

First Habib Modaraba

(An Islamic Financial Institution)



Quarterly Accounts

FOR THE QUARTER
ENDED MARCH 31, 2024
(Unaudited)

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Corporate Information

MODARABA MANAGEMENT COMPANY

Habib Metropolitan Modaraba Management Company (Private) Limited

BOARD OF DIRECTORS

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

Mr. Tehsin Abbas

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 quarterly accounts for the period ended 31st March, 2024.

Business Operation

Alhamdulillah, performance of up to 3rd quarter remained satisfactory. Our balance sheet size has increased to Rs.24.192 billion as compared to Rs.20.539 billion as at June, 2023. The satisfactory results are due to better performance of our business development team who has successfully made disbursements of around Rs.10.445 billion in nine months' period as compared to disbursement of Rs.7.449 billion same corresponding period of last year. Our business strategy to concentrate towards new markets, new customers and slight diversion of financing assets from motor vehicles to machineries & equipments did well. Our branches also concentrated on small and medium size customers for enhancement of customer base through the support of branch network of our parent bank.

Economic Outlook

Presently, economy of Pakistan is reasonably doing well and returned from turbulence. The latest data continues to depict moderate pick-up in economic activity led by several positive factors. Current account deficit managed well due to curb on imports and high inflows of foreign remittances. Trade deficit gap of nine months also reduced as compared to same corresponding period of previous year. This has supported well to maintain foreign exchange reserve buffers despite of weak inflows. Pakistan's benchmark share index touched an all-time high level due to positive news on economic fronts and high inflow of foreign home remittances.

Inflation has also shown downward trend for third consecutive month showing its lowest level during its last almost one year. The improvement in inflation broadly reflects the combined impact of tight monetary policy, better food supplies and downward trend of commodity prices. State Bank of Pakistan has maintained policy rate in their Monetary Policy Statement issued in the month of March, 2024. According to MPS, the Central Bank has observed that despite of declining trend, the level of inflation is still high and its outlook is vulnerable and risk to elevate from present level is still looming.

Conclusion

Going forward we expect comparatively better economic activity in current year due to political stability after setup of new government. However, on external factor the country is still struggling to face challenges of requirement of foreign financing to maintain foreign exchange reserves and the rollover of old debt from internal lenders particularly from IMF. Stabilization policies and reforms under International Monetary Fund (IMF) programs have eased down foreign currency crises to some extent. However, rising cost of debt servicing will remain cause of concern to maintain current account position for the government. Furthermore, surge in living costs including energy prices will further reduce domestic demand and slow down business activities. According to our performance up to nine months, we are confident despite of challenging business environment we will achieve our business target and produce satisfactory results for FY2023-24 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 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

Mohammad Shams Izhar
Chairman

Muhammad Shoaib Ibrahim
Chief Executive Officer

Karachi: 25th April, 2024

ڈائریکٹرز رپورٹ

یہ ہمارے لئے باعث مسرت ہیکہ ہم بورڈ آف ڈائریکٹرز کی جانب سے ۳۱ مارچ، ۲۰۲۴ کو ختم ہونے والی تیسری سہ ماہی مدت اختتام پر فرسٹ حبیب مضاربہ کی کھاتے پیش کریں۔

کاروباری سرگرمیاں:

الحمد للہ، تیسری سہ ماہی تک کی کارکردگی اطمینان بخش رہی۔ ہماری بیلنس شیٹ کا حجم جون، 2023 میں 20.539 بلین روپے کے مقابلے بڑھ کر 24.192 بلین روپے ہو گیا ہے۔ اطمینان بخش نتائج ہماری بزنس ڈویلپمنٹ ٹیم کی بہتر کارکردگی کی وجہ سے ہیں جنہوں نے کامیابی کے ساتھ پچھلے سال کی اسی مدت کے 7.449 بلین روپے کی تقسیم کے مقابلے میں نو مہینوں کی مدت میں تقریباً 10.445 بلین روپے کی تقسیم کی ہے۔ نئی منڈیوں، نئے صارفین اور موٹر گاڑیوں سے لے کر مشینری اور سازو سامان تک مالیاتی اثاثوں کے معمولی موڑ پر ہماری کاروباری حکمت عملی اچھی رہی۔ ہمارے پیرنٹ بینک کے براؤنچ نیٹ ورک کے تعاون سے کسٹمر میں کو بڑھانے کے لیے ہمارا براؤنچ نیٹ ورک چھوٹے اور درمیانے سائز کے صارفین پر بھی مرکوز کئے ہوئے ہیں۔

