

First Habib Modaraba



HALF YEARLY ACCOUNTS

for the period ended
DECEMBER 31, 2013
(Unaudited)

DIRECTORS' REPORT

On behalf of the Board of Directors, it is my pleasure to present the un-audited accounts of the Modaraba for the half year ended December 31, 2013.

First half of First Habib Modaraba (FHM) completed with satisfactory business volume and profitability. Total disbursement in Ijara and Diminishing Musharaka financing of Rs. 1,042.0 million have been made as compared to Rs. 1,010.0 million corresponding period of last period. As business diversification more concentration on Diminishing Musharaka financing was made which reflect around 42% of total financing portfolio for the period ended 31st December, 2013.

Our journey of success is well on its way and continuously acknowledging and recognizing from other counters as well. In last month, NBF and Modaraba Association of Pakistan have awarded your Modaraba best performance award "First Position" in entire Leasing, Modaraba and investment banking sector. So far FHM has secured 13 best performance awards from said association. Besides, M/s Pakistan Credit Rating Agency Limited, (PACRA) has updated rating and maintains rating scale AA+ for long term and A1+ for short. By the grace of God, since last six consecutive years FHM has been maintaining rating scale of AA+ for long term.

As per PACRA's assessment the rating denotes a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments. In the press release of PACRA, it is stated that FHM's sustained market position augmented by robust asset quality and low leveraging. Good management quality, appropriate risk management systems, and strong control environment provide strength to FHM's profile.

Alhamdulillah, the above rating assessments by PACRA are very encouraging and source of comforts for all our stakeholders particularly our investors and customers.

On the economic front the economy of Pakistan is still struggling and it is on way of revival. The International Monetary Fund (IMF) praise government efforts on steps taken for the betterment of economy. Recently Pakistan and the IMF have successfully concluded the second review under the three-year Extended Fund Facility for the release of the third tranche of loan facility. The decision of privatization of certain State Own Enterprises is also positive move by the present government. Besides recent decision on allowing government securities to be listed on Karachi Stock exchange is also a good sign for development of secondary debt market within the country. Equity market is also increasing and sets new record in beginning of current year due to high confidence of investors on the market. On another front, the Pakistan's public debt is continuously rising and as per IMF the ratio of debt to GDP will further rise by the end of fiscal year 2014. Current account deficit has also widened in the first six months of current fiscal year as opposed to corresponding period of last year.

After years of hectic efforts, Pakistan at last succeeded in winning back its membership of the European Union Generalized System of Preference (GSP Plus). Definitely this status would boost the pace of the economic development particularly enhancement of export business of our country which is very crucial to support our foreign exchange reserve and strengthening of Pak rupee.

Going forward keeping in view of slightly better sign of economic activity we are confident that we will maintain our business volume and profitability in second half and achieve our targeted result.

I am extremely grateful to our valued customers, Registrar Modaraba, Securities & Exchange Commission of Pakistan for their patronage, to our employees for their continued commitment, our certificate holder for their trust and confidence and other regulatory bodies for their continued guidance.

For and on behalf of Board of Directors

Karachi: February 18, 2014

Muhammad Shoab Ibrahim
Managing Director & CEO

INDEPENDENT AUDITORS REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE CERTIFICATE HOLDERS

Introduction

We have reviewed the accompanying condensed interim balance sheet of **First Habib Modaraba** as at December 31, 2013, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the six months ended December 31, 2013. The Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review.

The figures for the quarters ended December 31, 2013 and December 31, 2012 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at and for the six months period ended December 31, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan relating to interim financial reporting.

Karachi: February 18, 2014

Muniff Ziauddin & Co.
Chartered Accountants
Engagement Partner
Muhammad Moin Khan

