

# **First Habib Modaraba**

(An Islamic Financial Institution)



## **HALF YEARLY ACCOUNTS**

for the period ended

December 31, 2015

(Unaudited)



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. Wazir Mumtaz Ahmed	- Chairman (Non-Executive Director)
Mr. Muhammad Shoaib Ibrahim	- Chief Executive Officer
Mr. Abbas Ali Muhammad	- (Non-Executive Director)
Mr. Mohammad Hashim	- (Non-Executive Director)
Mr. Syed Rasheed Akhtar	- (Non-Executive Independent Director)

### AUDITORS

Muniff Ziauddin & Company  
Chartered Accountants

### LEGAL ADVISOR

Mohsin Tayebaly & Company  
Ahmed & Qazi Advocates & Legal Consultants

### AUDIT COMMITTEE

Mr. Syed Rasheed Akhtar	- Chairman
Mr. Abbas Ali Muhammad	- Member
Mr. Wazir Mumtaz Ahmed	- Member
Mr. Shakeel Ahmed	- Secretary

### HUMAN RESOURCE COMMITTEE

Mr. Syed Rasheed Akhtar	- Chairman
Mr. Abbas Ali Muhammad	- Member
Mr. Wazir Mumtaz Ahmed	- Member

### COMPANY SECRETARY

Mr. Adnan Thanwey

### REGISTRAR:

Central Depository Company of Pakistan 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

### BANKERS

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

### REGISTERED OFFICE

5<sup>th</sup> Floor, HBZ Plaza (Hirani Centre)  
I.I. Chundrigar Road, Karachi.

Tel : 021-32635949-51  
Fax : 021-32627373  
UAN : 111-346-346  
Web : [www.habibmodaraba.com](http://www.habibmodaraba.com)  
Email : [fhm@habibmodaraba.com](mailto:fhm@habibmodaraba.com)

### GEOGRAPHICAL PRESENCE - BRANCH OFFICES

#### Lahore Branch:

1st Floor, 5-Z Block, Phase III, Defence Housing  
Authority, Lahore.  
Tel: 042-35693074-76, Fax: 042-35693077

#### Islamabad Branch:

Office No. 7, Mezzanine Floor, Razia Shareef Plaza  
Blue Area, Islamabad.  
Tel: 051-32278865-67, Fax: 051-2278868

#### Multan Branch:

Mezzanine Floor, Abdali Tower,  
Abdali Road, Multan.  
Tel : 061-4500121-3, Fax : 061-4588810

## DIRECTORS' REPORT

On behalf of the Board of Directors, it is my great pleasure to present the un-audited accounts of the Modaraba for the six months ended Dec 31, 2015.

1st half of current year remain very challenging in terms of maintaining spreads and profit margin. In our business operations profit spread is significantly reduced and continuously shrinking in the wake of accommodative monetary policy adopted by the SBP. Our better priced financing portfolio of past is also gradually reducing and new funds are deploying at low rate which further pressurize our profitability to some extent. Due to low profit margin, our net profit has slightly reduced by 3% as compared to same period of last year. On other side, we have made significant increase in disbursement and resource mobilization. Our financing during the period has been increased by 48% and our deposit (Certificate of Musharkah) rose by 71% over the period of last year. Due to increase in business volume our profitability was reduced by very small amount. Otherwise keeping in view of drastic rate reduction since July 2014, our profitability would have further reduced.

At present, uncertainty and gloomy outlook have been surrounding within the economic and business news globally. According to latest report of World Bank and IMF, it is expected that world economy will face challenges on multiple fronts in 2016 such as monetary tightening of US Federal Reserve, slow down of China's and emerging market economies and low prices of oil and commodities.

Pakistan is also passing through with mix trend of economic indicators. The major macroeconomic indicators continued to exhibit improvements in the first half of the current fiscal year. The inflationary environment stayed benign, LSM gained traction, and fiscal consolidation remained on track. With the pickup in private sector credit, along with improving security situation reflects strengthening of investor and consumer confidence. However, external trade deficit is more than what projected owing to steep decline in exports. Our exports are losing competitiveness in global markets which urgently require concentrated efforts to overcome this issue. The economy seems to be slightly on right track with satisfactory economic indicators and outlook. China-Pakistan Economic Corridor (CPEC) has further boosted the future prospects and its success would certainly enhance much needed impetus to the economy in the long run for consistent and stable growth.