معاشی جائزہ:

اس وقت پاکستان کی معیشت معقول طور پر اچھی کارکردگی کا مظاہرہ کر رہی ہے اور ابتری سے واپس آئی ہے۔ تازہ ترین اعداد و شمار کئی مثبت عوامل کی وجہ سے اقتصادی سرگرمیوں میں اعتدال پسند پیک اپ کو ظاہر کرتا ہے۔ دہائی مدت پر پابندی / روک لگانے اور غیر ملکی ترسیلات زر کی زیادہ آمد کی وجہ سے کرنٹ اکاؤنٹ خسارہ بہتر طریقے سے منظم ہوا۔ نو ماہ کا تجارتی خسارہ بھی پچھلے سال کی اسی مدت کے مقابلے میں کم ہوا۔ اس نے کمزور آمد کے باوجود زرمبادلہ کے ذخائر کو برقرار رکھنے میں اچھی مدد کی ہے۔ معاشی محاذوں پر مثبت خبروں اور بیرون ملک ترسیلات زر کی بلند آمد کے باعث پاکستان کا بیٹچ مارک شیئر انڈیکس اب تک کی بلند ترین سطح کو چھو گیا۔

مہنگائی میں بھی مسلسل تیسرے مہینے کی کاراجان دیکھا گیا ہے جو گزشتہ تقریباً ایک سال کے دوران اپنی کم ترین سطح کو ظاہر کرتا ہے۔ افراط زر میں بہتری وسیع پیمانے پر سخت مالیاتی پالیسی، خوراک کی بہتر فراہمی اور اجناس کی قیمتوں میں کمی کے رجحان کے مشترکہ اثرات کی عکاسی کرتی ہے۔ اسٹیٹ بینک آف پاکستان نے مارچ 2024 کے مہینے میں جاری کردہ اپنے مانیٹری پالیسی اسٹیٹمنٹ میں پالیسی ریٹ برقرار رکھا ہے۔ MPS کے مطابق، مرکزی بینک نے مشاہدہ کیا ہے کہ گرتے ہوئے رجحان کے باوجود، افراط زر کی سطح اب بھی بلند ہے اور اس کا آؤٹ لک کمزور ہے۔ موجودہ سطح سے بلند ہونے کا خطرہ اب بھی کم ہے۔

خلاصہ:

نئی حکومت کے قیام کے بعد سیاسی استحکام کی وجہ سے ہم موجودہ سال میں نسبتاً بہتر معاشی سرگرمیوں کی توقع کرتے ہیں۔ تاہم، بیرونی عوامل پر ملک اب بھی غیر ملکی زرمبادلہ کے ذخائر کو برقرار رکھنے اور اندرونی قرض دہندگان سے پرانے قرضوں بالخصوص آئی ایم ایف کو پرانے قرضوں کی واپسی کے چیلنجوں کا سامنا کرنے کے لیے جدوجہد کر رہا ہے۔ بین الاقوامی مالیاتی فنڈ (آئی ایم ایف) کے پروگراموں کے تحت استحکام کی پالیسیوں اور اصلاحات نے غیر ملکی کرنسی کے بحران کو کسی حد تک کم کیا ہے۔ تاہم، قرض کی خدمت کی بڑھتی ہوئی لاگت حکومت کے لیے کرنٹ اکاؤنٹ کی پوزیشن کو برقرار رکھنے کے لیے تشویش کا باعث بنے گی۔ مزید برآں، توانائی کی قیمتوں سمیت زندگی گزارنے والی دیگر اشیاء کی قیمتوں میں اضافے سے ملکی طلب میں مزید کمی آئے گی اور کاروباری سرگرمیاں سست ہو جائیں گی۔ ہماری نو ماہ تک کی کارکردگی کے مطابق، ہم پر اعتماد ہیں کہ مشکل کاروباری ماحول کے باوجود ہم اپنے کاروباری ہدف کو حاصل کر لیں گے اور مالی سال 2023-24 کے لیے تسلی بخش نتائج حاصل کریں گے انشاء اللہ۔

