	<b>1,237,100</b>	1,138,600
<b>At banks in:</b>		
<b>Current accounts</b>		
State Bank of Pakistan	<b>641,259</b>	441,259
With other banks	<b>139,499,644</b>	87,994,016
<b>Profit bearing accounts</b>		
Modaraba deposit account with Habib Metropolitan Bank Limited (Islamic branch) - a related party	<b>391,882,935</b>	176,002,183
	<b>533,260,938</b>	265,576,058

- 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)
		September 30, 2024	June 30, 2024
----- (Rupees) -----			
<b>9. LIABILITY AGAINST RIGHT OF USE ASSETS</b>			
At the beginning of the period / year		<b>24,093,476</b>	22,424,627
Additions during the period / year		-	4,615,657
Finance cost for the period / year	13	<b>1,056,490</b>	4,188,567
Payments made during the period / year		<b>(596,924)</b>	(7,135,375)
		<b>24,553,042</b>	24,093,476
Less: Current maturity		<b>(11,633,609)</b>	(7,969,360)
At the end of the period / year		<b>12,919,433</b>	16,124,116
<b>10. CERTIFICATES OF INVESTMENT (MUSHARAKA)</b>			
<b>Unsecured</b>			
Certificates of investment (musharaka)	10.1	<b>18,033,215,824</b>	16,188,522,739
<b>10.1 Movement in Certificates of Investment (musharaka) is as follows:</b>			
At the beginning of the period / year		<b>16,188,522,739</b>	13,708,381,051
Issued during the period / year	10.1.1	<b>17,602,997,514</b>	64,253,599,294
		<b>33,791,520,253</b>	77,961,980,345
Encashment during the period / year		<b>(15,758,304,429)</b>	(61,773,457,606)
At the end of the period / year		<b>18,033,215,824</b>	16,188,522,739

**10.1.1** The rollover amount of Rs. 8,134,061,676 (June 30, 2024: 24,949,854,434) has been excluded from the certificates issued during the period.

**10.1.2** The share of profit paid / payable on the above unsecured certificates of investment (musharaka) ranges between 15.60% to 20.47% (June 30, 2024: 18.00% to 22.45%) 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 24 to the annual audited financial statements of the Modaraba for the year ended June 30, 2024.

### 11.2 Commitments

Commitments in respect of financing transactions amounted to Rs. 1,439 (June 30, 2024: Rs. 1,043) million.

## 12. OTHER INCOME

Income from financial assets

Dividend on listed securities (shares)

Profit on modaraba's deposit accounts

Profit on Redemption Reserve Funds (RRF)

Dividend from mutual funds

Profit on GOP Ijarah sukuks bonds

Profit on sukuk bonds

Miscellaneous income

Income from financial assets

Gain on sale of owned fixed assets - net

	(Un-audited) September 30, 2024	(Un-audited) September 30, 2023
----- (Rupees) -----		
	<b>1,478,850</b>	-
	<b>20,077,985</b>	21,239,446
	<b>4,150,977</b>	8,377,685
	<b>6,416,060</b>	5,286,016
	<b>15,448,664</b>	15,141,529
	<b>4,573,678</b>	4,950,482
	<b>9,021,863</b>	14,248,180
	<b>655,905</b>	-
	<b>61,823,982</b>	69,243,338
	<b>884,144,282</b>	765,921,932
	<b>127,124,674</b>	36,424,465
	<b>1,056,490</b>	980,836
	<b>394,074</b>	759,807
	<b>1,012,719,520</b>	804,087,040

## 13. FINANCIAL CHARGES

Profit paid on certificates of investment (musharaka)

Profit paid on Running Musharaka Financing

Financial charges on liability against right of use assets

Bank charges

## 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 September 30, 2024 has been recognized at 10% (September 30, 2023: 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% (September 30, 2023: 13%) on the remuneration of the Modaraba Management Company, as reported in note 22.7 to the annual financial statements of the Modaraba for the year ended June 30, 2024.