FIRST HABIB MODARABA

CONDENSED INTERIM BALANCE SHEET

AS AT December 31, 2013

	December 31, 2013 (Unaudited) Rupees	June 30, 2013 (Audited) Rupees
ASSETS	Note	
NON CURRENT ASSETS		
Fixed assets - tangible		
Ijarah (lease) assets	2,858,986,109	2,941,637,969
Assets in own use	14,380,860	13,427,992
	5	2,873,366,969
Intangible assets	1,114,249	1,409,165
Investments	6	850,000,000
Long term advances, deposit and prepayments	1,044,651	2,492,650
Diminishing musharaka financing	7	449,469,356
		4,174,995,225
CURRENT ASSETS		
Investments	8	128,441,764
Diminishing musharaka financing - current portion	7	372,984,705
Ijarah (lease) rental receivable	9	5,324,832
Advances and short term prepayments		2,606,521
Other receivables (unsecured and considered good)		36,782,951
Tax refund due from Government	10	37,903,024
Cash and cash equivalent		168,091,253
		752,135,050
TOTAL ASSETS		4,927,130,275
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Certificate capital		
Authorized capital		
220,000,000 (June 2013: 220,000,000) certificates of		
Rs. 5/- each		1,100,000,000
Issued, subscribed and paid up capital		1,008,000,000
Reserves		2,027,343,153
Certificate holders' equity		3,035,343,153
NON CURRENT LIABILITIES		
Security deposits against ijarah (lease) assets		277,757,711
		264,938,447
CURRENT LIABILITIES		
Certificate of musharaka		1,298,734,799
Security deposits against ijarah (lease) assets (current portion)		61,568,379
Unearned ijarah (lease) rentals and diminishing musharaka		
installments		17,313,325
Advance ijarah (lease) rentals and diminishing musharaka		
installments		22,919,917
Trade and other payables		158,869,133
Profit payable on certificate of musharaka		27,917,039
Taxation		2,790,833
Unclaimed profit distribution	11	21,361,358
Profit distribution payable		2,554,628
		1,614,029,411
CONTINGENCIES AND COMMITMENTS	12	1,401,488,276
TOTAL EQUITY AND LIABILITIES		4,927,130,275

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

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

sd/-
Chief Executive

sd/-
Director

sd/-
Director

FIRST HABIB MODARABA

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE HALF YEAR ENDED DECEMBER 31, 2013

(UNAUDITED)

	Note	Half year ended		Quarter ended	
		December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
		-----Rupees-----			
Income from ijarah (leasing)		166,714,736	178,439,690	81,720,988	88,501,762
Profit on diminishing musharaka financing		35,362,282	26,109,717	19,589,735	12,892,750
		<u>202,077,018</u>	<u>204,549,407</u>	<u>101,310,723</u>	<u>101,394,512</u>
Administrative expenses		<u>(41,236,092)</u>	<u>(36,861,222)</u>	<u>(16,506,153)</u>	<u>(17,068,739)</u>
		160,840,926	167,688,185	84,804,570	84,325,773
Other income	13	53,497,941	40,139,200	27,245,301	20,590,483
Other charges	14	<u>(3,575,806)</u>	<u>(3,302,222)</u>	<u>(1,854,640)</u>	<u>(1,708,745)</u>
		210,763,061	204,525,163	110,195,231	103,207,511
Financial charges		<u>(51,040,936)</u>	<u>(59,653,826)</u>	<u>(27,455,774)</u>	<u>(29,066,545)</u>
		159,722,125	144,871,337	82,739,457	74,140,966
Modaraba Company's management fee		-	-	-	-
PROFIT FOR THE PERIOD		<u><u>159,722,125</u></u>	<u><u>144,871,337</u></u>	<u><u>82,739,457</u></u>	<u><u>74,140,966</u></u>
Earning per certificate - basic and diluted	15	<u><u>0.79</u></u>	<u><u>0.72</u></u>	<u><u>0.41</u></u>	<u><u>0.37</u></u>

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

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

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

sd/-
Chief Executive

sd/-
Director

sd/-
Director

FIRST HABIB MODARABA
CONDENSED INTERIM
STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2013
(UNAUDITED)

	Half year ended		Quarter ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	-----Rupees-----			
Profit for the period	159,722,125	144,871,337	82,739,457	74,140,966
Net unrealizable gain on investments available for sale	24,361,044	106,897,904	9,742,587	98,643,897
Total comprehensive income for the period	184,083,169	251,769,241	92,482,044	172,784,863

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

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

sd/-
Chief Executive

sd/-
Director

sd/-
Director

FIRST HABIB MODARABA

CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE HALF YEAR ENDED DECEMBER 31, 2013

(UNAUDITED)