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 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 کی طرف سے اور کیلئے۔

محمد شمس اظہار

چیرمین

محمد شعیب ابراہیم

چیف ایگزیکٹو آفیسر

تاریخ: کراچی: ۲۵ اپریل ۲۰۲۴

Condensed Interim Statement of Financial Position

AS AT MARCH 31, 2024 (UN-AUDITED)

	Note	(Un-audited)	(Audited)
		March 31, 2024	June 30, 2023
		(Rupees)	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets in own use	4	77,741,258	54,442,474
Intangible asset		35,518	81,143
Diminishing musharaka financing	5	13,982,461,200	12,102,544,307
Long term prepayments and deposits		1,465,300	852,800
Investments	6	427,140,160	395,045,160
Deferred tax asset		323,070,171	169,977,273
		14,811,913,607	12,722,943,157
CURRENT ASSETS			
Investments	6	117,795,150	103,871,927
Current portion of diminishing musharaka financing	5	7,272,896,025	5,879,239,824
Diminishing Musharaka financing installments receivable		8,529,868	7,590,286
Advances and prepayments	7	1,605,793,733	1,253,786,642
Other receivables		93,987,642	24,375,360
Cash and bank balances	8	281,100,182	548,048,894
		9,380,102,600	7,816,912,933
		24,192,016,207	20,539,856,090
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		3,935,658,823	3,499,571,200
Certificate holders' equity		5,043,963,823	4,607,876,200
SURPLUS ON REVALUATION OF INVESTMENTS		36,172,709	5,915,958
NON-CURRENT LIABILITIES			
Liability against right of use assets	9	15,257,004	19,655,522
CURRENT LIABILITIES			
Certificates of investment (musharaka)	10	15,164,452,260	13,708,381,051
Current maturity of liability against right of use assets	9	7,945,434	2,769,105
Unearned diminishing musharaka installments		27,498,849	38,359,710
Advance diminishing musharaka installments		26,924,920	15,572,861
Trade and other payables		1,198,624,247	981,833,656
Running Musharaka		2,245,462,320	745,667,326
Profit payable on certificates of investment (musharaka)		372,578,692	362,344,841
Unclaimed profit distributions		53,135,949	51,479,860
		19,096,622,671	15,906,408,410
		24,192,016,207	20,539,856,090
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 Statement of Profit And Loss

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2024 (UN-AUDITED)

	Note	Nine-months ended		Quarter ended	
		March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023 (Restated)
		(Rupees)			
Income from lease financing		-	38,523,599	-	-
Income from diminishing musharaka financing		3,743,919,983	2,248,423,150	1,270,806,711	803,628,783
Provision in respect of diminishing musharaka financing		(229,581,313)	(151,173,216)	(37,644,896)	(5,615,984)
Administrative expenses		(175,187,525)	(161,541,495)	(52,576,597)	(54,416,770)
		<u>3,339,151,145</u>	<u>1,974,232,038</u>	<u>1,180,585,218</u>	<u>743,596,029</u>
Other income	12	203,046,211	192,132,083	68,849,999	59,139,587
		<u>3,542,197,357</u>	<u>2,166,364,121</u>	<u>1,249,435,218</u>	<u>802,735,616</u>
Financial charges	13	(2,518,484,040)	(1,586,432,652)	(901,144,370)	(598,081,726)
Modaraba Management Company's remuneration	14	(102,371,332)	(57,993,147)	(34,829,085)	(20,465,389)
Sales tax on Modaraba Management Company's remuneration	14	(13,308,273)	(7,539,109)	(4,527,781)	(2,658,957)
Provision for Workers' Welfare Fund		(18,160,674)	(10,287,984)	(6,178,679)	(3,628,453)
Profit before taxation		<u>889,873,037</u>	<u>504,111,229</u>	<u>302,755,302</u>	<u>177,901,091</u>
Taxation	15	(232,124,414)	(95,012,798)	(118,774,399)	(17,024,955)
Profit for the period		<u>657,748,623</u>	<u>409,098,431</u>	<u>183,980,903</u>	<u>160,876,136</u>
Earning per certificate - basic and diluted	16	<u>2.97</u>	<u>1.85</u>	<u>0.83</u>	<u>0.73</u> (Restated)

