

# Habib Metro Modaraba

(An Islamic Financial Institution)

(Managed by: HabibMetro Modaraba Management)



## Annual Report 2018

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

مَدِينَةُ الْمَدِينِ

## **VISION**

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Be a leading Modaraba in providing Shariah compliant financial facilities through innovative products and services.

## **MISSION**

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To achieve excellence in our chosen markets in accordance with Islamic principles of finance in a professional manner with high ethical standards supported by state of art services through efficient distribution channels for sustainable growth and better return to our investors.

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## Corporate Information

### BOARD OF DIRECTORS

Mr. Wazir Mumtaz Ahmed  
Mr. Muhammad Shoaib Ibrahim  
Mr. Syed Rasheed Akhtar

- Chairman
- Chief Executive Officer
- Non-Executive Independent Director

### LEGAL ADVISOR

Mohsin Tayebaly & Company

### AUDIT COMMITTEE

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

### HUMAN RESOURCE COMMITTEE

Mr. Syed Rasheed Akhtar- Chairman  
Mr. Wazir Mumtaz Ahmed- Member  
Mr. Tehsin Abbas- Secretary

### COMPANY SECRETARY

Mr. Muhammad Mustafa

### 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

### AUDITOR

BDO Ebrahim & Co.  
Chartered Accountants

### BANKERS

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

### REGISTERED OFFICE

3rd Floor, Al Manzoor Building  
Dr. Ziauddin Ahmed Road, Karachi  
Tel : 021-32635949-51  
Fax : 021-32627373  
Web [www.habibmetromodaraba.com](http://www.habibmetromodaraba.com)  
Email : [hmm@habibmetromodaraba.com](mailto:hmm@habibmetromodaraba.com)

## Chairman's Message

Dear Modaraba Certificate Holders,

It is indeed a fortunate moment for me to report to our respected Certificate Holders on the first-year activities of Habib Metro Modaraba (HMM) and I really feel grateful in mentioning that by the grace of Almighty Allah, the Modaraba has started its business drive successfully and able to declare dividend in the very first year of its operation. Although, the dividend announced is of small amount due to reduced operational working period of the year.

I am happy to note that HMM has launched its auto financing product i.e., InstaCar on the basis of Residual Value financing model. This product is having very unique features and I am confident that said product will attract large customer base. HMM has also started marketing of product of Solar Equipment which is also a very popular mode of financing for green energy. I have confidence on the team of HMM and hopeful that they will be able to build quality assets portfolio and will produce even better result by following all applicable laws and regulations.

I express appreciation to my Board Members for their continued support, strategic guidance and for their prudent and invaluable contributions. I would like to thank each and every member of the Board for their guidance, valuable input and giving their precious time for Board meetings. My sincere thanks to senior management of Habib Metro Bank for their worthy support and assistance particularly at the time of public floatation of the Modaraba.

I also wish to pay tribute to the Chief Executive Officer, Senior Executives and all other staff members of HMM for their hard work, high level of professionalism, devotion and committed efforts for producing satisfactory results of HMM. I place my sincere appreciation to our Certificate Holders, business partners and all other valued stakeholders for their faith and the confidence place in our organization. I take this opportunity to thank Registrar of Modaraba, Securities & Exchange Commission of Pakistan, State Bank of Pakistan, Pakistan Stock Exchange, and other relevant regulatory bodies for their continued guidance and support extended to us.

Wazir Mumtaz Ahmed  
Chairman  
Karachi: August 29, 2018

## چیئر مین کا پیغام

محترم مضاربہ سرٹیفکیٹ کنندگان

یہ بے شک ایک خوش قسمت موقع ہے کہ میں اپنے قابل احترام سرٹیفکیٹ کنندگان کے سامنے حبیب میٹر و مضاربہ (HMM) کے پہلے سال کی کارکردگی کی رپورٹ پیش کر رہا ہوں اور اللہ کے فضل و کرم سے مضاربہ نے اپنے بزنس کے آغاز ہی میں اچھی کارکردگی دکھاتے ہوئے پہلے سال ہی اپنے کھاتے داروں کیلئے منافع کا اعلان کیا ہے۔ حالانکہ، جو منافع ہے وہ ابھی کم ہے کیونکہ کام کا دورانیہ اس پیریڈ کے سال میں کم تھا۔

مجھے اس بات کی خوشی ہے کہ حبیب میٹر و مضاربہ (HMM) نے آٹو کار فنانسنگ پروڈکٹ جو کہ InstaCar کے نام سے ہے اور ریزیڈول ویلیو (Residual Value) کے سرمایہ کاری ماڈل پر شروع کیا گیا ہے۔ یہ ایک بہت ہی منفرد پروڈکٹ ہے اور مجھے یقین ہے کہ یہ پروڈکٹ بہت سارے کسٹمرز کو بھائے گا۔ حبیب میٹر و مضاربہ (HMM) نے سولر سسٹم آلات میں سرمایہ کاری کیلئے مارکیٹنگ کی ہے جو کہ گرین انرجی کیلئے بہت ہی مشہور پروڈکٹ ہے۔ مجھے حبیب میٹر و مضاربہ (HMM) کی ٹیم پر پورا یقین ہے اور میں اُمید رکھتا ہوں کہ یہ لوگ تمام لاگو قواعد و ضوابط کو مد نظر رکھتے ہوئے معیاری اثاثوں کا پورٹ فولیو بناتے ہوئے بہترین نتائج دینگے۔

میں ساتھ ساتھ اپنے بورڈ آف ڈائریکٹرز کی بھی تعریف کرنا چاہوں گا جن کے مسلسل تعاون، لائحہ عمل میں رہنمائی اور اُنکے بہترین و قیمتی مشوروں نے ساتھ دیا۔ میں بورڈ کے ہر ایک ممبر کا شکریہ ادا کرنا چاہتا ہوں جنہوں نے رہنمائی، قیمتی آراء اور اپنے قیمتی وقت بورڈ کے اجلاس کو دیا۔ میں بہت ہی مخلصانہ شکریہ حبیب میٹر و بینک کی سینئر انتظامیہ کا کرنا چاہتا ہوں جن کا قابل ذکر تعاون اور رہنمائی ہمیں حاصل رہی خصوصاً مضاربہ کے عوامی فلاح و بہبود کے وقت۔

میں خراج تحسین پیش کرنا چاہتا ہوں چیف ایگزیکٹو آفیسر کو، سینئر ایگزیکٹوز کو اور حبیب میٹر و مضاربہ کے تمام دیگر اسٹاف ممبران کو اُنکی انتھک محنت، اعلیٰ درجے کا پروفیشنلزم، اور ان کے کام کے ساتھ بے لوث خدمت کا جس کی وجہ سے سے حبیب میٹر و مضاربہ کو اطمینان بخش نتائج حاصل ہوئے۔ میں بہت ہی تعریف کرنا چاہوں گا اپنے سرٹیفکیٹ کنندگان کا، کاروباری شراکت داروں کا اور اپنے تمام قابل احترام اسٹیک ہولڈرز کا جو یقین انہوں نے ہمارے ادارے پر کیا۔ اس موقع کو استعمال کرتے ہوئے میں رجسٹرار مضاربہ، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، پاکستان اسٹاک ایکسچینج اور دیگر متعلقہ ریگولیٹری اداروں کا جن کی رہنمائی اور تعاون ہمارے آگے بڑھنے کا باعث بنے۔

وزیر ممتاز احمد

چیئر مین

تاریخ: ۲۹ اگست ۲۰۱۸



## Directors' Report

On behalf of the Board of Directors, we are pleased to present the audited accounts of the Habib Metro Modaraba (HMM) for the period commencing from October 06, 2017 ended June 30, 2018 (the period).

### FINANCIAL HIGHLIGHTS

Operating Results and Business Review:

	<b>October 06, 2017 to June 30, 2018 (Rupees)</b>
<b>Profit &amp; Loss:</b>	
Revenue	12,657,349
Operating expenses	(6,637,932)
Preliminary expenses	(1,925,461)
Profit before management fee	4,093,956
Net profit	<u>4,012,077</u>
Earning per certificate	<u>0.13</u>
<b>Appropriations:</b>	
Net profit for the period	<u>4,012,077</u>
Profit distribution @ 1.0%	3,000,000
Statutory reserve	802,415
Unappropriated profit carried forward	<u>209,662</u>
	<u>4,012,077</u>

### DIVIDEND

The Board of Directors is pleased to announce a cash dividend for the period @ 1.0% i.e., Re. 0.10 per certificates.

### OPERATIONS AND PERFORMANCE

Habib Metro Modaraba commenced business operations in October, 2017, and the above financial performance is for the period from October, 2017 to June, 2018. By the grace of Almighty Allah, the Modaraba has successfully completed its almost nine months operations of first financial year and posted an after-tax profit of Rs. 4,012,077.

At the beginning of operations, the financing of assets could not be started due to huge booking order with local car assemblers and long que in delivery of motor vehicle of all brands. However, now we have been able to receive our booking order which was made few months back. Recently, we have launched our Residual Value (RV) car financing product in the name of InstaCar. The said car financing product is carrying added facilities for the prospective customer and we are confident that the desired result will be achieved and a good breakthrough is expected in near future with regard to the success of the product.

More-over, the initial feedback received from the market with respect to financing of Solar Power equipment is quite encouraging and we have executed service level agreements with couple of good venders. Pakistan being a sixth most populous country has immense potential of green energy and we are confident that we will be able to add good assets in said segment. Presently most of the customers wish to avail subsidies/concessional funding for solar equipment which is available with commercial banks through State Bank of Pakistan (SBP). HMM being Non-Bank Financial Institution is unable to avail said subsidies facility from SBP and cannot entertain these clients. However, our relevant team is marketing said product to prospective customer those who wish to borrow from HMM.

## **BUSINESS STRATEGY AND FUTURE PROSPECTS**

Way forward, we foresee that economy of Pakistan will slightly remain under pressure particularly in first half of current year due to high current account and trade deficit, rising inflation and pressure on Pak rupees. Keeping in view of present economic condition, we have to move forward cautiously and expand our businesses in prudent manner. We will enhance our financing portfolio in prudent manner and build our assets based on sound footings.

## **SHARIAH COMPLIANCE AND AUDIT MECHANISM**

A fundamental requirement of an Islamic financial institution is that its whole business practices and operations are based on Shariah rules and principles. Islamic finance derives its value proposition from the application of Shariah contracts in financial transactions that provide for different risks and return profile.