## 15. TAXATION

Current

Deferred

	(Un-audited) September 30, 2024	(Un-audited) September 30, 2023
----- (Rupees) -----		
	<b>141,947,050</b>	102,220,942
	<b>(22,600,664)</b>	(19,432,832)
	<b>119,346,386</b>	82,788,110



## 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:

		(Un-audited) September 30, 2024	(Un-audited) September 30, 2023
	Note	----- (Rupees) -----	
Profit for the period - Rupees		<b>190,258,190</b>	187,580,572
Weighted average number of certificates of Rs. 10/- each		<b>110,830,500</b>	110,830,500
Earnings per certificate	16.1.1	<b>1.72</b>	Restated 1.69

**16.1.1** In financial year 2023-24, the Modaraba entered into certificate consolidation transaction whereby face value of the certificates of the Modaraba has been changed from Rs. 5/- each to Rs. 10/- each. Consequently, the effect of change in face value of certificates has been restrospectively adjusted under IAS 33 "Earnings per share".

### 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.

## 17. CASH AND CASH EQUIVALENTS

		(Un-audited) September 30, 2024	(Audited) June 30, 2024
	Note	----- (Rupees) -----	
Cash and bank balance	8	<b>533,260,938</b>	265,576,058
Investment in Redemption Reserve Funds (RRF)	6	<b>167,060,371</b>	83,947,550
Running Musharaka		<b>(2,862,704,299)</b>	(3,164,386,488)
		<b>(2,162,382,990)</b>	(2,814,862,880)

## 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, Habib Metro Exchange Services Limited, First Habib Modaraba Employee Contributory Provident Fund, First Habib Modaraba staff Gratuity Fund and key management personnel (which are employed by the management company) under the terms of their employment. Transactions and balances outstanding with related parties and associated undertakings are as follows:

			(Un-audited) September 30, 2024	(Audited) June 30, 2024
			(Rupees)	
<b>Balances held</b>				
Related party	Basis of relationship	Nature of balances		
Habib Metropolitan Bank Limited	Holding Company	Bank balances	500,025,264	160,387,545
		Certificates of investment (musharaka)	5,300,000,000	4,700,000,000
		Profit receivable	7,351,622	8,183,720
		Financial charges payable	145,714,877	85,712,740
		Utility charges payable	3,807,621	3,062,108
		Security deposit	130,000	130,000
Habib Metropolitan Modaraba Management Company (Private) Limited	Management Company	Management fee payable	35,617,028	88,302,836
		Sale tax on management fee payable	48,591,823	43,961,609
Staff Retirement Benefit Fund	Associate	Payable to staff gratuity fund	1,170,000	930,627
<b>Transactions during the period</b>				
Related party	Basis of relationship	Nature of transactions	(Un-audited) September 30, 2024	(Un-audited) September 30, 2023
Habib Metropolitan Bank Limited	Holding Company	Profit on bank accounts	20,077,985	19,511,311
		Bank charges	225,287	193,610
		Utility charges	3,252,634	1,308,451
		Financial charges	297,853,507	345,733,698
Habib Metropolitan Modaraba Management Company (Private) Limited	Management Company	Management fee	35,617,028	31,103,316
		Sale tax on management fee	4,630,214	4,043,431
		Management fee paid	137,733,353	88,671,738
Staff Retirement Benefit Fund	Associate	Gratuity expense	1,170,000	930,627
Provident Fund	Associate	Contribution made	1,365,530	2,289,706