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 NINE MONTHS AND QUARTER ENDED MARCH 31, 2024 (UN-AUDITED)

	Nine-months ended		Quarter ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023 (Restated)
	----- (Rupees) -----			
Profit for the period	657,748,623	409,098,431	183,980,903	160,876,136
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	2,395,000	(2,949,810)	(12,455,000)	3,965,000
Total comprehensive income for the period	660,143,623	406,148,621	171,525,903	164,841,136

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 NINE MONTHS ENDED MARCH 31, 2024 (UN-AUDITED)

	Note	March 31, 2024	March 31, 2023
		(Rupees)	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the period		889,873,037	504,111,229
Adjustment for:			
Depreciation and amortization		12,122,968	61,409,394
Financial charges		2,518,484,040	1,503,953,569
Gain on transfer of lease financing assets - net		-	(37,835,303)
Gain on disposal of assets in own use - net	12	(331,040)	(365,657)
Provision in respect of diminishing musharaka		229,581,313	151,173,216
Gain on termination of lease contract		-	(2,547,681)
Dividend income	12	(4,434,450)	(1,500,000)
		2,755,422,831	1,674,287,538
Changes in working capital			
Decrease / (increase) in current assets			
Diminishing musharaka financing installments receivables		(939,582)	(151,784,882)
Advances and prepayments		(352,007,091)	(257,453,585)
Income tax refundable		-	47,200,890
Other receivables		(69,612,282)	31,345,025
		(422,558,955)	(330,692,552)
(Decrease) / increase in current liabilities			
Unearned diminishing musharaka installments		(10,860,861)	20,887,823
Advance diminishing musharaka installments		11,352,059	7,843,863
Trade and other payables		(681,108,938)	229,327,035
		(680,617,740)	258,058,721
Cash generated from operations		2,542,119,173	2,105,764,936
Proceeds from transfer of lease financing assets		-	175,913,407
Diminishing musharaka financing - net		(4,171,472,621)	(2,347,121,398)
Long term prepayment and deposits		(612,500)	25,000
Security deposits against lease financing assets		-	(59,981,948)
Financial charges paid		(2,508,250,189)	(1,417,581,583)
Tax paid		(305,675,011)	(31,058,871)
		(6,986,010,321)	(3,679,805,393)
Net cash used in operating activities		(4,443,891,148)	(1,574,040,457)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of assets in own use	4.1.1	(38,580,395)	(24,069,703)
Proceeds from sale / maturity of investments - net		(24,076,460)	51,301,475
Payments of lease rentals	9	(6,804,429)	(5,023,284)
Proceeds from sale of assets in own use		7,969,073	9,188,151
Dividends received		4,434,450	1,500,000
Net cash (used in) / generated from investing activities		(57,057,761)	32,896,639
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(221,661,000)	(199,201,023)
Running Musharaka		1,499,794,994	-
Certificates of investment (musharaka)		1,456,071,209	1,730,124,448
Net cash inflow from financing activities		2,734,205,203	1,530,923,425
Net decrease in cash and cash equivalents during the period		(1,766,743,707)	(10,220,393)
Cash and cash equivalents at the beginning of the period		(197,618,432)	(329,366,278)
Transferred from HMM due to amalgamation		-	196,685,480
Cash and cash equivalents at the end of the period	17	(1,964,362,138)	(142,901,191)