Adherence to Shariah principles under such distinct contract preserves the validity and sanctity of any Islamic financial transactions. As such, HMM committed to upholding these principles via strict observance of the Shariah Governance Framework.

Adhering to the Shariah principles, Islamic financial system encourages risk sharing, promotes entrepreneurship, discourages speculative behavior and emphasizes the sanctity of contracts.

Alhamdulillah, the management of Habib Metro Modaraba continuously focus on Shariah governance and compliance culture under guidance and supervision of our worthy Shariah adviser. However, continuous efforts have been made for its further improvement.

We feel that Shariah governance is our utmost responsibility and our team is fully committed as their prime objective for its perfection and flawless processes.

A complete Shariah Audit report of Shariah Adviser for the period, is also included with annual report.

## **Corporate Social Responsibility**

Our business strategies are based on strong ethical foundation and concept of sustainable business to create maximum value for our stakeholders. Translating this believe our sustainability model is surrounding within our People, Organization and Planet.

Accordingly we have aligned our Corporate Social Responsibility (CSR) initiatives to deliver on this commitment, and enhance community empowerment and responsible environmental management in a sustainable manner.

Being a socially responsible corporate entity, it has been our primary concern to ensure that contributing to community development should be continuously carried out.

HMM continues to encourage events and projects which focus on children, health and education in under privileged members of society.

## **The Board of Directors**

The Board of Directors of the Habib Metropolitan Modaraba Management Company (Pvt.) Limited (the Management Company) comprises of Mr. Wazir Mumtaz Ahmed, Mr. Muhammad Shoaib Ibrahim, and Mr. Rasheed Akhtar while Mr. Mohammed Hashim expired in March 2018.

## **Directors remuneration**

Chairman, non-executive directors and independent director are entitled only for the fee for attending the meetings from the Modaraba Management Company.

## Attendance of Board meetings

During the period, two meetings of the Board of Directors were held. Attendance by each director is as follows:

Name of Directors	Number of meetings attended
Mr. Wazir Mumtaz Ahmed	2
Mr. Muhammad Shoaib Ibrahim	2
Mr. Rasheed Akhtar	2
Mr. Mohammed Hashim	1

## Pattern of Certificate Holders

The pattern of holding of certificate-holders is included in this annual report.

## Corporate and Financial Reporting Framework

The Directors are pleased to confirm compliance with Corporate and Financial Reporting Framework of the Securities & Exchange Commission Pakistan (SECP) and the Code of Corporate Governance for the following:

- The financial statements, prepared by the management of the modaraba, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the modaraba have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates used are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable to Modarabas in Pakistan, have been followed in preparation of financial statements and any departures there from have been adequately disclosed.
- The system of internal control is in place and has been effectively implemented. It is being continuously reviewed by internal audit and other such procedures.
- Board is satisfied with the Modaraba's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on June 30, 2018 except for those disclosed in the financial statements.

## ACKNOWLEDGEMENT

The Board would like to express its sincere thanks and gratitude for the continued support and guidance provided by Securities & Exchange Commission of Pakistan, Registrar Modaraba Companies, Financial Institutions and State Bank of Pakistan from time to time, customers of the Modaraba for their patronage and business, Certificate holders who have remained committed to Habib Metro Modaraba. In the end, the Board appreciates dedication, high level of professionalism and hard work of employees of your Modaraba for achieving excellent results.

For and on behalf of Board of Directors

Muhammad Shoaib Ibrahim  
Chief Executive Officer  
Karachi: August 29, 2018

Syed Rasheed Akhtar  
Director

## حاضری برائے بورڈ میٹنگز

اس بیوریٹی کے دوران بورڈ آف ڈائریکٹرز کی دو میٹنگ کا انعقاد ہوا۔ ہر ڈائریکٹر کی حاضری درج ذیل ہے۔

ڈائریکٹر کا نام	شرکت شدہ میٹنگز کی تعداد
جناب وزیر ممتاز احمد	۲
جناب محمد شعیب ابراہیم	۲
جناب رشید اختر	۲
جناب محمد ہاشم	۱

## سرٹیفیکیٹس رکھنے کا رجحان

مضاربہ کے سرٹیفیکیٹس رکھنے کا رجحان اس سالانہ رپورٹ کے ساتھ شامل ہے۔

## اداراتی اور مالیاتی رپورٹنگ کا ڈھانچہ

ڈائریکٹرز مسرت کے ساتھ تصدیق کرتے ہیں کہ درج ذیل نکتوں پر سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) اور کوڈ آف کارپوریٹ گورننس پر اداراتی اور مالیاتی رپورٹنگ کا ڈھانچہ مشتمل ہے۔

- مضاربہ کی انتظامیہ کی تیار کردہ مالیاتی دستاویزات اس کے معاملات، آپریشن کے نتائج، کیش فلو اور ایکویٹی میں رد و بدل کے معاملات کی بہتر تصویر پیش کرتے ہیں۔
- مضاربہ کے مناسب طور پر کھاتے مرتب کئے گئے ہیں۔
- مالیاتی اسٹیٹمنٹ کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو لاگو کیا گیا ہے۔ کھاتوں کا تخمینہ بہتر تجزیے اور صحیح وجہ کی بنیاد پر لگایا گیا ہے۔
- مالیاتی دستاویزات کی تیاری میں بین الاقوامی اکاؤنٹنگ اسٹینڈرڈز، جو پاکستان میں مضاربہ پر لاگو ہوتے ہیں، ان پر عملدرآمد کیا گیا اور اس سے انحراف کو مناسب طور پر ظاہر کیا گیا ہے۔
- اندرونی نگرانی کا نظام موجود ہے اور اس کا موثر طور پر نفاذ کیا جا چکا ہے اور انٹرنل آڈٹ اور دیگر طریقوں سے اس کی مسلسل نگرانی ہوتی ہے۔ اس جائزے کا عمل جاری رہے گا اور نظام میں کسی بھی کمزوری کو دور کر دیا جائے گا۔
- بورڈ مضاربہ کی موجودہ جاری پیشرفت سے مطمئن ہے۔
- لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز ۲۰۱۷ میں دئے گئے اداراتی نظم و ضبط کے طریقوں کو تفصیل سے تجویز کردہ طریقہ کار سے انحراف نہیں کیا گیا ہے
- ۳۰ جون ۲۰۱۸ تک کسی بھی قسم کے حکومتی ٹیکسز، ڈیوٹیز، لیویز اور دیگر چارجز وغیرہ قابل ادا نہیں ہیں مہ سوائے ان کے جو کہ مالیاتی دستاویزات میں ظاہر کئے گئے ہیں۔

## اعتراف:

بورڈ شکر گزار ہے کہ جو تعاون اور مدد اُسے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP)، رجسٹرار مضاربہ کمپنیز، مالیاتی اداروں اور اسٹیٹ بینک آف پاکستان کا جنہوں نے گاہے بگاہے کی، اس کے علاوہ مضاربہ کے کسٹمرز کا جنہوں نے ہمارے کاروبار اور دیگر معاملات میں ہماری رہنمائی کی، سرٹیفیکیٹ کنندگان کا جنہوں نے حبیب میٹرو مضاربہ کے ساتھ مسلسل اپنا تعاون جاری رکھا۔ اور آخر میں، بورڈ مضاربہ کے ملازمین کے بہترین پرو فیشنلزم، سخت محنت اور انتھک جذبے کو سراہتا ہے جن کی وجہ سے ہمیں یہ بہترین نتائج حاصل ہوئے ہیں۔

بتوسط بورڈ آف ڈائریکٹرز

سید رشید اختر  
ڈائریکٹر

محمد شعیب ابراہیم  
چیف ایگزیکٹو آفیسر

کراچی ۲۹ اگست ۲۰۱۸

## مستقبل کے مسائل اور کاروباری لائحہ عمل:

آگے بڑھتے ہوئے، ہم دیکھتے ہیں کہ پاکستان کی معاشی صورتحال موجودہ سال کے آدھے حصے میں کرنٹ اکاؤنٹ و تجارتی خسارے، بڑھتی مہنگائی اور پاکستانی روپے پر بڑھتے دباؤ کی وجہ سے تھوڑی دباؤ کا شکار رہے گی۔ موجودہ معاشی صورتحال کو مد نظر رکھتے ہوئے ہم اپنی کاروباری پیشقدمی احتیاط اور طریقے کے ساتھ کریں گے۔ ہم اپنے فنانسنگ پورٹ فولیو کو مضبوط طریقے سے بڑھانے اور مضبوط بنیادوں پر اپنے اثاثوں کی تعمیر کرتے رہیں گے۔

## شریعت کیپلائنس اور آڈٹ کا طریقہ کار

ایک اسلامی مالیاتی ادارے کی بنیادی ضرورت ہوتی ہے کہ وہ شرعی اصول و ضوابط کا پابند رہے، جس پر اُس کے کاروباری معاملات اور امور انجام دیئے جاتے ہیں۔ اسلامک فنانس شرعی معاہدوں کے تحت اُس کی قیمت حاصل کرتی ہے جو کہ فنانشل ٹرانزیکشن کی رسک اور ریٹرن پر وفا کی صورت میں آتی ہے۔

شرعی اصولوں کے پابند مختلف معاہدے کسی اسلامی مالیاتی ٹرانزیکشن کی حرمت اور درنگی کو برقرار رکھتے ہیں اور حبیب میٹرو مضاربہ (HMM) بھی شریعت کے فریم ورک کے اندر ان اصولوں پر سختی سے کاربند ہے۔

شرعی اصولوں کی پابندی، اسلامی مالیاتی نظام رسک شیئرنگ کی حوصلہ افزائی کرتا ہے، کاروبار کو فروغ دیتا ہے، نمائشی چیزوں کی حوصلہ شکنی کرتا ہے اور معاہدوں کی حرمت پر زور دیتا ہے۔ الحمد للہ! حبیب میٹرو مضاربہ کی انتظامیہ شرعی اصولوں کی تکمیل کیلئے بہترین شرعی ایڈوائزر کے زیر نگرانی کام کرتی ہے۔ تاہم، اس کو مزید بہتر سے بہترین بنانے کی کوششیں بھی لگاتار جاری و ساری ہیں۔

ہم سمجھتے ہیں کہ شریعت کی رہنمائی ہماری سب سے پہلی اور بڑی ذمہ داری ہے اور ہماری ٹیم کا یہ مکمل عزم ہے کہ ہمارا سب سے اہم مقصد اس پروسز میں مزید نکھار اور غلطیوں سے پاک کام کیا جائے۔