	December 31, 2013 Rupees	December 31, 2012 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period	159,722,125	144,871,337
Adjustment for:		
Depreciation and amortization	589,940,402	564,934,245
Financial charges	51,040,936	59,623,720
Provision for gratuity	900,000	750,000
Loss on sale of shares	915	-
Gain on transfer of ijarah (lease) assets	(5,257,441)	(8,929,722)
Gain on disposal of assets in own use	(10,711)	(52,448)
Dividend income	(2,494,280)	(912,073)
	634,119,821	615,413,722
Changes in working capital		
Decrease / (Increase) in current assets	3,136,770	(5,681,972)
Decrease in current liabilities	(97,890,920)	(18,608,696)
Cash generated from operations	699,087,796	735,994,391
Purchase of ijarah (lease) assets	(608,128,555)	(915,360,706)
Proceeds from transfer of ijarah (lease) assets	108,925,387	118,733,809
Investment in diminishing musharka	(275,636,065)	2,183,770
Long term advances and deposits	1,447,999	255,800
Net Musta'jir's security deposits	19,702,563	26,390,688
Financial charges paid	(41,726,786)	(59,959,969)
Tax paid	(38,564)	(115,618)
	(795,454,021)	(827,872,226)
Net cash used in operating activities	(96,366,225)	(91,877,835)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of assets in own use	(3,490,375)	(6,535,135)
Purchase of investments	(7,143,406)	(5,746,939)
Proceeds from disposal of assets in own use - net	15,200	52,500
Proceed from disposal of investments - net	47,259	-
Redemption of sukuk bond	50,160,000	-
Redemption of HILC	-	150,000,000
Dividend received	2,494,280	912,073
Net cash generated from investing activities	42,082,958	138,682,499
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(199,192,465)	(199,369,093)
Certificate of musharaka	290,927,070	70,494,509
Net cash generated from / (used) in financing activities	91,734,605	(128,874,584)
Net increase / (decrease) in cash and cash equivalents	37,451,338	(82,069,920)
Cash and cash equivalents at the beginning of the period	130,639,915	122,394,087
Cash and cash equivalents at the end of the period	168,091,253	40,324,167

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

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

sd/-
Chief Executive

sd/-
Director

sd/-
Director

FIRST HABIB MODARABA

CONDENSED INTERIM

STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED DECEMBER 31, 2013

(UNAUDITED)

	Certificate capital	Capital reserves		Revenue reserves		Total reserve	Total equity	
		Certificate premium	Statutory reserves	General reserves	Unrealized gain on investment			Unappropriated profit
Rupees								
Balance as at July 01, 2012	1,008,000,000	378,000,000	578,891,321	50,000,000	901,105,975	210,496,010	2,118,493,306	3,126,493,306
Profit distribution for the year ended June 30, 2012 @ 20%	-	-	-	-	-	(201,600,000)	(201,600,000)	(201,600,000)
Total comprehensive income for the period	-	-	-	-	106,897,904	144,871,337	251,769,241	251,769,241
Balance as at December 31, 2012	1,008,000,000	378,000,000	578,891,321	50,000,000	1,008,003,879	153,767,347	2,168,662,547	3,176,662,547
Balance as at July 01, 2013	1,008,000,000	378,000,000	777,369,238	50,000,000	36,683,068	802,807,678	2,044,859,984	3,052,859,984
Profit distribution for the year ended June 30, 2013 @ 20%	-	-	-	-	-	(201,600,000)	(201,600,000)	(201,600,000)
Transfer from general reserves	-	-	-	590,000,000	-	(590,000,000)	-	-
Total comprehensive income for the period	-	-	-	-	24,361,044	159,722,125	184,083,169	184,083,169
Balance as at December 31, 2013	1,008,000,000	378,000,000	777,369,238	640,000,000	61,044,112	170,929,803	2,027,343,153	3,035,343,153

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

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

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

sd/-
Chief Executive

sd/-
Director

sd/-
Director

FIRST HABIB MODARABA

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2013 (UNAUDITED)

1. LEGAL STATUS AND OPERATION

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

This condensed interim financial report of the Modaraba for the six months period ended December 31, 2013 has been prepared in accordance with the requirements of the International Accounting Standard 34- Interim Financial Reporting and provisions of and directives issued under the Modaraba Companies and Modarabas (Flotation and Control Ordinance, 1980 Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas. In case where requirements differ, the provisions of or directives issued under the Modaraba Companies and Modarabas (Flotation and Control) Ordinance 1980, Modaraba Companies and Modarabas Rules, 1981 and Prudential Regulations for Modarabas have been followed.

The condensed interim financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Modaraba as at and for the year ended June 30, 2013.

