

# **First Habib Modaraba**

(An Islamic Financial Institution)



## **QUARTERLY ACCOUNTS**

for the period ended

MARCH 31, 2015

(Unaudited)



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

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

### AUDITORS

Muniff Ziauddin & Company  
Chartered Accountants

### LEGAL ADVISOR

Mohsin Tayebaly & Company  
Ahmed & Qazi Advocates & Legal Consultants

### AUDIT COMMITTEE

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

### HUMAN RESOURCE COMMITTEE

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

### COMPANY SECRETARY

Mr. Adnan Thanwey

### REGISTRAR:

Noble Computer Services (Pvt.) Limited  
Mezzanine Floor, House of Habib Building  
(Siddiqsons Tower),  
3-Jinnah Cooperative Housing Society,  
Main Shahr-e-Faisal, Karachi, Pakistan.  
Tel: 021-34325482-87

### BANKERS

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

### REGISTERED OFFICE

5<sup>th</sup> Floor, HBZ Plaza (Hirani Centre)  
I.I. Chundrigar Road, Karachi.  
Tel: 021-32635949-51  
Fax: 021-32627373  
UAN : 111-346-346  
Web : [www.habibmodaraba.com](http://www.habibmodaraba.com)  
Email : [fhm@habibmodaraba.com](mailto:fhm@habibmodaraba.com)

### GEOGRAPHICAL PRESENCE - BRANCH OFFICES

#### Lahore Branch:

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

#### Islamabad Branch:

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

#### Multan Branch:

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



## DIRECTOR'S REPORT

On behalf of the Board of Directors, it is my great pleasure to present the un-audited accounts of the Modaraba for the 3rd quarter ended March 31, 2015.

By the Grace of Allah, we have successfully managed and maintained growth in business volume and profitability in the nine months of the FY 2014-15. During the period, profit after tax has increased by 9% to Rs.260.0 million from Rs.239.0 million over the corresponding period of last year. Total disbursement of Rs.1.889 billion was made as compared to Rs.1.688 billion in same period of last year which is increase of around 12%.

Economy of the country has shown sign of recovery as key economic indicators in current fiscal year have slightly moved in favorable direction. Due to good number of inflows of foreign exchange particularly in home remittances and lower oil prices the outlook of external sector has improved. However, due to slowdown in exports the trade deficit in first nine months of current year has further widened as compared to corresponding period of last year.

The CPI inflation continues to follow a downward trend in the month of March which is well below of annual target. Government's efforts to minimize fiscal deficit were remain near to target despite slightly slower growth in revenue collection. In third week of March, 2015 the State Bank of Pakistan has further reduced discount rate by 50 basis points from 8.50 to 8.00 percent. We expect that further reduction in the policy rate will boost credit expansion and further enhance the investments in capital and corporate debt market. In last month government has slightly increased the prices of petroleum products which may keep the inflation numbers in positive territory.

Our equity market exhibited outstanding performance during January-March quarter and touched historic unprecedented levels in terms of value and volume. This positive performance of the capital market could be attributed to a number of favorable factors as substantial foreign investments in equity markets which captured considerable free float of the market and stability in dollar-rupee parity. Recently present government successfully disinvested shares of Habib Bank Limited (HBL) of worth of around \$1.0 billion. The responses from investors were outstanding and it was largest transaction in the history of Karachi Stock Exchange. The said offering has received offers from both local and foreign investors.

With these positive changes, we feel that our current quarter which the last quarter of current financial year will also remain satisfactory in terms of business and profitability. Due to reduction in discount rate of almost 2.0% in last six months we expect slight reduction in profitability in current quarter and incoming year as well. However, we will try to cover gap of profitability through reduction in profits rates on our deposit scheme and increase in business volume.