ایک مکمل شرعی آڈٹ رپورٹ شرعی ایڈوائزر کی طرف سے اس پیریڈ کیلئے اس سالانہ رپورٹ کے ساتھ منسلک ہے۔

## کارپوریٹ سماجی ذمہ داری

ہماری کاروباری لائحہ عمل اسٹک ہولڈرز کیلئے مضبوط اخلاقی بنیادوں اور پائیدار کاروبار کے تصور کو زیادہ سے زیادہ قیمتی بنانے پر ہے۔ اسی یقین کو ہم ایک پائیدار ماڈل کی شکل میں اپنے ارگرد کے افراد، اداروں اور دنیا کے دوسروں کو لوگوں کے پیش کرنا چاہتے ہیں۔

لہذا، ہم اپنی کارپوریٹ سماجی ذمہ داری (CSR) کو فروغ دینے کیلئے مختلف اقدامات اور کمیونٹی کو طاقتور بناتے ہوئے اور پائیدار طریقے سے ذمہ دار منیجمنٹ کا ماحول بنانے کیلئے پُر عزم ہیں۔ ایک ذمہ دار سماجی کارپوریٹ ادارہ ہونے کے ناطے، ہمارا کام یہ ہے کہ ہم کمیونٹی ڈویلپمنٹ میں مسلسل اپنا حصہ شامل کرتے رہیں۔

حبیب میٹرو مضاربہ (HMM) ان پروجیکٹس اور تقریبات کی حوصلہ افزائی کرتا ہے کہ جن کی توجہ کا مرکز پسماندہ بچے، صحت اور تعلیم برائے سوسائٹی کے وہ ممبران ہیں جن کے پاس اپنے کم وسائل ہیں۔

## بورڈ آف ڈائریکٹرز

حبیب میٹرو پولیٹن مضاربہ منیجمنٹ (پرائیوٹ) لمیٹڈ (انتظامی کمپنی) کا بورڈ آف ڈائریکٹرز جناب وزیر ممتاز احمد، جناب محمد شعیب ابراہیم اور جناب رشید اختر صاحب پر مشتمل ہیں۔ جبکہ جناب محمد ہاشم مارچ ۲۰۱۸ میں انتقال فرما گئے تھے۔

## ڈائریکٹرز کا معاوضہ

چیئرمین، نان ایگزیکٹو ڈائریکٹرز اور انڈیپنڈنٹ ڈائریکٹرز صرف بورڈ کے اجلاس میں شرکت کرنے کی فیس کے حق دار ہیں جس کی ادائیگی منیجمنٹ کمپنی کے ذریعے کی جاتی ہے۔

## ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز کی طرف سے، ہمیں خوشی ہو رہی ہے کہ میں حبیب میٹرو مضاربہ (HMM) کے آڈٹ شدہ کھاتے برائے پیریڈ ۶ اکتوبر ۲۰۱۷ء سے ۳۰ جون ۲۰۱۸ء پیش کروں۔

## مالیاتی جھلکیاں:

(Rupees)	منافع و نقصان:
۱۲,۶۵۷,۳۴۹	آمدنی
(۶,۶۳۷,۹۳۲)	آپریٹنگ اخراجات
(۱,۹۲۵,۴۶۱)	ابتدائی اخراجات
۴,۰۹۳,۹۵۶	منہجمنٹ فیس سے قبل کا منافع
۴,۰۱۲,۰۷۷	خالص منافع
۰.۱۳	فی سرٹیفکیٹ آمدنی
	اختصاص: (مختص)
۴,۰۱۲,۰۷۷	خالص منافع برائے پیریڈ
۳,۰۰۰,۰۰۰	منافع کی تقسیم @ ۱.۰%
۸۰۲,۴۱۵	قانونی ریزرو
۲۰۹,۶۶۲	غیر تقسیم شدہ منافع
۴,۰۱۲,۰۷۷	

## منافع کی ادائیگی:

بورڈ آف ڈائریکٹرز انتہائی مسرت کے ساتھ ۳۰ جون ۲۰۱۸ء کو ختم ہونے والے پیریڈ کیلئے 1.0% (۱۰ روپے کے سرٹیفکیٹ پر دس پیسے کے حساب سے) فی نقد منافع دینے کا اعلان کرتا ہے۔

## آپریٹنرز اور کارکردگی:

حبیب میٹرو مضاربہ کا بزنس برائے اکتوبر ۲۰۱۷ء سے جون ۲۰۱۸ء اکتوبر میں شروع ہوا، اور مندرجہ بالا کارکردگی پیریڈ برائے اکتوبر ۲۰۱۷ء سے جون ۲۰۱۸ء ہے۔ اللہ کے کرم سے، مضاربہ نے اپنے پہلے مالی سال کے آپریشن کے ۹ ماہ مکمل کر لئے اور ٹیکس کی مد میں نفع نکالنے کے بعد مبلغ -/Rs. 4,012,077 ادا کئے ہیں۔

آپریٹنرز کے ابتداء میں، اثاثوں میں سرمایہ لگانا لوکل کار اسمبلرز کے پاس بہت زیادہ بنگ آرڈر اور مختلف برانڈز کی گاڑیوں کی ترسیل کی لمبی قطار کی وجہ سے شروع نہیں ہو پایا تھا۔ تاہم، اب ہم کچھ ماہ قبل بنگ آرڈر حاصل کرنے کے قابل ہو چکے ہیں۔ حال ہی میں، ہم نے Residual Value (RV) کار فنانسنگ پروڈکٹ InstaCar کے نام سے شروع کیا ہے۔ یہ کار فنانسنگ پروڈکٹ میں مکملہ کسٹمز کیلئے اضافی سہولیات رکھی گئی ہیں اور ہمیں یقین ہے کہ ہم اپنے مطلوبہ نتائج حاصل کر لیں گے اور قریب ہے کہ مستقبل میں اس سے ایک بڑا بریک تھر و ملے گا جو کہ اس پروڈکٹ کی کامیابی کا باعث ہو گا۔

اس کے علاوہ مارکیٹ سے سولر پاور کے آلات میں سرمایہ کاری کی جو ابتدائی رائے آئی ہے وہ کافی حوصلہ افزا ہے اور ہم نے سروس کی سطح کے معاہدے کچھ اچھے وینڈرز (کاروباری حضرات / یو پی آر) کے ساتھ کئے ہیں۔ پاکستان چھٹا بڑا آبادی والا ملک ہے جس کے پاس گرین انرجی بنانے کی بہت صلاحیت ہے اور ہم پر امید ہیں کہ اس شعبے میں اچھے اثاثے بنا سکیں گے۔ اس وقت بہت سارے کسٹمز چاہتے ہیں کہ وہ سولر آلات کیلئے سبسڈی شدہ / رعایت شدہ فنڈز حاصل کر سکیں جو کہ مختلف کمرشل بینکنگ اسٹیٹ بینک آف پاکستان (SBP) کی ہدایت کے مطابق دے رہے ہیں۔ حبیب میٹرو مضاربہ (HMM) بصورت نان بینک فنانسنگ انشٹیوٹیشن اس سبسڈی کی حصول کو SBP سے حاصل نہیں کر سکتا اور نہ ہی اپنے گاہکوں کو دے سکتا ہے۔ تاہم، ہماری متعلقہ ٹیم اس پروڈکٹ کی مارکیٹنگ مکملہ کسٹمز تک کر رہی ہے جو حبیب میٹرو مضاربہ (HMM) سے اس سلسلے میں قرض لینا چاہیں۔

## Notice of Annual Review Meeting

Notice is hereby given that the Annual Review Meeting of certificate-holders of Habib Metro Modaraba will be held on October 22, 2018 at 2.00 p.m. at Institute of Cost and Management Accountants of Pakistan (ICMAP) Building, ST-18/C Block-6, Gulshan-e-Iqbal, Karachi, to review the performance of the Modaraba for the year ended June 30, 2018.

The certificate holders whose names appear in the register of certificate holders of HMM as on October 10, 2018 will be eligible to attend the Annual Review Meeting.

By order of the Board

Muhammad Mustafa  
Company Secretary

Karachi: October 01, 2018

### REQUEST TO CERTIFICATE HOLDERS

- The Individual Certificate Holders who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to the Modaraba / Share Registrar, are once again reminded to send the same at the earliest directly to Company's Share Registrar, M/s Central Depository Company of Pakistan Limited. In case of non-receipt of the copy of a valid CNIC, the Modaraba would be constrained under section 243 (3) of the Companies Act, 2017 to withhold dividend of such certificate holders.
- In accordance with the provisions of section 242 of the Companies Act, 2017 and Companies (Distribution of Dividend) Regulations, 2017, it is mandatory for a listed company to pay cash dividend to its certificate holder only through electronic mode directly into the bank account designated by the entitled certificate holder. Therefore, certificate holders are requested to fill in "Electronic Credit Mandate Form" as reproduced below and send it duly signed along with a copy of valid CNIC/NTN to their respective CDC participant / CDC Investor account services.

(i)	Certificate holder's details	
	Name of the certificate holder (s)	
	Folio # / CDS Account No.(s)	
	CNIC NO. (copy attached)	
	Mobile/Landline no.	

(ii)	Certificate holder's Bank detail	
	Title of Bank Account	
	International Bank Account number (IBAN)	
	Bank's Name	
	Branch's name and address	

It is stated that the above-mentioned information is correct and in case of any change herein I will immediately intimate the Share Registrar accordingly.

## Directors' Profile

### **Wazir Mumtaz Ahmed - Chairman**

Mr. Wazir Mumtaz Ahmed is a seasoned banker. His banking career span over a period of 48 years of committed and dedicated services. He started his banking career in 1961 and carried diversified experience on several senior positions. After completion of his Masters in Economics he got International Certifications in Commercial Law & Economics from London Chamber of Commerce. His career is a perfect combination of Integrity and Commitment which gave him additional advantage to reached up to the position of Senior Executive Vice President in the Bank. He has also completed Certification of Director Training Program conducted by Institute of Business Administration, Karachi.

### **Muhammad Shoaib Ibrahim - Chief Executive Officer**

Muhammad Shoaib, is associated with FHM since the inception of modaraba. His extensive working experience in Non-Banking Islamic Financial institutions makes him senior most person with such rich experience of Islamic Finance in Pakistan. This intense exposure gave him the insight into the financial and technical aspects of fund management in Islamic way. He has done Master's in Business Administration (MBA) in Banking and Finance from Institute of Business Administration (IBA). He has completed Post Graduate Diploma (PGD) in Islamic Banking and Finance from Centre of Islamic Economics (Darul Ulum), Karachi, Pakistan. He has also completed Certification of Director Training Program conducted by Institute of Chartered Accountants of Pakistan. On number of occasions he remained as an Executive Member of Modaraba Association of Pakistan.