As stated in our last report that due to substantial reduction in financing rate, we are expecting impact on overall profitability of FHM. According to result of first half so far we have managed to retain our profitability and hopeful that by increasing of business volume particularly on financing side, we will be able to maintain our profitability at year end.

The Board would like to express its 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 & business and Certificate holders who have remained committed to FHM. The Board also appreciates dedication, high level of professionalism and hard work of employees of FHM for smooth operations and achieving satisfactory results.

For and on behalf of Board of Directors

**Muhammad Shoaib Ibrahim**  
Chief Executive Officer

Karachi: February 24, 2016

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE CERTIFICATE HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION**

#### **Introduction**

We have reviewed the accompanying condensed interim balance sheet of First Habib Modaraba as at December 31, 2015, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the six months ended December 31, 2015. The Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review.

The figures for the quarters ended December 31, 2015 and December 31, 2014 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

#### **Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information 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 information as at and for the six months period ended December 31, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan relating to interim financial reporting.

Karachi: February 24, 2016

**Muniff Ziauddin & Co.**  
Chartered Accountants  
(Muhammad Moin Khan)

# CONDENSED INTERIM BALANCE SHEET

As at December 31, 2015

	Note	Unaudited December 31, 2015	Audited June 30, 2015
ASSETS			
NON CURRENT ASSETS			
Fixed assets - tangible		2,900,149,796	3,072,311,550
Lease financing assets		8,479,914	8,637,666
Assets in own use	5	2,908,629,710	3,080,949,216
		473,375	661,638
Intangible assets		665,850	687,450
Long term advances, deposit and prepayments		1,432,248,576	1,029,713,235
Diminishing musharaka financing	6	4,342,017,511	4,112,011,539
CURRENT ASSETS			
Investments	7	992,516,987	985,220,547
Diminishing musharka financing - current portion	6	908,839,063	699,404,010
Lease financing rental receivable	8	3,313,534	3,601,077
Advances and short term prepayments		1,260,555	3,571,280
Other receivables (Unsecured - considered good)		38,486,816	42,784,358
Tax refund due from Government	9	59,184,873	59,184,873
Cash and bank balances		172,341,295	487,512,972
		2,175,943,123	2,281,279,117
		6,517,960,633	6,393,290,656
TOTAL ASSETS			
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Certificate capital			
Authorized capital			
220,000,000 (June 2015: 220,000,000) certificates of			
Rs. 5/- each		1,100,000,000	1,100,000,000
Issued, subscribed and paid up capital		1,008,000,000	1,008,000,000
Reserves		2,184,378,540	2,248,855,321
Certificate holders' equity		3,192,378,540	3,256,855,321
NON CURRENT LIABILITIES			
Security deposits against lease financing assets		324,434,973	343,300,486
CURRENT LIABILITIES			
Certificate of musharaka		2,555,233,781	2,360,079,584
Security deposits against lease financing assets (current portion)		105,958,078	75,200,074
Unearned Lease financing rentals and diminishing musharaka installments		17,331,256	13,002,325
Advance Lease financing rentals and diminishing musharaka installments		18,853,908	16,521,499
Trade and other payables		222,461,315	251,292,016
Profit payable on certificate of musharaka		48,737,176	48,570,764
Taxation	10	2,790,833	2,790,833
Unclaimed profit distribution		25,336,316	25,677,754
Profit distribution payable		4,444,457	-
		3,001,147,120	2,793,134,849
CONTINGENCIES AND COMMITMENTS			
	11	-	-
TOTAL EQUITY AND LIABILITIES			
		6,517,960,633	6,393,290,656