In conclusion 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

**Muhammad Shoaib Ibrahim**  
Chief Executive Officer

Karachi: April 21, 2015

## CONDENSED INTERIM BALANCE SHEET (UNAUDITED)

As At March 31, 2015

	Unaudited	Audited
	March 31, 2015	June 30, 2014
-----Rupees-----		
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
TANGIBLE FIXED ASSETS		
Lease Financing assets	2,823,758,733	2,868,616,976
Assets in own use	9,247,769	11,204,147
	<b>2,833,006,502</b>	2,879,821,123
INTANGIBLE ASSETS	821,893	1,500,691
LONG TERM PREPAYMENTS AND DEPOSITS	558,450	1,200,050
DIMINISHING MUSHARAKA FINANCING	855,146,405	616,572,857
	<b>3,689,533,249</b>	3,499,094,721
<b>CURRENT ASSETS</b>		
Investments - available for sale	947,465,822	975,232,743
Diminishing musharaka financing - current portion	641,952,281	444,546,723
Lease Financing installments receivable	4,174,609	9,915,676
Advances and short term prepayments	1,995,578	8,455,814
Other receivables	4,654,651	53,303,169
Tax refund due from Government	59,184,873	31,314,018
Cash and bank balances	134,858,954	371,131,886
	<b>1,794,286,767</b>	1,893,900,029
<b>TOTAL ASSETS</b>	<b>5,483,820,017</b>	5,392,994,750
<b>EQUITY AND LIABILITIES</b>		
<b>CAPITAL AND RESERVES</b>		
Certificate capital :		
Authorized :		
220,000,000 (June 2014: 220,000,000) certificates of Rs.5 each	1,100,000,000	1,100,000,000
Issued, subscribed and paid-up	1,008,000,000	1,008,000,000
Reserves	2,193,941,738	2,200,619,366
Certificate holders' equity	3,201,941,738	3,208,619,366
<b>NON-CURRENT LIABILITIES</b>		
Security deposits against Lease Financing assets	318,278,470	290,104,583
<b>CURRENT LIABILITIES</b>		
Certificate of musharaka	1,566,256,621	1,533,668,767
Security deposits against Lease Financing assets - current portion	80,740,333	81,132,842
Advance Lease Financing and diminishing musharaka installments	22,232,472	32,471,878
Unearned Lease Financing and diminishing musharaka installments	14,321,516	3,979,895
Trade and other liabilities	198,629,660	188,147,386
Profit payable on certificate of musharaka	52,624,371	28,379,755
Taxation	2,790,833	2,790,833
Unclaimed profit distribution	26,004,003	23,699,444
	<b>1,963,599,809</b>	1,894,270,800
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,483,820,017</b>	5,392,994,749

The annexed notes from 1 to 4 form an integral part of these financial statements.

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

sd/-  
**CHIEF EXECUTIVE**

sd/-  
**DIRECTOR**

sd/-  
**DIRECTOR**



## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE PERIOD ENDED MARCH 31, 2015

	Nine Months Ended		Quarter Ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	-----Rupees-----			
Income from Lease Financing	220,441,031	233,658,744	69,813,634	66,944,008
Profit on diminishing musharaka	112,737,850	63,158,796	42,280,765	27,796,514
	<b>333,178,881</b>	296,817,540	<b>112,094,399</b>	94,740,522
Administrative expenses	60,568,975	58,800,603	18,850,319	17,564,511
	<b>272,609,906</b>	238,016,937	<b>93,244,080</b>	77,176,011
Other income	97,515,038	88,420,479	30,777,639	34,922,538
Other charges	455,600	443,400	151,200	127,229
	<b>369,669,344</b>	325,994,016	<b>123,870,519</b>	111,971,320
Financial charges	103,967,195	82,280,517	35,078,083	31,239,581
	<b>265,702,149</b>	243,713,499	<b>88,792,436</b>	80,731,739
Modaraba company's management fee	-	-	-	-
	<b>265,702,149</b>	243,713,499	<b>88,792,436</b>	80,731,739
Workers Welfare Fund	5,314,043	4,874,270	1,775,849	1,614,635
<b>PROFIT FOR THE PERIOD</b>	<b>260,388,106</b>	238,839,229	<b>87,016,587</b>	79,117,104
<b>Earning per certificate basic &amp; diluted</b>	<b>1.29</b>	1.18	<b>0.43</b>	0.39