### **Syed Rasheed Akhtar - Non-Executive Independent Director**

Syed Rasheed Akhtar has rich experience in the banking field. His vast banking career spans over 36 years. He possesses masters in statistics degree from University of Karachi. He started his banking career from Habib Bank Limited in the year 1974 and carried diversified experience on very senior positions. He has been associated with Bank Indosuez, Habib Bank AG Zurich, HBZ Bank Limited, South Africa. He also headed an independent Islamic Banking Division of HBZ Bank Limited, South Africa from 2006-2010. He successfully completed Certificate on Islamic Banking arranged by N.I.B.A.F. State Bank of Pakistan. He has also completed Certification of Director Training Program conducted by Institute of Chartered Accountants of Pakistan.



## Certificate Holders Information

### Registered Office:

3rd Floor, Al Manzoor Building  
Dr. Ziauddin Ahmed Road, Karachi  
Tel : 021-32635949-51  
Fax : 021-32627373  
Web [www.habibmetromodaraba.com](http://www.habibmetromodaraba.com)  
Email : [hmm@habibmetromodaraba.com](mailto:hmm@habibmetromodaraba.com)

### 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

### Listing on Stock Exchange

Modaraba Certificates of Habib Metro Modaraba (HMM) is listed on Pakistan Stock Exchange (PSX).

### Investor Service Centre

HMM share department is operated by Central Depository Company of Pakistan Limited - Share registrar department. It also functions as an Investor Service Centre and has been servicing nearly 2,032 Certificate holders. The Investor Service Centre is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registration function. The team is headed by Mr. Mohsin Rajab Ali at registered office, Central Depository Company of Pakistan Limited - Share registrar department and Mr. Rashid K. Siddiqui, Senior Vice President at HMM.

HMM share department has online connectivity with Central Depository Company of Pakistan Limited - Operation department. The share department undertakes activities Certificate Transfer and Transmission, issue of duplicate / revalidated dividend warrant, issue of duplicate / replaced share Certificates, change of address and other related matters.

For assistance, Certificate holders may contact either the Registered Office or Share Registrar Office:

Contact Person:

Registrar Office:

Mr. Mohsin Rajab Ali

Manager Share Registrar

Central Depository Company of Pakistan Limited

Contact Person:

Mr. Rashid K. Siddiqui

Senior Vice President

Habib Metro Modaraba

### Dividend Announcement

The Board of Directors of the Management Company has approved cash dividend of 1.0% (Re. 0.1 per Modaraba Certificate of Rs. 10/- each) for the financial year ended 30th June, 2018.

### Book Closure Dates

The Certificate Transfer Book of the Modaraba will remain close from 11-10-18 to 26-10-18 (both days are inclusive).

### Payment of Dividend Electronically (E-mandate)

Pursuant to the provisions of section 242 of the Companies Act, 2017 and Companies (Distribution of Dividend) Regulations, 2017, the dividend will be paid, to those certificate holders whose name appear in the Register of Member of the Modaraba after entertaining all requests for transfer of certificate lodge with the Modaraba before the book closure date, through electronic mode directly into the bank account designated by the entitled certificate holder.

**Withholding of Tax & Zakat on Dividend**

Currently Section 150 of the income Tax Ordinance, 2001 prescribed following tax rates for deduction of withholding tax on the amount of dividend paid by the modarabas, unless the Certificate Holder's income is tax-exempted:

1. Rate of tax deduction for filer of income tax return. 15%
2. Rate of tax deduction for non-filer of income tax return. 20%

The status of deduction of withholding tax will be determined as per Active Taxpayer List (ATL)" available on FBR website.

Further, in the light of clarification from Federal Board of Revenue, all the shareholders who intend to seek exemption from withholding of taxes on payment of dividend under clause 47B of Part - IV of the Second Schedule of the Income Tax Ordinance, 2001, are requested to provide the valid Exemption Certificate under section 159(1) of the Income Tax Ordinance, 2001 duly issued by the concerned Commissioner of Inland Revenue in order to claim the said exemption.

Zakat is also deductible at source from the dividend at the rate of 2.5% of face value of the share, other than the corporate holders or the individuals who provide the undertaking for non-deduction of Zakat.

## Pattern of Certificate Holding

As of June 30, 2018

Categories of Shareholders	Shareholders	Shares Held	Percentage
<b>Directors and their spouse(s) and minor children</b>	0	-	-
<b>Associated Companies, undertakings and related parties</b>			
HABIB METROPOLITAN BANK LIMITED	1	18,000,000	60.00
HABIB METROPOLITAN MODARABA MANAGEMENT COMPANY (PVT.) LTD	1	3,000,000	10.00
HABIB MANAGEMENT (PRIVATE) LIMITED	1	5,666,741	18.89
<b>Executives</b>	1	500	0.00
<b>Public Sector Companies and Corporations</b>	0	-	-
<b>Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds</b>	1	500	0.00
<b>Mutual Funds</b>	0	-	-
<b>General Public</b>			
a. Local	1318	3,327,288	11.09
b. Foreign	1	2,471	0.01
<b>Foreign Companies</b>	0	-	-
<b>OTHERS</b>	5	2,500	0.01
<b>Totals</b>	<b>1329</b>	<b>30,000,000</b>	<b>100.00</b>

Share holders holding 5% or more	Shares Held	Percentage
HABIB METROPOLITAN BANK LIMITED	18,000,000	60.00
HABIB MANAGEMENT (PRIVATE) LIMITED	5,666,741	18.89
HABIB METROPOLITAN MODARABA MANAGEMENT COMPANY (PVT.) LTD	3,000,000	10.00

**PATTERN OF CERTIFICATE HOLDING REPORT**

As of June 30, 2018

<b>Number of Certificate holders</b>	<b>Certificate Holdings</b>			<b>Total Certificate Held</b>
20	1	to	100	122
732	101	to	500	360,119
275	501	to	1000	274,522
250	1001	to	5000	597,909
14	5001	to	10000	117,900
5	10001	to	15000	63,364
7	15001	to	20000	125,472
8	20001	to	25000	197,671
2	25001	to	30000	56,884
2	30001	to	35000	65,590
4	45001	to	50000	197,656
1	50001	to	55000	51,000
4	115001	to	120000	480,000
1	200001	to	205000	201,500
1	540001	to	545000	543,550
1	2995001	to	3000000	3,000,000
1	5665001	to	5670000	5,666,741
1	17995001	to	18000000	18,000,000
<b>1329</b>				<b>30,000,000</b>

## Statement of Compliance with Code of Corporate Governance of Habib Metro Modaraba for the year ended June 30, 2018

The Modaraba Management Company (hereafter referred to as the Company) has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are three as per the following:

Male	3
Female	-

Election of Board of Directors were held on October 10, 2016, therefore the requirement of having female director, as notified in the Listed Companies (Code of Corporate Governance) Regulations, 2017 which was promulgated on November 22, 2017, will be complied with upon reconstitution of Board of Directors.

2. The composition of board is as follows:

Independent Director	Mr. Syed Rasheed Akhtar
Other Non-Executive Director	Mr. Wazir Mumtaz Ahmed
Executive Director	Mr. Muhammad Shoaib Ibrahim

Election of Board of Directors were held on October 10, 2016 therefore the requirement regarding the number of Independent directors, as notified in the Listed Companies (Code of Corporate Governance) Regulations, 2017 which was promulgated on November 22, 2017, will be complied with upon reconstitution of Board of Directors.

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. All directors are compliant with necessary requirements of Directors Training Certificate.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

**Audit Committee**

Chairman	Mr. Syed Rasheed Akhtar
Member	Mr. Wazir Mumtaz Ahmed

**HR and Remuneration Committee**

Chairman	Mr. Syed Rasheed Akhtar
Member	Mr. Wazir Mumtaz Ahmed

The composition of Audit Committee and HR and Remuneration Committee will be filled as per the Regulation No. 28(a) and 29(1) of Listed Companies (Code of Corporate Governance) Regulations, 2017 in the due course.

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

Audit Committee	Two quarterly meeting
HR and Remuneration Committee	One annual meeting

15. The board has set up an effective internal audit function.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

Muhammad Shoaib Ibrahim  
Chief Executive Officer  
Karachi: August 29, 2018

Syed Rasheed Akhtar  
Director

## Independent Auditor’s Review Report to the Members of Habib Metro Modaraba on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Habib Metro Modaraba for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company’s compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company’s personnel and review of various documents prepared by the Company to comply with the Regulations.

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company’s process for identification of related parties and that whether the related party transactions were undertaken at arm’s length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company’s compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.

Further, we highlight below instance(s) of non-compliance with the requirement(s) of the Regulations as reflected in the note/paragraph reference where it/these is/are stated in the Statement of Compliance:

### Note/paragraph

Reference	Description
12	The composition of Audit Committee and HR and Remuneration Committee is not complete as per the requirement of Regulation 28 and 29 of Listed Companies (Code of Corporate Governance) Regulations, 2017.

KARACHI  
DATED: August 29, 2018

BDO Ebrahim & Co.  
CHARTERED ACCOUNTANTS  
Engagement Partner: Raheel Shahnawaz

## Shariah Adviser's Profile

Alhamd Shariah Advisory Services (ASAS) is a Shariah Advisory company providing Shariah Advisory services, training and product development to Islamic Banks, Modarabas, Islamic Mutual Funds, Takaful companies etc.

The following Shariah Scholars are associated with ASAS and have the experience and affiliation for the advisory of the renowned institution in the country mostly in the financial sector:

1. Mufti Ibrahim Essa
2. Mufti Abdul Sattar Laghari
3. Mufti Zubair Ahmad
4. Mufti Tahir Ahmad
5. Mufti Hassain Ahmad
6. Mufti Arif Khan

The certificate of Incorporation was issued from SECP on March 05, 2018. ASAS is certified Shariah Advisory Company of SECP and the registration number in SECP is SECP/IFD/SA/046 dated May 07, 2018.



## Shariah Adviser's Report

For the period from October 06, 2017 to June 30, 2018.