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

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

**CHIEF EXECUTIVE**
**DIRECTOR**
**DIRECTOR**

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2015

		Half year ended		Quarter ended	
	Note	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
		-----Rupees-----		-----Rupees-----	
Income from Lease Financing		131,966,164	150,627,397	61,933,829	74,512,204
Profit on Diminishing Musharaka Financing		100,803,032	70,457,085	53,533,283	37,455,460
		232,769,196	221,084,482	115,467,112	111,967,664
Administrative expenses		(43,752,229)	(41,718,656)	(19,864,094)	(19,488,041)
		189,016,967	179,365,826	95,603,018	92,479,623
Other income	12	56,301,344	66,737,399	28,815,125	30,908,536
Other charges	13	(3,769,470)	(3,842,594)	(2,057,289)	(2,118,123)
		241,548,841	242,260,631	122,360,854	121,270,036
Financial charges		(73,112,788)	(68,889,112)	(37,538,975)	(33,702,466)
		168,436,053	173,371,519	84,821,879	87,567,570
Modaraba company's management fee		-	-	-	-
<b>PROFIT FOR THE PERIOD</b>		<b>168,436,053</b>	<b>173,371,519</b>	<b>84,821,879</b>	<b>87,567,570</b>
<b>Earning per certificate - basic and diluted</b>	14	<b>0.84</b>	<b>0.86</b>	<b>0.42</b>	<b>0.43</b>

Appropriations have been reflected in the statement of changes in equity.

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

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

**CHIEF EXECUTIVE**

**DIRECTOR**

**DIRECTOR**

# **CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**

FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	Note	Half year ended		Quarter ended	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
		Rupees		Rupees	
Profit for the period		168,436,053	173,371,519	84,821,879	87,567,570
Net unrealizable gain on investments available for sale		(11,152,834)	(29,865,852)	(7,000,937)	(19,206,559)
Total comprehensive income for the period		<u>157,283,219</u>	<u>143,505,667</u>	<u>77,820,942</u>	<u>68,361,011</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

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

**CHIEF EXECUTIVE**
**DIRECTOR**
**DIRECTOR**



## CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	December 31, 2015	December 31, 2014
	Rupees	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit for the period	168,436,053	173,371,519
Adjustment for:		
Depreciation and amortization	571,466,081	578,995,648
Financial charges	73,112,788	68,889,112
Provision for gratuity	900,000	-
Gain on sale of shares	(9,948)	-
Gain on transfer of Lease financing assets	(16,904,946)	(8,375,460)
Gain on disposal of assets in own use	-	(20,977)
Dividend income	(4,287,764)	(3,695,210)
Changes in working capital	624,276,211	635,793,113
(Increase) / decrease in current assets		
Lease financing rental receivable	287,543	5,524,812
Advances and short term prepayments	2,310,725	6,421,888
Other receivables (Unsecured - considered good)	4,518,206	1,781,321
	7,116,474	13,728,021
Increase / (decrease) in current liabilities		
Unearned Lease financing rentals and diminishing musharaka installments	4,328,931	6,805,733
Advance lease rentals and diminishing musharaka installments	2,332,409	(12,749,483)
Trade and other payables	(29,730,701)	(19,280,219)
	(23,069,361)	(25,223,969)
Cash generated from operations	776,759,377	797,668,684
Purchase of Lease financing assets	(601,128,226)	(539,675,317)
Proceeds from transfer of Lease financing assets	220,754,764	162,278,799
Investment in diminishing musharka Long term advances and deposits	(611,970,394)	(316,140,591)
Net Lessee's security deposits	21,600	435,600
Financial charges paid	11,892,491	186,243
Tax paid	(72,946,375)	(51,543,164)
	(220,664)	(203,826)
Net cash (used in) / generated from operating activities	(1,053,596,805)	(744,662,256)
	(276,837,428)	53,006,428
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of assets in own use	(1,679,904)	(665,208)
Purchase of investments	(19,142,493)	(16,258,443)
Proceed from disposal of investments (net)	703,167	-
Proceeds from disposal of assets in own use	-	21,108
Dividend received	4,287,764	3,695,210
Net cash used in investing activities	(15,831,466)	(13,207,333)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(217,656,981)	(218,956,967)
Certificate of Musharaka	195,154,197	28,033,425
Cash used in financing activities	(22,502,784)	(190,923,542)
<b>Net decrease in cash and cash equivalents</b>	<b>(315,171,677)</b>	<b>(151,124,447)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>487,512,972</b>	<b>371,131,886</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>172,341,295</b>	<b>220,007,439</b>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