**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).

	September 30, 2024 (Un-audited)							
	Carrying amount				Fair value			
	At Fair value through OCI	At fair value through profit or loss	At amortised cost	Total	Level 1	Level 2	Level 3	Total
(Rupees)				(Rupees)				
<b>Financial assets measured at fair value</b>								
Shares of listed company	95,130,000	-	-	95,130,000	95,130,000	-	-	95,130,000
Sukuk	80,000,000	-	-	80,000,000	-	80,000,000	-	80,000,000
Investment in MCB Arif Habib funds (Alhamra Islamic Money Market Fund)	-	127,254,572	-	127,254,572	-	127,254,572	-	127,254,572
Investment in NBP funds (Islamic Saving Funds)	-	27,412,715	-	27,412,715	-	27,412,715	-	27,412,715
	<u>175,130,000</u>	<u>154,667,287</u>	<u>-</u>	<u>329,797,287</u>	<u>95,130,000</u>	<u>234,667,287</u>	<u>-</u>	<u>329,797,287</u>
<b>Financial assets not measured at fair value</b>								
Redemption Reserve Funds (RRF)	-	-	167,060,371	167,060,371				
Investment in GOP Ijarah Sukuk	-	-	273,780,160	273,780,160				
Diminishing musharaka financing	-	-	24,749,884,063	24,749,884,063				
Long term deposits	-	-	1,465,300	1,465,300				
Diminishing musharaka financing installments receivables	-	-	18,941,875	18,941,875				
Advances	-	-	299,440	299,440				
Other receivables	-	-	32,102,451	32,102,451				
Cash and bank balances	-	-	533,260,938	533,260,938				
	<u>-</u>	<u>-</u>	<u>25,776,794,598</u>	<u>25,776,794,598</u>				

During the period ended September 30, 2024, 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, 2024 (Audited)							
	Carrying amount				Fair value			
	At Fair value through OCI	At fair value through profit or loss		Total	Level 1	Level 2	Level 3	Total
		At amortised cost						
(Rupees)				(Rupees)				
<b>Financial assets measured at fair value</b>								
Shares of listed company	83,110,000	-	-	83,110,000	83,110,000	-	-	83,110,000
Sukuk	80,000,000	-	-	80,000,000	-	80,000,000	-	80,000,000
Investment in MCB Arif Habib funds (Alhamra Islamic Money Market Fund)	-	122,981,368	-	122,981,368	-	122,981,368	-	122,981,368
Investment in NBP funds (Islamic Saving Funds)	-	26,232,268	-	26,232,268	-	26,232,268	-	26,232,268
	<u>163,110,000</u>	<u>149,213,636</u>	<u>-</u>	<u>312,323,636</u>	<u>83,110,000</u>	<u>229,213,636</u>	<u>-</u>	<u>312,323,636</u>
<b>Financial assets not measured at fair value</b>								
Redemption Reserve Funds (RRF)	-	-	83,947,550	83,947,550				
Investment in GOP Ijarah Sukuk	-	-	273,780,160	273,780,160				
Diminishing musharaka financing	-	-	23,669,347,534	23,669,347,534				
Long term advances and deposits	-	-	1,465,300	1,465,300				
Diminishing musharaka financing installments receivables	-	-	5,207,720	5,207,720				
Advances	-	-	234,490	234,490				
Other receivables	-	-	21,993,461	21,993,461				
Cash and bank balances	-	-	265,576,058	265,576,058				
	<u>-</u>	<u>-</u>	<u>24,321,552,273</u>	<u>24,321,552,273</u>				

	September 30, 2024 (Un-audited)			June 30, 2024 (Audited)		
	At fair value	Other financial liabilities	Total	At fair value	Other financial liabilities	Total
	(Rupees)			(Rupees)		
<b>Financial liabilities</b>						
Certificates of investment (musharaka)	-	18,033,215,824	18,033,215,824	-	16,188,522,739	16,188,522,739
Unearned diminishing musharaka installments	-	37,418,923	37,418,923	-	24,961,381	24,961,381
Advance diminishing musharaka installments	-	21,047,859	21,047,859	-	25,020,110	25,020,110
Trade and other payables	-	751,498,132	751,498,132	-	791,249,466	791,249,466
Profit payable on certificates of investment (musharaka)	-	529,147,840	529,147,840	-	488,241,779	488,241,779
Unclaimed profit distributions	-	285,755,452	285,755,452	-	53,135,949	53,135,949
	<u>-</u>	<u>19,658,084,030</u>	<u>19,658,084,030</u>	<u>-</u>	<u>17,571,131,424</u>	<u>17,571,131,424</u>

**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.

## 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 during the period.

## 22. DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue on October 28, 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**