By the Grace of Allah, we have conducted the Shari'ah review of Habib Metro Modaraba managed by Habib

Metropolitan Modaraba Management Company (Pvt.) Ltd. for the period from October 06, 2017 to June 30, 2018, in accordance with requirement of the Shari'ah Compliance and Shari'ah Audit Mechanism for Modaraba.

We acknowledge and certify that as a Sharia Advisory company of the Modaraba, the financial arrangements, contracts and transactions entered into by the company with its participants, stakeholders and customers are in compliance with the requirements of Sharia rules and principles. During the review we have verified the following in compliance with Shari'ah mechanism:

- The Financing transactions were reviewed and found as per guidelines.
- During the first year of operation, as Modaraba commenced business from October 06, 2017 the credit approvals, , customer-specific transaction process flows, text of documents and security documents were reviewed to ensure Shari'ah compliance while offering Residual Value car financing product to the customers.
- During the year onsite training has been given to the staff, and recommended for the specific training to the relevant staff members.

### Observations:

As the Modaraba has recently started its operation therefore No observation has been found related to financing transactions. However, Modaraba has placed its funds within Islamic Banks/Windows of Islamic banks on Modaraba basis and these transactions were found in line with Shariah guidelines.

### Recommendations:

The Modaraba should concentrate on the financing of newly introduced product and follow Islamic principles in all the business activities. In this respect provide training to all related employees regarding Islamic financing products.

### Conclusion

Based on the review of cases for Residual Value car financing transaction, related documentation, processes and operational mechanism, this is our candid opinion, that the affairs, activities and transactions, performed by the Modaraba during the year are in compliance with the rules & principles of Islamic Shari'ah and in light of the guidelines issued by office of the Registrar Modaraba, Securities & Exchange Commission of Pakistan.

May Allah bless us with the best Tawfeeq to accomplish His cherished tasks, make us successful in this world and in the hereafter, and forgive our mistakes.

Wassalam Alaikum Wa Rahmat Allah Wa Barakatuh.



**MUFTI MUHAMMAD IBRAHIM ESSA**

For and on behalf of

Alhamd Shariah Advisory Services Private Limited

Dated: 26 July 2018



## Auditors' Report to the Certificate Holders

We have audited the annexed balance sheet of HABIB METRO MODARABA ("the Modaraba") as at June 30, 2018 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the period from October 06, 2017 to June 30, 2018 and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

These financial statements are the Modaraba Company's [Habib Metropolitan Modaraba Management Company (Private) Limited] responsibility who is also responsible to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981. Our responsibility is to express an opinion on these statements based on our audit.

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

- a) in our opinion proper books of account have been kept by the Modaraba Company in respect of the Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;
- b) in our opinion:
  - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation And Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of account and are further in agreement with accounting policies consistently applied;
  - ii) the expenditure incurred during the period was for the purpose of the Modaraba 's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the period were in accordance with the objects, terms and conditions of the Modaraba;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2018 and of the profit, its comprehensive income, its cash flows and changes in equity for the period then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

KARACHI  
DATED: August 29, 2018

BDO Ebrahim & Co.  
CHARTERED ACCOUNTANTS  
Engagement Partner: Raheel Shahnawaz

## Statement of Financial Position

As at June 30, 2018

	Note	As at June 30, 2018 Rupees
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property and equipment	5	4,806,683
Intangible assets	6	296,710
Advances	7	190,321,049
Diminishing musharaka financing	8	8,442,291
Preliminary expenses and floatation costs	9	<u>10,496,639</u>
		214,363,372
<b>CURRENT ASSETS</b>		
Short term investments	10	50,000,000
Current portion of diminishing musharaka financing	8	3,898,202
Advances and short term prepayments	11	389,446
Accrued profit	12	1,743,202
Taxation - net	13	1,069,998
Cash and bank balances	14	<u>33,525,457</u>
		<u>90,626,305</u>
<b>TOTAL ASSETS</b>		<u><u>304,989,677</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
<b>Authorized capital</b>		
30,000,000 modaraba certificates of Rs. 10/- each		<u>300,000,000</u>
Issued, subscribed and paid-up certificate capital	15	300,000,000
Reserves	16	802,415
Unappropriated profit		<u>3,209,662</u>
		304,012,077
<b>CURRENT LIABILITIES</b>		
Creditors, accrued and other liabilities	17	977,600
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>304,989,677</u></u>
<b>CONTINGENCIES AND COMMITMENTS</b>	18	

The annexed notes from 1 to 35 form an integral part of these financial statements.

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

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

DIRECTOR

**Profit and Loss Account**

FOR THE PERIOD FROM OCTOBER 06, 2017 TO JUNE 30,2018

	<b>Note</b>	<b>For the period from October 06, 2017 to June 30,2018 Rupees</b>
<b>INCOME</b>		
Profit on Islamic certificates		9,588,517
Income from diminishing musharaka financing		208,199
Profit on Modaraba's deposits account		2,854,633
Other income		6,000
		<u>12,657,349</u>
<b>EXPENSES</b>		
Amortization of preliminary expenses and floatation costs		1,925,461
Administrative expenses	19	6,607,360
Financial charges	20	30,572
		<u>8,563,393</u>
		4,093,956
Modaraba management company's fee	21	-
Provision for Sindh Workers' Welfare Fund		81,879
Profit before taxation		<u>4,012,077</u>
Taxation	22	-
Profit for the period		<u><u>4,012,077</u></u>
Earnings per certificate - basic and diluted	23	<u><u>0.13</u></u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

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

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

DIRECTOR

## Statement of Comprehensive Income

FOR THE PERIOD FROM OCTOBER 06, 2017 TO JUNE 30,2018

**For the period  
from  
October 06,  
2017 to June  
30,2018  
Rupees**

Profit for the period	4,012,077
Other comprehensive income	-
Total comprehensive profit for the period	<u>4,012,077</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

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

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

DIRECTOR

**Cash Flow Statement**

FOR THE PERIOD FROM OCTOBER 06, 2017 TO JUNE 30, 2018

	<b>Note</b>	<b>For the period from October 06, 2017 to June 30, 2018 Rupees</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash used in operations	30	(9,155,454)
Advances		(190,321,049)
Diminishing musharaka financing		(8,442,291)
Income tax paid		(1,069,998)
Financial charges paid		(30,572)
Net cash used in operating activities		<u>(209,019,364)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property and equipment		(5,596,661)
Addition to intangible assets		(344,565)
Preliminary expenses and floatation costs		(12,422,100)
Investment-net		(50,000,000)
Profit received on investments		7,884,510
Income received from diminishing musharaka financing		208,199
Profit received on Modaraba's deposit account		2,815,438
Net cash used in investing activities		<u>(57,455,179)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of certificate capital and net cash generated from financing activities		<u>300,000,000</u>
Net increase in cash and cash equivalents during the period		33,525,457
Cash and cash equivalent at the beginning of the period		-
Cash and cash equivalent at the end of the period	14	<u><u>33,525,457</u></u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

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

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

DIRECTOR

## Statement of Comprehensive Income

FOR THE PERIOD FROM OCTOBER 06, 2017 TO JUNE 30, 2018

	Issued, subscribed and paid-up certificate capital	*Statutory reserve	Unappropriated profit	Total
	-----Rupees-----			
Balance as at October 6, 2017	-	-	-	-
Certificate capital issued during the period	300,000,000	-	-	300,000,000
Profit for the period	-	-	4,012,077	4,012,077
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	4,012,077	4,012,077
Transfer to statutory reserve	-	802,415	(802,415)	-
Balance as at June 30, 2018	<u>300,000,000</u>	<u>802,415</u>	<u>3,209,662</u>	<u>304,012,077</u>

\*Statutory reserve represents profit set aside to comply with the Prudential Regulation for Modarabas issued by Securities and Exchange Commission of Pakistan.

The annexed notes from 1 to 35 form an integral part of these financial statements.

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

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

DIRECTOR

## Notes to the Financial Statements

FOR THE PERIOD FROM OCTOBER 06, 2017 TO JUNE 30, 2018

### 1 NATURE AND STATUS OF BUSINESS

Habib Metro Modaraba (the Modaraba) is a multipurpose, perpetual modaraba floated under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed thereunder and is managed by Habib Metropolitan Modaraba Management Company (Private) Limited (the Modaraba Management Company). After receiving certificate of minimum subscription, the Modaraba commenced its business operations with effect from October 06, 2017. The address of registered office is 3rd Floor, Al-Manzoor Building, Dr. Ziauddin Ahmed Road, Karachi.

The Modaraba is listed on the Pakistan Stock Exchange Limited. The Modaraba is engaged in Residual Value car financing model on diminishing musharika basis, providing financing for solar power equipments and other related business.

As at the balance sheet date, 60% certificates are held by Habib Metropolitan Bank Limited (the Holding Company).

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981, Trust Deed and directives issued by the Securities and Exchange Commission of Pakistan (SECP) [‘the Modaraba Regulations’] together with approved accounting standards as applicable in Pakistan to Modarabas. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) and Islamic Financial Accounting Standards (IFAS) as notified under the provisions of the Companies Act, 2017 and made applicable to Modarabas under ‘the Modaraba Regulations’. Wherever the requirements of ‘the Modaraba Regulations’ differ from the requirements of these standards, the requirements of ‘the Modaraba Regulations’ take precedence.

The SECP has issued directive (vide SRO 431 (I) / 2007 dated May 22, 2007) that Islamic Financial Accounting Standard 2 (IFAS-2) shall be followed in preparation of the financial statements by Companies and Modarabas while accounting for Lease Financing transactions as defined by the said standard. The Modaraba has adopted the said standard.

#### 2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except for the measurement at fair value of certain financial instruments in accordance with the requirements of IAS 39 “Financial Instruments: Recognition and Measurement”, wherever applicable.

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

“Permissible Islamic financial products including Murabaha (as a liability) and Musharaka have been used by the Modaraba, in line with similar industry practices. The accounting and presentation of the same are in line with the substance of the transaction and are limited to the extent of actual amount of facility utilized and mutually agreed profit thereon.

#### 2.3 Functional and presentation currency

These financial statements have been presented in Pakistani Rupees, which is the functional and presentation currency of the Modaraba.