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

**CHIEF EXECUTIVE**

**DIRECTOR**

**DIRECTOR**

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	Capital Reserves			Revenue Reserves				
	Certificate capital	Certificate Premium	Statutory reserve	General reserve	Unrealized gain on investments	Unappropriated profit	Total Reserves	Total
	----- Rupees -----							
Balance as at July 01, 2014	1,008,000,000	378,000,000	834,540,718	640,000,000	107,835,091	240,243,557	2,200,619,366	3,208,619,366
Profit distribution for the year ended June 30, 2014 @ 22%	-	-	-	-	-	(221,760,000)	(221,760,000)	(221,760,000)
Total comprehensive income for the period	-	-	-	-	(29,865,852)	173,371,519	143,505,667	143,505,667
Balance as at December 31, 2014	<u>1,008,000,000</u>	<u>378,000,000</u>	<u>834,540,718</u>	<u>640,000,000</u>	<u>77,969,239</u>	<u>191,855,076</u>	<u>2,122,365,033</u>	<u>3,130,365,033</u>
Balance as at July 01, 2015	1,008,000,000	378,000,000	911,165,803	640,000,000	71,203,913	248,485,605	2,248,855,321	3,256,855,321
Profit distribution for the year ended June 30, 2015 @ 22%	-	-	-	-	-	(221,760,000)	(221,760,000)	(221,760,000)
Total comprehensive income for the period	-	-	-	-	(11,152,834)	168,436,053	157,283,219	157,283,219
Balance as at December 31, 2015	<u>1,008,000,000</u>	<u>378,000,000</u>	<u>911,165,803</u>	<u>640,000,000</u>	<u>60,051,079</u>	<u>195,161,658</u>	<u>2,184,378,540</u>	<u>3,192,378,540</u>

The statutory reserve represents profit set aside as required under the Prudential Regulation for Modarabas as issued by the Securities and Exchange Commission of Pakistan.

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

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

**CHIEF EXECUTIVE**

**DIRECTOR**

**DIRECTOR**

## **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

FOR THE HALF YEAR ENDED DECEMBER 31, 2015

### **1. LEGAL STATUS AND OPERATION**

First Habib Modaraba (the Modaraba) is a perpetual, multi-purpose modaraba floated and managed by Habib Modaraba Management (Private) Limited (the Modaraba Management Company) having its registered office at 5th Floor, HBZ Plaza, I.I. Chundrigar Road, Karachi. The Modaraba is listed on the Karachi, Lahore and Islamabad stock exchanges of Pakistan (Pakistan Stock Exchange Ltd. w.e.f January 11, 2016). The Modaraba is engaged in the business of Lease financing, Musharaka, Murahaba financing and other related business.

### **2. BASIS OF PREPARATION**

#### **2.1 Statement of compliance**

These condensed interim financial statements are unaudited but subject to limited scope review by the external auditors as required by the Code of Corporate Governance and are being submitted to the certificate holders as required under Rule 10 of the Modaraba Companies and Modaraba Rules, 1981.

This condensed interim financial report of the Modaraba for the six months period ended December 31, 2015 has been prepared in accordance with the requirements of the International Accounting Standard 34- Interim Financial Reporting and provisions of and directives issued under the Modaraba Companies and Modarabas (Flotation and Control Ordinance, 1980 Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas. In case where requirements differ, the provisions of or directives issued under the Modaraba Companies and Modarabas (Flotation and Control) Ordinance 1980, Modaraba Companies and Modarabas Rules, 1981 and Prudential Regulations for Modarabas have been followed.

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 financial statements of the Modaraba as at and for the year ended June 30, 2015.

#### **2.2 Basis of measurement**

These condensed interim financial statements have been prepared under the historical cost convention, except for investments that are stated at fair value.

These condensed interim financial statements have been prepared following accrual basis of accounting, except for cash flow information.