2.2 Basis of measurement

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

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

2.3 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed for the preparation of these condensed interim financial statements are the same as those applied in preparing the financial statements for the year ended June 30, 2013 except as described below;

During the period (with effect from January 01, 2013) the Modaraba has adopted IAS 19, (Revised) 'Employee Benefits'. The amendments in the revised standard require the Modaraba to eliminate the corridor approach and recognize all actuarial gains and losses (now called 'remeasurements' that result from the remeasurements of defined benefit obligations and fair value of plan assets at the balance sheet date) in other comprehensive income as they occur, immediately recognize all past service costs and replace interest cost and expected return on plan assets with an interest amount that is calculated by applying the discount rate to the net defined benefits liability / asset.

Previously the company accounted for the actuarial gain/loss with respect to actuarial valuation of its retirement benefit plan immediately in the relevant period. Since the company has already accounted for the actuarial gain / loss and the liability was fully recorded hence there is no impact of it in the condensed interim balance sheet. Further the Modaraba considers that the financial impacts due to the above referred changes in the revised IAS 19 are not material in context to the condensed interim financial statements for the half year ended December 31, 2013.

4. ESTIMATES

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Modaraba's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2013.

	Note	December 31, 2013 (Un-audited) Rupees	June 30, 2013 (Audited) Rupees
5. FIXED ASSETS - TANGIBLE			
Ijarah (lease) assets	5.1	2,858,986,109	2,941,637,969
Assets in own use	5.2	14,380,860	13,427,992
		<u>2,873,366,969</u>	<u>2,955,065,961</u>
5.1 Ijarah (lease) assets			
Ijarah (lease) assets	5.1.1	2,666,416,509	2,502,492,870
Advance against ijarah (lease) assets		192,569,600	439,145,099
		<u>2,858,986,109</u>	<u>2,941,637,969</u>
5.1.1 Ijarah (lease) assets			
Book value at the beginning of the period / year		2,502,492,870	2,182,335,126
Additions during the period / year	5.1.2	854,704,054	1,769,384,873
		3,357,196,924	3,951,719,999
Deletion during the period / year at book value	5.1.3	(103,667,945)	(283,215,969)
Depreciation charge during the period / year		(587,112,470)	(1,166,011,161)
Book value at the end of the period / year		<u>2,666,416,509</u>	<u>2,502,492,870</u>
5.1.2 Additions during the period / year			
Plant, machinery and equipment		57,322,240	234,030,076
Vehicles		797,381,814	1,535,354,797
		<u>854,704,054</u>	<u>1,769,384,873</u>
5.1.3 Deletion (at book value) during the period / year			
Plant, machinery and equipment		9,751,842	53,016,857
Vehicles		93,916,103	230,199,112
		<u>103,667,945</u>	<u>283,215,969</u>
5.2 Assets in own use			
Book value at the beginning of the period / year		13,427,992	8,039,208
Additions during the period / year	5.2.1	3,377,665	9,756,984
		16,805,657	17,796,192
Deletion during the period / year at book value	5.2.2	(4,489)	(15,320)
Depreciation charge during the period / year		(2,420,308)	(4,352,880)
Book value at the end of the period / year		<u>14,380,860</u>	<u>13,427,992</u>
5.2.1 Additions during the period / year			
Office equipment		631,665	4,283,087
Furniture and fixture		110,500	813,269
Vehicles		2,635,500	4,660,628
		<u>3,377,665</u>	<u>9,756,984</u>
5.2.2 Deletion (at book value) during the period / year			
Office equipment		4,478	15,298
Furniture and fixture		11	14
Vehicles		-	8
		<u>4,489</u>	<u>15,320</u>
6. INVESTMENTS			
Available for sale	6.1	850,000,000	900,160,000

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

7. DIMINISHING MUSHARAKA FINANCING

Secured		
Diminishing musharaka financing	627,743,941	369,309,326
Less: Current portion	<u>(372,984,705)</u>	<u>(191,350,842)</u>
	254,759,236	177,958,484
Advance against diminishing musharaka financing	<u>194,710,120</u>	<u>177,508,670</u>
	<u>449,469,356</u>	<u>355,467,154</u>

8. INVESTMENTS

Available for sale		
Investment in shares - available for sale	<u>128,441,764</u>	<u>96,985,487</u>

9. IJARAH (LEASE) RENTALS RECEIVABLES

Ijarah (lease) rental due		6,061,659	5,415,105
Less: Suspense ijarah (lease) rentals	9.1	<u>(736,827)</u>	<u>(1,894,695)</u>
		<u>5,324,832</u>	<u>3,520,410</u>

- 9.1 Suspense ijarah (lease) rentals represent amounts overdue on Ijarah (lease) assets.