#### 2.4 Significant accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Modaraba’s accounting policies. Estimates and judgments are continually evaluated and are based on historic



## Notes to the Financial Statements

FOR THE PERIOD FROM OCTOBER 06, 2017 TO JUNE 30, 2018

experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to 'accounting estimates are recognized in the period in which the estimate is revised and in any future period effected. In the process of applying the Modaraba's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

### Useful lives, pattern of flow of economic benefits and impairment

Estimates with respect to residual values and depreciable lives and pattern of flow of economic benefits are based on the analysis by the management of the Modaraba. Further, the Modaraba reviews the value of the assets for possible impairment on an annual basis and any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

### Provisions against non performing financing (Suspense income)

The Modaraba reviews its overdue lease financing installments and diminishing musharka at each reporting date to assess whether provision should be recorded in the profit and loss account, in addition to the mandatory provisions required in accordance with the Prudential Regulations issued by the SECP. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions regarding a number of factors and actual results may differ, resulting in future changes to the provisions.

## 3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

### 3.1 Amendments that are effective in current period and are relevant to the Modaraba

The Modaraba has adopted the amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard:

	<b>Effective date (annual periods beginning on or after)</b>
IAS 7 Statement of CashFlows- Amendments resulting from the disclosure initiative	January 01, 2017
IAS 12 Income Taxes- Amendments regarding the recognition of deferred tax assets for unrealised losses	January 01, 2017

Other than the amendments to standards mentioned above, there are certain annual improvements made to IFRS that became effective during the year:

Annual Improvements to IFRSs (2014 – 2016) Cycle:

IFRS 12 Disclosure of Interests in Other Entities	January 01, 2017
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## Notes to the Financial Statements

FOR THE PERIOD FROM OCTOBER 06, 2017 TO JUNE 30, 2018

### 3.2 Amendments not yet effective

The following amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

		<b>Effective date (annual periods beginning on or after)</b>
IFRS 2	Share-based Payment - Amendments to clarify the classification and measurement of share-based payment transactions	January 01, 2018
IFRS 4	Insurance Contracts - Amendments regarding the interaction of IFRS 4 and IFRS 9	January 01, 2018
IFRS 7	Financial Instruments : Disclosures - Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	Applies when IFRS 9 is applied
IFRS 9	Financial Instruments - Reissue to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other comprehensive income the 'own credit' gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of IFRS 9	January 01, 2018
IFRS 9	Financial Instruments - Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition.	January 01, 2018
IFRS 9	Financial Instruments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
IFRS 10	Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint	Deferred indefinitely
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding the sale or contribution of assets between an investor and its associate or Joint Venture	Deferred indefinitely
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding long-term interests in associates and joint ventures	January 01, 2019
IAS 39	Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception	Applies when IFRS 9 is

## Notes to the Financial Statements

FOR THE PERIOD FROM OCTOBER 06, 2017 TO JUNE 30, 2018

		<b>Effective date (annual periods beginning on or after)</b>
IAS 40	Investment Property - Amendments to clarify transfers or property to, or from, investment property	January 01, 2018

The Annual Improvements to IFRSs that are effective for annual periods beginning on or after January 01, 2018 are as follows:

Annual Improvements to IFRSs (2014 – 2016) Cycle:

IAS 28	Investments in Associates and Joint Ventures	January 01, 2018
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Annual Improvements to IFRSs (2015 – 2017) Cycle:

IFRS 3	Business Combinations	January 01, 2019
IFRS 11	Joint Arrangements	January 01, 2019
IAS 12	Income Taxes	January 01, 2018

### 3.3 Standards or interpretations not yet effective

The following new standards have been issued by the International Accounting Standards Board (IASB), which have been adopted locally by the Securities and Exchange Commission of Pakistan effective from the dates mentioned below against the respective standard:

IFRS 9	Financial Instruments	July 01, 2018
IFRS 15	Revenue from Contracts with Customers	July 01, 2018
IFRS 16	Leases	January 01, 2019

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 14	Regulatory Deferral Accounts
IFRS 17	Insurance Contracts

The effects of IFRS 15 - Revenues from Contracts with Customers and IFRS 9 - Financial Instruments are still being assessed, as these new standards may have a significant effect on the Modaraba future financial statements.

The Modaraba expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Modaraba's financial statements in the period of initial application.

## 4 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below.

### 4.1 Revenue Recognition

Revenue is recognised to the extent that the economic benefits will flow to the Modaraba and revenue can be reliably measured. Revenue is recognised at fair value of consideration received or receivable. Revenue from different sources is recognised on the following basis:

## Notes to the Financial Statements

FOR THE PERIOD FROM OCTOBER 06, 2017 TO JUNE 30, 2018

Income on diminishing musharaka financing is recognized on accrual basis.

Income on balances in Modaraba's deposit account and islamic term deposit certificates is recognized on accrual basis.

Profit on investments is recognized on accrual basis.

### 4.2 Property and equipment

"These are stated at cost less accumulated depreciation less impairment (if any). Depreciation is charged to income applying the straight line method whereby the cost of an asset is written off over its estimated useful life. In respect of additions and disposals during the period, depreciation is charged on monthly basis on those assets which are purchased and disposed on or before 15th day of any month.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized if the recognition criteria are met.

The carrying values are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

"The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each year end.

Gain or loss on disposal of assets, if any, is recognized as and when incurred.

The Modaraba assesses at each balance sheet date whether there is any indication that assets excluding inventory may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where the carrying value exceeds the recoverable amount, assets are written down to the recoverable amount and the difference is charged to the profit and loss account.

### 4.3 Intangible assets

Intangible assets, which are stated at cost less accumulated amortisation and impairment losses, if any, represent the cost of computer software licenses.

Costs associated with maintaining these assets are charged to the statement of comprehensive income as and when incurred, however, costs that are directly attributable to the identifiable asset and have probable economic benefits exceeding one year, are recognised as intangible asset.

All intangible assets are estimated to have definite useful lives and are amortised using the straight line method over a period of 3 years. Amortisation on addition is charged from the day on which asset is available for use while no amortisation is charged up to the day the asset is disposed-off.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end. The effect of any adjustment to residual values and useful lives is recognised prospectively as a change in accounting estimate.

### 4.4 Financial assets

Financial assets in the scope of IAS 39, are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets, as appropriate. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction cost. The Modaraba determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

## Notes to the Financial Statements

FOR THE PERIOD FROM OCTOBER 06, 2017 TO JUNE 30, 2018

### 4.4.1 Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'Financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, if any, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognized in profit and loss account.

### 4.4.2 Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Modaraba has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments, that are intended to be held-to-maturity, are subsequently measured at amortized cost.

This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization, using the effective interest rate method, of a difference between the initially recognized amount and the maturity amount. This calculation includes all fees and charges paid or received between parties to the contract that are an integral part of the effective interest rate, transaction cost and all other premiums and discounts. For investments carried at amortized cost, gains and losses are recognized in profit and loss account when the investments are derecognized or impaired, as well as, through the amortization process.

### 4.4.3 Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest rate method. Gains and losses are recognized in profit and loss account when the loans and receivables are derecognized or impaired, as well as, through the amortization process.

### 4.4.4 Available-for-sale

Available-for-sale financial assets are those non derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition available-for-sale financial assets are measured at fair value with gains and losses being recognized in equity through other comprehensive income until the investment is derecognized or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid price at the close of business on the balance sheet date. For investments where there is no active market, value is determined using valuation techniques.

### 4.5 Trade date accounting

All 'regular way' purchases and sales of quoted equity securities are recognized on the trade date i.e. the date that the Modaraba commits to purchase / sell the asset. 'Regular way' purchases or sales of quoted investments require delivery within two working days after the transaction date as per stock exchange regulations.

### 4.6 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities are diminishing musharaka financing under markup arrangements, creditors, accrued and other liabilities.

### 4.7 Recognition and derecognition of financial instruments

Financial assets and liabilities are recognized initially at fair value or in case of financial assets that are not carried at fair value through profit or loss, at fair value plus transaction cost.

## Notes to the Financial Statements

FOR THE PERIOD FROM OCTOBER 06, 2017 TO JUNE 30, 2018

All financial assets and liabilities are recognized at the time when the entity becomes party to the contractual provisions of the instrument and are recognized in case of assets, when the contractual rights under the instrument are recognized, expired or surrendered and in case of a liability, when the obligation is discharged, cancelled or expired.

Any gain / (loss) on the recognition and derecognition of the financial assets and liabilities is included in the profit / (loss) for the period in which it arises.

Assets and liabilities that are not of contractual nature and that are created as a result of statutory requirements imposed by the Government are not financial instruments of the Modaraba.

### 4.8 Offsetting financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the Modaraba has a legal enforceable right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Corresponding income on the assets and charge on the liability is also off- set.

### 4.9 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand, balances at banks in current and deposit accounts and stamps in hand. Investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition.

### 4.10 Diminishing musharaka financing

Diminishing musharaka financing are stated net of provision and suspense income. Provision is recognized for Diminishing musharaka financing installments receivable, in accordance with the Prudential Regulations for Modarabas.

### 4.11 Impairment

#### 4.11.1 Financial assets

Impairment is recognized by the Modaraba on the basis of provision requirements given under Prudential Regulations for Modaraba and subjective evaluation carried out on an ongoing basis.

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

#### 4.11.2 Available-for-sale investments

For available-for-sale financial investments, the Modaraba assesses at each balance sheet date whether there is an objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value less any impairment loss on that investment previously recognized in the income statement, is removed from equity and recognized in the profit and loss account. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognized in equity through other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortized cost. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the income statement, the impairment loss is reversed through the profit and loss account.

## Notes to the Financial Statements

FOR THE PERIOD FROM OCTOBER 06, 2017 TO JUNE 30, 2018

### 4.11.3 Non-financial assets

The Modaraba assesses at each balance sheet date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where impairment loss for asset subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of initial cost of the asset. Reversal of impairment loss is recognized as income in profit and loss account.

### 4.12 Taxation

#### 4.12.1 Current tax

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account tax credit and tax rebates realisable, if any. Under clause 100 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, the non-trading income of modarabas is exempt from income tax, provided not less than 90% of its profits, after appropriation to statutory reserves as required under Modaraba Regulations, are distributed to the certificate holders.

#### 4.12.2 Deferred tax

The Modaraba accounts for deferred taxation on all material temporary differences using the liability method arising between the amounts attributed to assets and liabilities for financial reporting purposes and financial statements used for taxation purposes. However, deferred tax liability has not been provided in these financial statements as the management believes that the future income of Modaraba will not be taxable in the foreseeable future due to the fact that the Modaraba intends to continue availing the tax exemption through profit distribution to the extent of 90 percent of distributable profit.

### 4.13 Provisions

Provisions are recognized when the Modaraba has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

### 4.14 Foreign currencies translation

Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange approximating to those prevalent on the balance sheet date. Foreign currency transactions are converted into Pak Rupees at the rate of exchange prevailing on the date of transactions. Exchange gains and losses on translation are recognized in profit and loss account.