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 NINE MONTHS ENDED MARCH 31, 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 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	-	-	-	-	-	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 March 31, 2023 (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	-	-	-	-	-	657,748,623	657,748,623
Profit distribution for the year ended June 30, 2023 @ Rs.1.00/- per certificate	-	-	-	-	-	(221,661,000)	(221,661,000)
Balance as at March 31, 2024 (Unaudited)	1,108,305,000	378,000,000	233,003,899	1,284,362,639	1,340,000,000	700,292,285	5,043,963,823

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 NINE MONTHS ENDED MARCH 31, 2024

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 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 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.

Notes To The Condensed Interim Financial Statements

FOR THE NINE MONTHS ENDED MARCH 31, 2024

These amendments had no effect on the interim condensed financial statements of the Company 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.

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.

4. FIXED ASSETS IN OWN USE

Assets in own use
Right of use assets

Note	(Un-audited)	(Audited)
	March 31, 2024	June 30, 2023
(Rupees)		
4.1	54,433,875	30,874,598
4.2	23,307,383	23,567,876
	77,741,258	54,442,474

Notes To The Condensed Interim Financial Statements

FOR THE NINE MONTHS ENDED MARCH 31, 2024

	Note	(Un-audited)	(Audited)
		March 31, 2024	June 30, 2023
----- (Rupees) -----			
4.1			
Opening net book value		30,874,598	32,724,232
Additions during the period / year	4.1.1	38,580,395	16,221,459
		69,454,993	48,945,691
Net book value of disposal during the period / year		(7,638,033)	(1,088,961)
Depreciation charged during the period / year		(7,383,085)	(16,982,132)
Closing net book value		54,433,875	30,874,598
4.1.1 Details of additions during the period are as follows:			
Office equipment		4,392,633	3,920,040
Furniture and fixture		679,230	1,067,836
Vehicles		33,141,000	6,883,200
Leasehold improvements		367,532	4,350,383
		38,580,395	16,221,459
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		4,433,765	19,548,614
Depreciation during the period / year		(4,694,258)	(5,876,087)
Terminated during the period / year		-	(7,609,799)
At the end of the period / year		23,307,383	23,567,876
5. DIMINISHING MUSHARAKA FINANCING			
Diminishing Musharaka Financing		22,052,558,053	18,549,421,878
Less: Provision in respect of Diminishing Musharaka Non current portion	5.1	(797,200,828)	(567,637,747)
		21,255,357,225	17,981,784,131
Less: Current portion		(7,272,896,025)	(5,879,239,824)
		13,982,461,200	12,102,544,307
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		229,581,313	316,331,392
Write off during the period / year		(18,232)	(3,524,612)
At the end of the period / year		797,200,828	567,637,747
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.			

Notes To The Condensed Interim Financial Statements

FOR THE NINE MONTHS ENDED MARCH 31, 2024

	(Un-audited) March 31, 2024	(Audited) June 30, 2023
	(Rupees)	
6. INVESTMENTS		
Long-term		
At fair value through other comprehensive income		
Investment in shares	73,360,000	41,265,000
Investment in sukuk bonds	80,000,000	80,000,000
	153,360,000	121,265,000
At amortised cost		
Investment in GOP Ijarah sukuk bonds	273,780,160	273,780,160
	427,140,160	395,045,160
Short-term		
At fair value through profit and loss		
Investment in MCB Arif Habib funds (Alhamra Islamic Money Market Fund)	117,795,150	103,871,927
7. ADVANCES AND PREPAYMENTS		
Advances	379,400	4,917,458
Advance against diminishing musharaka financing	1,587,055,776	1,244,311,441
Advance against booking of vehicles	21,490	-
Prepayments	18,337,067	4,557,743
	1,605,793,733	1,253,786,642
8. CASH AND BANK BALANCES		
Stamps in hand	832,900	556,500
At banks in:		
Current accounts		
State Bank of Pakistan	441,259	964,282
With other banks	201,179,722	99,161,845
Profit bearing accounts		
Modaraba deposit account with Habib Metropolitan Bank Limited (Islamic branch) - a related party	36,942,776	87,425,790
Redemption Reserve Funds	41,703,524	359,940,477
	78,646,300	447,366,267
	281,100,182	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.