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

sd/-  
CHIEF EXECUTIVE

sd/-  
DIRECTOR

sd/-  
DIRECTOR

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE PERIOD ENDED MARCH 31, 2015

	Nine Months Ended		Quarter Ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	Rupees			
Profit for the period	260,388,106	238,839,229	87,016,587	79,117,104
Net unrealizable (loss)/gain on investments available for sale	(45,305,734)	36,845,349	(15,439,882)	12,484,305
Total comprehensive income/(loss) for the period	215,082,372	275,684,578	71,576,705	91,601,409

The annexed notes from 1 to 4 form an integral part of these financial statements.

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

sd/-  
**CHIEF EXECUTIVE**

sd/-  
**DIRECTOR**

sd/-  
**DIRECTOR**



## CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE PERIOD ENDED MARCH 31, 2015

Note	March 31, 2015	March 31, 2014
	Rupees	
<b>Cash Flow From Operating Activities</b>		
Cash generated from operations	4	1,114,714,260
Diminishing musharaka financing	(435,979,106)	(376,669,973)
Purchase of Lease Financing assets	(1,033,424,259)	(1,044,316,143)
Sale proceeds of Lease Financing assets	233,856,670	201,127,842
Lessee's security deposit - net	27,781,378	41,608,993
Financial charges paid	(79,484,979)	(70,000,430)
Tax paid	-	-
Net cash (outflow)/inflow from operating activities	(36,934,567)	(133,535,451)
<b>Cash Flow From Investing Activities</b>		
Purchase of assets owned (including intangibles)	(1,495,441)	(4,029,201)
Purchase of investments-available for sale	(17,538,813)	(7,143,406)
Proceeds from disposal of owned assets	21,108	1,497,083
Proceeds from disposal of investments	693,415	47,258
Redemption of sukuk	-	50,160,000
Long term advances and deposit	641,600	576,800
Dividend received	5,207,353	5,207,417
Net cash inflow investing activities	(12,470,778)	46,315,951
<b>Cash Flow From Financing Activities</b>		
Dividend paid	(219,455,441)	(199,450,138)
Certificate of Musharaka	32,587,854	393,269,637
Net cash inflow/(outflow) in financing activities	(186,867,587)	193,819,499
<b>Net increase/(decrease) in cash and cash equivalents</b>	(236,272,932)	106,599,999
<b>Cash and cash equivalents at the beginning of the year</b>	371,131,886	130,639,915
<b>Cash and cash equivalents at the end of the period</b>	134,858,954	237,239,914

The annexed notes from 1 to 4 form an integral part of these financial statements.

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

sd/-  
**CHIEF EXECUTIVE**

sd/-  
**DIRECTOR**

sd/-  
**DIRECTOR**



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
FOR THE PERIOD ENDED MARCH 31, 2015

	Capital Reserves			Revenue Reserves			Total Reserves	Total
	Paid-up capital	Certificate Premium	*Statutory reserve	General reserve	Unrealized gain on investments	Unappropriated profit		
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)
Transferred to General Reserve	-	-	-	590,000,000	-	(590,000,000)	-	-
Total comprehensive income for the period	-	-	-	-	36,845,349	238,839,229	275,684,578	275,684,578
Balance as at March 31, 2014	<u>1,008,000,000</u>	<u>378,000,000</u>	<u>777,369,238</u>	<u>640,000,000</u>	<u>73,528,417</u>	<u>250,046,907</u>	<u>2,118,944,562</u>	<u>3,126,944,562</u>
Balance as at July 01, 2014	1,008,000,000	378,000,000	834,540,718	640,000,000	107,835,091	240,243,557	2,200,619,366	3,208,619,366
Profit distribution for the year ended June 30, 2014 @ 22%	-	-	-	-	-	(221,760,000)	(221,760,000)	(221,760,000)
Transferred to General Reserve	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(45,305,734)	260,388,106	215,082,372	215,082,372
Balance as at March 31, 2015	<u>1,008,000,000</u>	<u>378,000,000</u>	<u>834,540,718</u>	<u>640,000,000</u>	<u>62,529,357</u>	<u>278,871,663</u>	<u>2,193,941,738</u>	<u>3,201,941,738</u>

\* The Statutory reserves representing profit set-aside as required under the SECP's Prudential Regulation for Modarabas is transferred annually at year end.