### 4.15 Profit distribution and other appropriations of profit

Profit distributions to the certificate holders and other appropriations of profit are recognized in the year in which these are approved. Transfer to statutory reserve and any of the mandatory appropriations as may be required by law are recognized in the period to which these relate.

### 4.16 Earnings per certificate

The Modaraba presents earnings per certificate (EPC) data for its certificates. Basic EPC is calculated by dividing the profit or loss attributable to certificate holders of the Modaraba by weighted average number of certificates outstanding during the period. Diluted EPC is determined by adjusting the profit or loss attributable to certificate holders and the weighted average number of certificates outstanding for the effects of all dilutive potential certificates.

## Notes to the Financial Statements

FOR THE PERIOD FROM OCTOBER 06, 2017 TO JUNE 30, 2018

### 4.17 Related party transactions

All transactions with the related parties are priced on arm's length basis.

### 4.18 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represents expenses incurred in respect of issue of modaraba certificates to the public inclusive of cost of organization and floatation of the Modaraba, cost of printing, publication and distribution of this prospectus, underwriting expenses, commission to the bankers to the issue and brokerage etc. This cost shall be amortized on prorata basis i.e. for the period of 5-years till the financial year end i.e. June 30, 2022 which is as per Third Schedule of Modaraba Companies and Modaraba Rules, 1981.

## 5 PROPERTY AND EQUIPMENT

	Leasehold improvements	Furniture and fixtures	Office equipment	Vehicle	Total
	-----Rupees-----				
<b>Net carrying value basis</b>					
<b>Year ended June 30, 2018</b>					
Additions	2,502,870	262,871	836,920	1,994,000	5,596,661
Depreciation	<u>(278,096)</u>	<u>(34,009)</u>	<u>(145,540)</u>	<u>(332,333)</u>	<u>(789,978)</u>
<b>Closing net book value</b>	<u><u>2,224,774</u></u>	<u><u>228,862</u></u>	<u><u>691,380</u></u>	<u><u>1,661,667</u></u>	<u><u>4,806,683</u></u>
<b>Gross carrying value basis</b>					
<b>Year ended June 30, 2018</b>					
Cost	2,502,870	262,871	836,920	1,994,000	5,596,661
Accumulated depreciation	<u>(278,096)</u>	<u>(34,009)</u>	<u>(145,540)</u>	<u>(332,333)</u>	<u>(789,978)</u>
<b>Net book value</b>	<u><u>2,224,774</u></u>	<u><u>228,862</u></u>	<u><u>691,380</u></u>	<u><u>1,661,667</u></u>	<u><u>4,806,683</u></u>
<b>Annual rate of depreciation (% per annum)</b>	<u>16.67%</u>	<u>20%</u>	<u>25%</u>	<u>16.67%</u>	

For the period  
from  
October 06,  
2017 to June  
30, 2018  
Rupees

## 6 INTANGIBLE ASSET

### 6.1 Net carrying value basis

Addition during the year	344,565
Amortization charge	<u>(47,855)</u>
Closing net book value	<u><u>296,710</u></u>
<b>Gross carrying value basis</b>	
Cost	344,565
Accumulated amortization	<u>(47,855)</u>
Net book value	<u><u>296,710</u></u>
<b>Amortization rate % per annum</b>	<u>33%</u>

Note



## Notes to the Financial Statements

FOR THE PERIOD FROM OCTOBER 06, 2017 TO JUNE 30, 2018

	Note	For the period from October 06, 2017 to June 30, 2018 Rupees
<b>7 ADVANCES</b>		
Advance against booking of vehicles	7.1	189,991,795
Advance against road and registration tax		329,254
		<u>190,321,049</u>
7.1 This includes advance paid to Indus Motors Company Limited against booking of vehicles in order to provide residual value car financing on diminishing musharaka basis.		
<b>8 DIMINISHING MUSHARAKA FINANCING</b>		
Secured		
Diminishing musharaka financing	8.1	10,401,893
Less: Provision in respect of diminishing musharaka		-
		<u>10,401,893</u>
Less: Current portion of diminishing musharaka financing		<u>3,898,202</u>
		6,503,691
Advance against diminishing musharaka financing		<u>1,938,600</u>
		<u>8,442,291</u>
8.1 This represents diminishing musharaka financing for a term of 3 to 5 years in order to provide residual value car financing on diminishing musharaka basis.		
<b>9 PRELIMINARY EXPENSES AND FLOATATION COSTS</b>		
Preliminary expenses and floatation costs	9.1	12,422,100
Amortization during the period		<u>(1,925,461)</u>
		<u>10,496,639</u>
9.1 This represents expenses incurred in respect of issue of the Modaraba certificates to the public and includes cost of organization and floatation of the Modaraba, cost of printing, publication and distribution of the prospectus, underwriting expenses, commission to the bankers to the issue and brokerage and other ancillary cost. Preliminary expenses and floatation costs are being amortized on prorata basis over the period of 5 years as per Third Schedule of Modaraba Companies and Modaraba Rules, 1981.		
<b>10 SHORT TERM INVESTMENTS</b>		
<b>Loans and receivables</b>		
Islamic Term Deposit Certificates	10.1	<u>50,000,000</u>

## Notes to the Financial Statements

FOR THE PERIOD FROM OCTOBER 06, 2017 TO JUNE 30, 2018

10.1 This represents investments in Habib Islamic Income Certificates issued by Habib Metropolitan Bank Limited, the Holding Company having tenure of six months and carry profit at the rate of 5.50% per annum.

	Note	<b>For the period from October 06, 2017 to June 30, 2018 Rupees</b>
<b>11 ADVANCES AND SHORT TERM PREPAYMENTS</b>		
Road and registration tax		272,258
Short term prepayments		117,188
		<u>389,446</u>
<b>12 ACCRUED PROFIT</b>		
Accrued profit on:		
Islamic term deposit certificates		1,704,007
Modaraba's deposit account		39,195
		<u>1,743,202</u>
<b>13 TAXATION</b>		
Advance tax		<u>1,069,998</u>
<b>14 CASH AND BANK BALANCES</b>		
Cash in hand		-
Stamps in hand		18,000
Cash with banks in:		
Modaraba's deposit account	14.1	8,492,457
Current accounts		15,000
Islamic term deposit certificates	14.2	25,000,000
		<u>33,525,457</u>

14.1 These carry profit at rates ranging from 3.80% to 3.84% per annum.

14.2 This represents investments in Habib Islamic Income Certificates issued by Habib Metropolitan Bank Limited, the Holding Company having tenure ranging from one to three months and carry profit at the rate of 5.25% per annum.

## 15 ISSUED, SUBSCRIBED AND PAID-UP CERTIFICATE CAPITAL

### Modaraba certificates of Rs. 10 each

#### Number of certificates 2018

<u>30,000,000</u>	Certificates issued as fully paid in cash	15.1 & 15.2	<u>300,000,000</u>
15.1	Habib Metropolitan Modaraba Management Company (Private) Limited (the Management Company) held 3,000,000 (10%) certificates of Rs. 10 each as at June 30, 2018.		
15.2	Habib Metropolitan Bank Limited (the Holding Company), held 18,000,000 (60%) certificates of Rs.10 each as at June 30, 2018.		

## Notes to the Financial Statements

FOR THE PERIOD FROM OCTOBER 06, 2017 TO JUNE 30, 2018

	Note	<b>For the period from October 06, 2017 to June 30, 2018 Rupees</b>
<b>16 RESERVE</b>		
Capital reserve		
Statutory reserve		802,415
Revenue reserve		
Unappropriated profit		3,209,662
		<u>4,012,077</u>

Prudential Regulations for Modarabas issued by Securities and Exchange Commission of Pakistan (SECP) requires creation of reserve fund to which shall be credited:

- a) an amount not less than 20% and not more than 50% of its after tax profits till such time the reserve fund equals the amount of paid-up capital; and
- b) thereafter a sum not less than 5% of its after tax profits.

## 17 CREDITORS, ACCRUED AND OTHER LIABILITIES

Provision for Sindh Workers' Welfare Fund	81,879
Utilities expenses payable	448,000
Sundry creditors	64,801
Withholding tax on supplies	1,760
Other liabilities	57,160
Audit fee payable	324,000
	<u>977,600</u>

## 18 CONTINGENCIES AND COMMITMENTS

### 18.1 Contingencies

There were no contingencies as at June 30, 2018.

### 18.2 Commitments

Commitments in respect of financing transactions amounted to Rs. 23.41 million as at June 30, 2018.

## 19 ADMINISTRATIVE EXPENSES

Salaries, allowances and other benefits	3,640,900
Repairs and maintenance	136,233
Legal and professional charges	186,922
Fees and subscription	336,474
Printing and stationery	140,970

**Notes to the Financial Statements**

FOR THE PERIOD FROM OCTOBER 06, 2017 TO JUNE 30, 2018

	Note	For the period from October 06, 2017 to June 30, 2018 Rupees
Utilities expenses		448,000
Takaful premium		35,943
Depreciation		789,978
Amortisation		47,855
Auditor's remuneration	19.1	501,000
Others		343,085
		<u>6,607,360</u>
<b>19.1 Auditor's remuneration</b>		
Annual fee		250,000
Half yearly review fee		100,000
Special reports, certification and sundry advisor services		100,000
Out of pocket expenses		15,000
Sales tax		36,000
		<u>501,000</u>
<b>20 FINANCIAL CHARGES</b>		
Bank charges		<u>30,572</u>

**21 MODARABA MANAGEMENT COMPANY'S FEE**

As per section 18 of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the remuneration of the Modaraba Company in respect of the Modaraba Floated by it shall be a fixed percentage of the net annual profits of the Modaraba and shall not exceed ten percentage of the net profits as prescribed.

In accordance with the Modaraba Companies and Modaraba Rules, 1981, the Modaraba has not accrued any management fee and accordingly nil amount of sales tax on management fee has been levied under Sindh Sales Tax on Services Act, 2011 .

**22 TAXATION - NET**

- 22.1 The income of non-trading modarabas is exempt from tax under clause 100 of the Second Schedule of the Income Tax Ordinance 2001, provided not less than 90% of its profits after appropriation to statutory reserves as required under Modaraba Regulations is distributed to the certificate holders. The Modaraba has decided to continue availing the tax exemption and hence no provision has been made in this financial statements for tax liabilities for the period.