Notes To The Condensed Interim Financial Statements

FOR THE NINE MONTHS ENDED MARCH 31, 2024

	Note	(Un-audited)	(Audited)
		March 31, 2024	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		4,433,765	19,548,614
Deletions during the period / year		-	(2,828,582)
Finance cost for the period / year	13	3,148,475	2,640,899
Payments made during the period / year		(6,804,429)	(7,201,004)
		23,202,438	22,424,627
Less: Current maturity		(7,945,434)	(2,769,105)
As at end of the period / year		15,257,004	19,655,522
10. CERTIFICATES OF INVESTMENT (MUSHARAKA)			
Unsecured			
Certificates of investment (musharaka)	10.1	15,164,452,260	13,708,381,051
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	10.1.1	56,210,765,335	54,192,510,001
		69,919,146,386	65,455,109,836
Encashment during the year period / year		(54,754,694,126)	(51,746,728,785)
As at end of the period / year		15,164,452,260	13,708,381,051

10.1.1 The rollover amount of Rs. 18,991,741,945 (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 18.00% to 22.45% (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. 1,107 (June 30, 2023: Rs. 615) million.

Notes To The Condensed Interim Financial Statements

FOR THE NINE MONTHS ENDED MARCH 31, 2024

12. OTHER INCOME

	(Un-audited) March 31, 2024	(Un-audited) March 31, 2023
----- (Rupees) -----		
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	365,657
Profit on modaraba's deposit accounts	71,355,302	70,096,560
Profit on Redemption reserve funds	19,324,869	18,818,830
Profit on Ijarah GOP sukuk bonds	45,767,446	31,284,413
Profit on Sukuk	14,605,905	10,598,883
Dividend from mutual funds	16,645,598	-
Miscellaneous income	30,581,601	21,632,437
	203,046,211	192,132,083

13. FINANCIAL CHARGES

Profit paid on certificates of investment (musharaka)	2,333,323,377	1,502,467,532
Profit paid on Running Musharaka Financing	181,215,187	81,670,016
Financial charges on liability against right of use assets	3,148,475	1,486,037
Bank charges	797,001	809,067
	2,518,484,040	1,586,432,652

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 March 31, 2024 has been recognized at 10% (March 31, 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% (March 31, 2023: 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.

15. TAXATION

	(Un-audited) March 31, 2024	(Un-audited) March 31, 2023
----- (Rupees) -----		
Current	387,055,561	146,636,924
Deferred	(154,931,147)	(51,624,126)
	232,124,414	95,012,798

Notes To The Condensed Interim Financial Statements

FOR THE NINE MONTHS ENDED MARCH 31, 2024

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:

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.

	Nine months ended (Un-audited)		Quarter ended (Un-audited)	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023 (Re stated)
Profit for the period - Rupees	657,748,623	409,098,431	183,980,903	160,876,136
Weighted average number of certificates of Rs. 5/- each	221,661,000	221,661,000	221,661,000	221,661,000
Earnings per certificate	2.97	1.85	0.83	0.73

17. CASH AND CASH EQUIVALENTS

Cash and bank balance
Running musharaka

(Un-audited)	(Audited)
March 31, 2024	June 30, 2023
----- (Rupees) -----	
281,100,182	548,048,894
(2,245,462,320)	(745,667,326)
(1,964,362,138)	(197,618,432)