#### **2.3 Functional and presentation currency**

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

### **3. SIGNIFICANT ACCOUNTING POLICIES**

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 financial statements for the year ended June 30, 2015.

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2015

## 4 ESTIMATES

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, 2015.

		Unaudited	Audited
		December 31, 2015	June 30, 2015
		-----Rupees-----	
<b>5. FIXED ASSETS - TANGIBLE</b>			
Lease Financing assets			
Assets in own use	5.1	2,900,149,796	3,072,311,550
	5.2	8,479,914	8,637,666
		<u>2,908,629,710</u>	<u>3,080,949,216</u>
<b>5.1 Lease Financing Assets</b>			
Lease financing assets	5.1.1	2,735,637,116	2,619,047,150
Advance against Lease financing assets		164,512,680	453,264,400
		<u>2,900,149,796</u>	<u>3,072,311,550</u>
<b>5.1.1 Lease Financing Assets</b>			
Book value at the beginning of the period / year		2,619,047,150	2,704,571,676
Additions during the period / year	5.1.2	889,879,946	1,452,873,467
		3,508,927,096	4,157,445,143
Deletion during the period / year at book value	5.1.3	(203,849,818)	(386,399,127)
Depreciation charge during the period / year		(569,440,163)	(1,151,998,866)
Book value at the end of the period / year		<u>2,735,637,115</u>	<u>2,619,047,150</u>
<b>5.1.2 Additions during the period / year</b>			
Plant, machinery and equipment		10,000,000	204,498,877
Vehicles		827,920,591	1,248,374,590
Furniture and fixture		51,959,355	-
		<u>889,879,946</u>	<u>1,452,873,467</u>
<b>5.1.3 Deletion (at book value) during the period / year</b>			
Plant, machinery and equipment		44,126,745	102,122,296
Vehicles		159,723,073	284,276,831
		<u>203,849,818</u>	<u>386,399,127</u>

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2015

		Unaudited	Audited
		December 31, 2015	June 30, 2015
		Rupees	
<b>5.2 Assets in own use</b>			
Book value at the beginning of the period / year		8,637,666	11,204,147
Additions during the period / year	5.2.1	1,679,903	1,911,445
		10,317,569	13,115,592
Deletion during the period / year at book value	5.2.2	-	(23,123)
Depreciation charge during the period / year		(1,837,655)	(4,454,803)
Book value at the end of the period / year		8,479,914	8,637,666
<b>5.2.1 Additions during the period / year</b>			
Office equipment		426,673	649,515
Furniture and fixture		214,230	493,930
Vehicles		1,039,000	768,000
		1,679,903	1,911,445
<b>5.2.2 Deletion (at book value)</b>			
Office equipment		-	73
Furniture and fixture		-	61
Vehicles		-	22,989
		-	23,123
<b>6. DIMINISHING MUSHARKA FINANCING</b>			
Secured			
Diminishing musharka financing		2,121,966,618	1,569,917,509
Less: Current portion		(908,839,063)	(699,404,010)
		1,213,127,555	870,513,499
Advance gainst diminishing musharaka financing		219,121,021	159,199,736
		1,432,248,576	1,029,713,235
<b>7. INVESTMENTS</b>			
Available for sale			
Investment in shares - available for sale		189,316,987	180,180,547
Investment in sukuk	7.1	803,200,000	805,040,000
		992,516,987	985,220,547

- 7.1** These Sukuk Bonds are issued by the Government of Pakistan with the maturity term of 3 years from the date of issue. The profit on the sukuk shall be paid semi-annually on the basis of rental rate announced by the State Bank of Pakistan prior to start of each half year. The Modaraba has obtained permission from Registrar of Modaraba to treat the investment as part of redemption reserve fund to be set aside by the Modaraba to comply with the requirements of the Registrar of Modarabas for the issuance of Certificate of Musharaka.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	Unaudited December 31, 2015	Audited June 30, 2015
	Rupees	
<b>8. LEASE FINANCING RENTALS RECEIVABLES</b>		
Lease financing rental due	3,313,534	3,601,077
Less: Suspense Lease financing rentals	-	-
	<u>3,313,534</u>	<u>3,601,077</u>