**23 EARNINGS PER CERTIFICATE - BASIC AND DILUTED**

The earnings per certificate as required under IAS 33 "Earnings per share" is given below:

Profit for the period	4,012,077
Weighted average number of certificates outstanding	<u>30,000,000</u>
Earnings per certificate - Basic and diluted (Rupees)	<u>0.13</u>

There were no convertible dilutive potential ordinary certificates outstanding as on June 30, 2018 which have dilutive effect on earnings per certificate.

## Notes to the Financial Statements

FOR THE PERIOD FROM OCTOBER 06, 2017 TO JUNE 30, 2018

### 24 REMUNERATION OF OFFICERS AND OTHER EMPLOYEES

Remuneration	3,348,500
Number of officers / executives at the end of the period	<u>3</u>

The executives are also provided with the free use of vehicles owned by the Modaraba.

### 25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Modaraba's objective in managing risk is the creation and protection of certificate holders' value. Risk is inherent in the Modaraba's activities, but it is managed through monitoring and controlling activities which are primarily setup to be performed, based on limits established by the Modaraba Management Company, Modaraba's constitutive documents and the regulations and directives of the SECP. The Modaraba's activities expose it to a variety of financial risks: market risk (including profit rate risk, equity price risk and fair value risk), credit risk and liquidity risk. The Board of Directors of the Modaraba Management Company has overall responsibility for the establishment and oversight of the Modaraba's risk management framework.

The Modaraba's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Modaraba's financial performance.

The Modaraba primarily invests in diminishing musharaka, diversified portfolio of listed securities, sukuk certificates, Ijarah sukuk bonds and Islamic Investment Instruments. Such investments are subject to varying degrees of risk, which emanate from various factors that include but are not limited to market risk, credit risk and liquidity risk.

#### 25.1 Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables such as profit rates, foreign exchange rates and equity prices.

#### 25.2 Profit rate risk

Profit rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market profit rates.

#### 25.3 Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Modaraba does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

#### 25.4 Liquidity risk

Liquidity risk is defined as the risk that the Modaraba will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Modaraba could be required to pay its liabilities earlier than expected. The Modaraba's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressful conditions, without incurring unacceptable losses or risking damage to the Modaraba's reputation.

The table below summarizes the maturity profile of the Modaraba's financial liabilities based on contractual undiscounted payments.

As at June 30, 2018	Six to Twelve months	One to five years	Over five years	Above five years	Total contractual cash flows
	Rupees				
Creditors, accrued and other liabilities	977,600	-	-	-	977,600
<b>Total</b>	<b>977,600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>977,600</b>

## Notes to the Financial Statements

FOR THE PERIOD FROM OCTOBER 06, 2017 TO JUNE 30, 2018

### 25.5 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Modaraba by failing to discharge its obligation. The Modaraba's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines, offering document and regulatory requirements. The table below analyses the Modaraba's maximum exposure to credit risk. The maximum exposure is shown gross, before the effect of mitigation through the use of collateral agreements at reporting date:

	<b>For the period from October 06, 2017 to June 30, 2018 Rupees</b>
Diminishing musharaka finance	8,442,291
Current portion of diminishing musharaka financing	3,898,202
Advances	329,254
Advances and short term prepayments	272,258
Accrued profit	1,743,202
Short term investments	50,000,000
Cash and bank balances	33,525,457
	<u>98,210,664</u>

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Modaraba's total credit exposure. The Modaraba's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk. The table below analyses the Modaraba's concentration of credit risk by industrial distribution:

#### 25.5.1 Segment by class of business for musharaka finances

	2018	
	Rupees	%
Individuals	12,340,493	100%

### 25.6 Financial instruments by category

#### Financial assets

##### Loans and receivables at amortised cost

Diminishing musharaka finance	8,442,291
Current portion of diminishing musharaka financing	3,898,202
Advances	329,254
Advances and short term prepayments	272,258
Accrued profit	1,743,202
Cash and bank balances	33,525,457
Short term investments	50,000,000
	<u>98,210,664</u>

#### Financial liabilities

##### Financial liabilities at amortised cost

Creditors, accrued and other liabilities	977,600
	<u>977,600</u>

## Notes to the Financial Statements

FOR THE PERIOD FROM OCTOBER 06, 2017 TO JUNE 30, 2018

### 26 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Modaraba is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

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

The carrying values of all financial assets and liabilities reflected in the financial statements are approximate to their fair values. Fair value is determined on the basis of the objective evidence at each required date. The following table compares the carrying amounts and fair values of the Modaraba's financial assets and financial liabilities as at June 30, 2018.

	<b>As at June 30, 2018</b>	
	<b>Carrying amount</b>	<b>Fair value</b>
	-----Rupees-----	
Financial assets		
Loans and receivables at amortised cost		
Diminishing musharaka finance	8,442,291	8,442,291
Current portion of diminishing musharaka financing	3,898,202	3,898,202
Advances	329,254	329,254
Advances and short term prepayments	272,258	272,258
Accrued profit	1,743,202	1,743,202
Cash and bank balances	33,525,457	33,525,457
Short term investments	50,000,000	50,000,000
Financial liabilities		
Financial liabilities at amortised cost		
Creditors, accrued and other liabilities	977,600	977,600

#### 26.1 Fair value hierarchy

"The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement.

Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

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

As at June 30, 2018, none of the financial instruments of the Modaraba are carried at fair value.

#### Transfers during the period

During the period, there were no transfers between level 1 and level 2 fair value measurements and into or out of level 3 fair value measurements.

## Notes to the Financial Statements

FOR THE PERIOD FROM OCTOBER 06, 2017 TO JUNE 30, 2018

### 27 CAPITAL RISK MANAGEMENT

The Modaraba's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for certificate-holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Modaraba may adjust the amount of profit distributed to certificate-holders, issue new certificates or sell assets to reduce debt.

The Modaraba's policy is to maintain a sound capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Modaraba monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total Diminishing Musharaka Term Finance Certificates and borrowings less cash and bank balances.

### 28 RELATED PARTY TRANSACTIONS

"Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include a subsidiary company, associated companies with or without common directors, retirement benefit funds, directors, and key management personnel.

The Modaraba has related party relationship with its Holding Company, Management Company, Employee Benefit Plans, and its Key Management Personnel.

A number of transactions are entered into with related parties in the normal course of business. These include financings, investments and sharing of common expenses.

The detail of transactions with related parties and balances with them, apart from compensation to executives as disclosed in note 24, is given below:

<b>Relationship with the Modaraba</b>	<b>Nature of transactions</b>	<b>For the period from October 06, 2017 to June 30, 2018 Rupees</b>
<b>Holding Company</b>		
Habib Metropolitan Bank Limited	Profit on Modarabas deposit account and Islamic term deposit certificates	12,657,349
Habib Metropolitan Bank Limited	Investments purchased	1,105,000,000
Habib Metropolitan Bank Limited	Investments matured	1,030,000,000
Habib Metropolitan Bank Limited	Reimbursement of preliminary and floatation costs	10,433,800
<b>Management Company</b>		
Habib Metropolitan Modaraba Management Company (Private) Limited	Management fee	-



## Notes to the Financial Statements

FOR THE PERIOD FROM OCTOBER 06, 2017 TO JUNE 30, 2018

Relationship with the Modaraba	Nature of transactions	For the period from October 06, 2017 to June 30, 2018 Rupees
<b>28.1 Period end balances</b>		
<b>Holding Company</b>		
Habib Metropolitan Bank Limited	Bank balances	8,507,457
Habib Metropolitan Bank Limited	Short term investments	50,000,000
Habib Metropolitan Bank Limited	Accrued profit on Modaraba's deposit account and Islamic term deposit certificates	1,743,202
<b>Management Company</b>		
Habib Metropolitan Modaraba Management Company (Private) Limited	Sundry creditors	64,801
Habib Metropolitan Modaraba Management Company (Private) Limited	Management fee	-

### 28.2 Group Shared Services

The Modaraba has entered into arrangements with associated undertakings to share various administrative, human resource and related costs on agreed terms.

## 29 UTILIZATION OF PROCEEDS OF INITIAL PUBLIC OFFERING

The break-up of utilization of proceeds of initial public offering is being presented under the requirements of Regulation 16(i) of Chapter VIII of Public Offering Regulations, 2017. The Modaraba has utilized the proceeds from initial public offering as follows:

	For the period from October 06, 2017 to June 30, 2018 Rupees
Proceeds realized	<u>300,000,000</u>
Purchase of property, plant and equipment	5,596,661
Purchase of intangible assets	344,566
Preliminary expenses and floatation cost paid	12,422,100
Investment made	<u>281,636,673</u>
	<u>300,000,000</u>

**Notes to the Financial Statements**

FOR THE PERIOD FROM OCTOBER 06, 2017 TO JUNE 30, 2018

	Note	For the period from October 06, 2017 to June 30, 2018 Rupees
<b>30 CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation		4,012,077
Adjustment of non-cash and other items:		
Depreciation		789,978
Amortization of preliminary expenses and floatation costs		1,925,461
Amortization of intangible asset		47,855
Financial charges		30,572
Profit on investments		(9,588,517)
Income from diminishing musharaka financing		(208,199)
Profit on Modaraba's deposit account		(2,854,633)
Movement in working capital	30.1	(3,310,048)
		<u>(9,155,454)</u>
<b>30.1 Movement in working capital</b>		
(Increase) in current assets:		
Advances and short term prepayments		(389,446)
Current portion of diminishing musharaka financing		(3,898,202)
Increase in current liabilities:		
Creditors, accrued and other liabilities		<u>977,600</u>
		<u>(3,310,048)</u>

**31 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE**

31.1 The Board of Directors of the Management Company in their meeting held on August 29, 2018 have approved profit distribution at the rate of 1% i.e. Re. 0.1 per certificate for the period ended June 30, 2018. These financial statements do not reflect this distribution.

**32 DATE OF AUTHORIZATION AUTHORIZATION FOR ISSUE**

These financial statements was authorized for issue on August 29, 2018 by the Board of Directors of the Habib Metropolitan Modaraba Management Company (Private) Limited.

**33 CORRESPONDING FIGURES**

As this is first year of operation of the Modaraba after incorporation, therefore, no corresponding figures are disclosed.

**34 NUMBER OF EMPLOYEES**

The number of employees as at period end was 5 and average number of employees during the period was 5.

**35 GENERAL**

Amounts have been presented and rounded off to the nearest Pak rupees unless otherwise stated.

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

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR















DIRECTOR



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