The annexed notes from 1 to 4 form an integral part of these financial statements.

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

sd/-  
**CHIEF EXECUTIVE**

sd/-  
**DIRECTOR**

sd/-  
**DIRECTOR**



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

FOR THE PERIOD ENDED MARCH 31, 2015

### 1. THE COMPANY AND ITS OPERATIONS

First Habib Modaraba is a perpetual , multipurpose Modaraba floated and managed by Habib Modaraba Management (Pvt.) Limited, having its registered office at 5th Floor, HBZ Plaza (Hirani Center), I.I. Chundrigar Road, Karachi. It is listed on the Karachi, Lahore and Islamabad stock exchanges of Pakistan. The Modaraba is authorized to engage in the business of Lease Financing, Musharaka, Morabaha financing and other related business.

### 2. BASIS OF PREPARATION

These condensed interim financial statement are unaudited and being submitted to the certificate holders as required under Rule 10 of Modaraba Companies and Modaraba Rules, 1981 and have been prepared in accordance with the requirements of the International Accounting Standard (IAS) -34, "Interim Financial Reporting".

### 3. ACCOUNTING POLICIES

The accounting policies and methods of computation followed for the preparation of these condensed interim financial statements are same as those applied in the preparing the financial statements for the year ended June 30, 2014.

### 4. CASH GENERATED FROM OPERATIONS

	March 31, 2015	March 31, 2014
	Rupees	
Profit for the year	<b>260,388,106</b>	238,839,229
Adjustment for :		
Profit on disposal of assets-		
Lease Financing	<b>(13,098,753)</b>	(12,269,086)
assets in owned use (net)	<b>(20,977)</b>	(25,199)
Depreciation - Lease financing assets	<b>857,524,585</b>	901,628,604
- assets in owned use	<b>3,364,449</b>	3,625,388
Amortization of intangible assets	<b>766,034</b>	614,028
Dividend income	<b>(5,207,353)</b>	(5,207,417)
Gain on sale of investments	<b>(693,415)</b>	(15,256)
Loss on sale of investments	-	16,171
Financial charges	<b>103,729,595</b>	82,141,040
Movement in working capital	4.1 <b>43,563,458</b>	(94,633,242)
	<b><u>1,250,315,729</u></b>	<b><u>1,114,714,260</u></b>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
FOR THE PERIOD ENDED MARCH 31, 2015

	March 31, 2015	March 31, 2014
Rupees		
<b>4.1 Movement in working capital:</b>		
Decrease/(Increase) in current assets:		
Advances and short term prepayments	<b>6,460,236</b>	8,486,638
Other receivables	<b>48,648,518</b>	10,654,040
Tax refund due from Government	<b>(27,870,855)</b>	-
Lease Financing Installments receivable	<b>5,741,067</b>	(2,370,359)
	<b>32,978,966</b>	16,770,319
Increase/(decrease) in current liabilities:		
Advance Lease Financing and diminishing musharaka installments	<b>(10,239,406)</b>	7,768,944
Unearned Lease Financing and diminishing musharaka installments	<b>10,341,621</b>	(21,486,593)
Trade and other liabilities	<b>10,482,277</b>	(97,685,912)
	<b>10,584,492</b>	(111,403,561)
	<b>43,563,458</b>	(94,633,242)

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

sd/-  
**CHIEF EXECUTIVE**

sd/-  
**DIRECTOR**

sd/-  
**DIRECTOR**