**8.1** Suspense Lease financing rentals represent amounts overdue on Lease financing assets.

**8.2** Installments receivable in respect of existing Lease financing within one year amounts to Rs. 1,136.112 million (June 30, 2015: Rs.1,353.143 million). Lease financing installments recoverable within the next twelve months shall be treated as current assets for the purpose of calculating current ratio (as per BPRD circular no. 8 dated April 11, 1998)

	Unaudited December 31, 2015	Audited June 30, 2015
	Rupees	
<b>9 TAX REFUND DUE FROM GOVERNMENT</b>		
Income tax	59,184,873	59,184,873

## 10. TAXATION

As per the current tax law, income of non-trading modarabas is exempt from income tax provided that they distribute ninety percent cash profit to certificate holders out of current year's total profit after appropriating to statutory reserves. As the management is intending to follow the aforesaid policy for profit distribution for the current year, no provision with respect to current and deferred taxation has been made in these condensed interim financial statements.

## 11. CONTINGENCIES AND COMMITMENTS

Contingencies

There are no significant contingencies to report.

Commitments

Commitments in respect of Lease financing transactions amounted to Rs. 201.028 million (June 30, 2015: Rs. 150.484 million)

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2015

Note	Half year ended		Quarter ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	-----Rupees-----		-----Rupees-----	
<b>12. OTHER INCOME</b>				
Dividend income	4,287,764	3,695,210	3,672,518	2,242,990
Profit on transfer of Lease assets	16,904,946	8,375,460	10,156,680	4,078,398
Profit on disposal of assets in own use	-	20,977	-	20,977
Profit on modaraba deposit account	6,207,661	15,181,440	1,942,293	4,816,948
Gain on sale of shares	9,948	-	-	-
Profit on Sukuk	27,619,673	39,077,354	12,405,733	19,559,452
Miscellaneous	1,271,352	386,958	637,901	189,771
	<b>56,301,344</b>	<b>66,737,399</b>	<b>28,815,125</b>	<b>30,908,536</b>

### 13 OTHER OPERATING CHARGES

Workers' welfare fund	3,437,470	3,538,194	1,907,289	1,968,123
Loss on sale of shares	-	-	-	-
Auditor's remuneration	332,000	304,400	150,000	150,000
	<b>3,769,470</b>	<b>3,842,594</b>	<b>2,057,289</b>	<b>2,118,123</b>

### 14. EARNINGS PER CERTIFICATE - BASIC AND DILUTED

There is no dilutive effect on earnings per certificate which is based on:

Note	Half year ended		Quarter ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	-----Rupees-----		-----Rupees-----	
Net profit for the period	168,436,053	173,371,519	84,821,879	87,567,570
Weighted average number of ordinary certificates.	201,600,000	201,600,000	201,600,000	201,600,000
Basic earnings per certificate	0.84	0.86	0.42	0.43

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2015

### 15. TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise the Management Company (Habib Modaraba Management Company (Private) Limited), First Habib Modaraba Employees' Provident Fund, First Habib Modaraba Employee Gratuity Fund and key management personnel. The balances outstanding to/from these parties have been included in the relevant notes to the financial statements. Transactions with related parties and associated undertakings are as follows:

Relationship	Nature of transaction	December 31, 2015	December 31, 2014
Rupees			
<b>Balances with the related parties</b>			
Staff Retirement Benefit Fund	Payable to staff gratuity fund	900,000	840,000
First Habib Modaraba Provident Fund	Investment in Certificate of Musharaka	28,337,462	27,664,949
Expenses			
Staff retirement benefit Fund	Gratuity fund	900,000	840,000
Fund	Provident fund	999,929	918,513
Payments made during the period			
First Habib Modaraba Provident Fund	Contribution to staff provident fund	1,999,858	1,837,026
Modaraba Management Company	Dividend paid	110,551,905	110,551,905

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

### 16. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 24-02-2016 by the Board of Directors of the Management Company.

### 17. GENERAL

Figures have been rounded off to the nearest rupee.

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

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR