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)	(Un-audited)
			March 31, 2024	March 31, 2023
----- (Rupees) -----				
Balances held				
Related party	Basis of relationship	Nature of balances		
Habib Metropolitan Bank Limited	Holding Company	Bank balances	238,536,639	160,387,545
		Certificates of investment (musharaka)	5,600,000,000	4,700,000,000
		Profit receivable	5,142,809	8,183,720
		Financial charges payable	133,368,493	85,712,740
		Utility charges payable	-	3,062,108
		Security deposit	130,000	130,000

Notes To The Condensed Interim Financial Statements

FOR THE NINE MONTHS ENDED MARCH 31, 2024

			(Un-audited)	(Un-audited)
			March 31, 2024	March 31, 2023
			(Rupees)	
Balances held				
Related party	Basis of relationship	Nature of balances		
Habib Metropolitan Modaraba Management Company (Private) Limited	Management Company	Management fee payable	102,371,332	88,302,836
		Sale tax on management fee payable	57,269,882	43,961,609
Staff Retirement Benefit Fund	Associate	Payable to staff gratuity fund	2,380,847	-
Transactions during the period				
Habib Metropolitan Bank Limited	Holding Company	Profit on bank accounts	101,107,367	58,996,309
		Bank charges	1,155,304	575,427
		Utility charges	6,889,495	2,436,761
		Financial charges	86,847,790	527,112,745
Habib Metropolitan Modaraba Management Company (Private) Limited	Management Company	Management fee	102,371,332	57,993,147
		Sale tax on management fee	13,308,273	7,539,109
		Management fee paid	88,671,738	56,977,101
		Dividend paid	22,166,100	20,160,000
Habib Metropolitan Financial Services Limited	Associate	Brokerage commission	-	54,375
		Sales of securities	-	50,826,842
Staff Retirement Benefit Fund	Associate	Gratuity expense	2,791,881	2,700,000
Provident Fund	Associate	Contribution made	2,289,706	3,032,717

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:

Notes To The Condensed Interim Financial Statements

FOR THE NINE MONTHS ENDED MARCH 31, 2024

- 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).

	March 31, 2024 (Un-audited)				Fair value			
	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)			
Financial assets measured at fair value								
Shares of listed companies	73,360,000	-	-	73,360,000	73,360,000	-	-	73,360,000
Sukuk	80,000,000	-	-	80,000,000	-	80,000,000	-	80,000,000
Investment in MCB Arif Habib funds (Alhamra Islamic Money Market Fund)	-	117,795,150	-	117,795,150	-	117,795,150	-	117,795,150
	153,360,000	117,795,150	-	271,155,150	73,360,000	197,795,150	-	271,155,150

Financial assets not measured at fair value (note 19.1)

Redemption Reserve Funds	-	-	41,703,524	41,703,524
Investment in GOP Ijarah Sukuk	-	-	273,780,160	273,780,160
Diminishing musharaka financing	-	-	21,255,357,225	21,255,357,225
Long term deposits	-	-	1,465,300	1,465,300
Diminishing musharaka financing installments receivables	-	-	8,529,868	8,529,868
Advances	-	-	379,400	379,400
Other receivables	-	-	93,987,642	93,987,642
Cash and bank balances	-	-	239,396,658	239,396,658
	-	-	21,914,599,777	21,914,599,777

During the period ended March 31, 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, 2023 (Audited)				Fair value			
	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)			
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

Notes To The Condensed Interim Financial Statements

FOR THE NINE MONTHS ENDED MARCH 31, 2024

	March 31, 2024 (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)	-	15,164,452,260	15,164,452,260	-	13,708,381,051	13,708,381,051
Unearned diminishing musharaka installments	-	27,498,849	27,498,849	-	38,359,710	38,359,710
Advance diminishing musharaka installments	-	26,924,920	26,924,920	-	15,572,861	15,572,861
Trade and other payables	-	1,198,624,247	1,198,624,247	-	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	-	53,135,949	53,135,949	-	51,479,860	51,479,860
	-	16,843,214,917	16,843,214,917	-	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.

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 April 25, 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