- 9.2 Installments receivable in respect of existing Ijarah (lease) within one year amounts to Rs. 1,272.431 million (June 30, 2013: Rs. 1,130.334 million). Ijarah (lease) installments recoverable within the next twelve months shall be treated as current assets for the purpose of calculating current ratio (as per BPRD circular no. 8 dated April 11, 1998)

10. TAX REFUND DUE FROM GOVERNMENT

Income tax	<u>37,903,024</u>	<u>37,903,024</u>
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11. TAXATION

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

12. CONTINGENCIES AND COMMITMENTS

Contingencies

There were no significant contingencies to report.

Commitments

Commitments in respect of Ijarah (lease) transactions amounted to Rs. 50.862 million (June 30, 2013: Rs. 52.761 million).

13. OTHER INCOME

	Half year ended		Quarter ended	
	December 31, 2013 (Un-audited) Rupees	December 31, 2012 (Un-audited) Rupees	December 31, 2013 (Un-audited) Rupees	December 31, 2012 (Un-audited) Rupees
Dividend income	2,494,280	912,073	2,473,780	899,073
Profit on transfer of Ijarah assets	5,257,441	8,929,722	2,468,453	4,339,542
Profit on disposal of assets in own use	10,711	52,448	15,189	44,449
Profit on modaraba deposit account	4,588,788	20,198,045	2,151,364	8,281,422
Gain on sale of shares	15,256	4,276,128	15,256	4,276,128
Profit on sukuk	40,825,596	5,662,828	20,062,143	2,661,390
Miscellaneous	305,869	107,956	59,116	88,479
	<u>53,497,941</u>	<u>40,139,200</u>	<u>27,245,301</u>	<u>20,590,483</u>

14. OTHER OPERATING CHARGES

	Half year ended		Quarter ended	
	December 31, 2013 (Un-audited) Rupees	December 31, 2012 (Un-audited) Rupees	December 31, 2013 (Un-audited) Rupees	December 31, 2012 (Un-audited) Rupees
Workers' welfare fund	3,259,635	2,984,224	1,688,469	1,540,747
Gain on sale of shares	16,171	-	16,171	-
Auditor's remuneration	300,000	317,998	150,000	167,998
	<u>3,575,806</u>	<u>3,302,222</u>	<u>1,854,640</u>	<u>1,708,745</u>

15. EARNINGS PER CERTIFICATE - BASIC AND DILUTED

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

	Half year ended		Quarter ended	
	December 31, 2013 Rupees	December 31, 2012 Rupees	December 31, 2013 Rupees	December 31, 2012 Rupees
Net profit for the period	<u>159,722,125</u>	<u>144,871,337</u>	<u>82,739,457</u>	<u>74,140,966</u>
Weighted average number of ordinary certificates.	<u>201,600,000</u>	<u>201,600,000</u>	<u>201,600,000</u>	<u>201,600,000</u>
Basic earnings per certificate	<u>0.79</u>	<u>0.72</u>	<u>0.41</u>	<u>0.37</u>

16. TRANSACTIONS WITH RELATED PARTIES

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

Relationship	Nature of transaction	December 31, 2013 (Un-audited) Rupees	December 31, 2012 (Un-audited) Rupees
Balances with the related parties			
Staff Retirement Benefit Fund	Payable / Receivable to / from staff gratuity fund	<u>900,000</u>	<u>750,000</u>
Staff retirement benefit			
Fund	Gratuity fund	<u>900,000</u>	<u>750,000</u>
Fund	Provident fund	<u>957,820</u>	<u>915,060</u>
Payments made during the period			
Fund	Contribution to staff provident fund	<u>1,915,640</u>	<u>1,830,120</u>
Modaraba Management Company	Dividend paid	<u>100,501,732</u>	<u>100,501,732</u>

16.1 No remuneration in kind has been paid by the Modaraba to the directors and key management personnel.

17. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, whenever necessary, for the purposes of appropriate presentation. However no significant reclassification has been made except the following:

Reclassification from components	Reclassification to components	Note	in "Rupees"
Investments (Current assets)	Investments (Non current assets)	8	850,000,000
		6	850,000,000

18. GENERAL

Figures have been rounded off to the nearest rupee.

19. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on February 18, 2014 by the Board of Directors of the Management Company.

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

sd/-
Chief Executive

sd/-
Director

sd/-
Director

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