

First Habib Modaraba

(An Islamic Financial Institution)



QUARTERLY ACCOUNTS
for the period ended
MARCH 31, 2014
(Unaudited)

DIRECTORS' REPORT

On behalf of the Board of Directors, it is my great pleasure to present the un-audited accounts of the Modaraba for the 3rd quarter ended March 31, 2014.

We have completed business operation of 3rd quarter and Alhamdulillah, the progress of nine months of current year remained satisfactory both in business and profitability. Total disbursement of Rs.1.689 billion was made as compared to Rs.1.263 billion in same period of last year which is increase of around 34%. As usual major disbursement remained in Ijarah (Lease) around 62% of total financing. As diversification in mode of financing, disbursement in Diminishing Musharakah has increased significantly and stand at around 38% of total financing as compared to 13% of corresponding period of last year.

Within the assets category, financing of motor vehicle was remained major segments within the Ijarah and Diminishing Musharakah which is approximately of 82% of total assets portfolio. Within the sector exposure, major disbursements were made in Pharmaceuticals, Services, Chemical, and Food & Allied was made. Alhamdulillah, recovery in financing portfolio was remained satisfactory and profitability has also been maintained as compared to profit of same period of last year.

Our journey of success is well on its way and continuously acknowledging and recognizing not only by the prestigious institution in Pakistan but outside as well. Alhamdulillah, at the beginning of this month we have received letter from South Asian Federation of Accountants (SAFA) an apex body of SAARC, in which they have informed that once again our annual report has been selected for SAFA BPA "Certificate of Merit" award by the SAFA committee within the "Financial Services Sector" for "Best Presented Accountant" and "Corporate Governance Disclosures". This award ceremony is scheduled to be held on 3rd May, 2014 in Islamabad. Recently, NBF and Modaraba Association of Pakistan have also awarded your Modaraba best performance award "First Position" in entire Leasing, Modaraba and investment banking sector.

The SAFA BPA Award for the "Best Presented Annual Reports" is considered as the most prestigious accolade for financial reporting in the South Asian region and signifies SAFA's recognition and reward for organizations in the region which have achieved excellence in presentation and disclosure of high quality, relevant, reliable and objective financial statements in accordance to the framework stipulated by the International Accounting Standards Board (IASB).

On the economic front the major indicators have been gradually moving in the positive direction within last few months. Inflation has slightly come down and growth in Large Scale Manufacturing has shown encouraging figures. Private sector credit has also increased which reflecting positive sentiments within the market and investors. Recently, Pakistan has been able to raise \$2 billion from international debt markets through issuance of dollar denominated Euro bonds. As reported it was a highest amount that Pakistan has ever raised in single attempt which shows strong confidence of international investors on Pakistan's economy. Furthermore, successful auction of 3G and 4G license was also made in last week and government has raised more than \$1.1 billion. This move has improved our foreign exchange reserve and also revalued our Pak rupees significantly in very short time. However, rupee appreciation has slightly disturbed our exporters which have booked export order at previous dollar-rupee parity rate. With the beginning of summer season, the load shedding has been started particularly in province of Punjab which will affect our industrial output and targeted industrial growth.

At FHM, we are expecting to close our Ijarah and Diminishing Musharakah disbursements at more than Rs.2.0 billion by the end of June, 2014. We are hopeful that last quarter of the current year i.e. April-June, 2014, will be completed with same pace of business and profits.

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 Shoab Ibrahim
Managing Director & CEO

Karachi: April 29, 2014

FIRST HABIB MODARABA

CONDENSED INTERIM BALANCE SHEET

AS AT March 31, 2014

	Unaudited March 31, 2014	Audited June 30, 2013
	Rupees	Rupees
ASSETS		
NON-CURRENT ASSETS		
TANGIBLE FIXED ASSETS		
Ijarah (lease) assets	2,895,466,752	2,941,637,969
Assets in own use	<u>12,247,210</u>	<u>13,427,992</u>
	2,907,713,962	2,955,065,961
INTANGIBLE ASSETS		
LONG TERM PREPAYMENTS AND DEPOSITS	907,848	1,409,165
DIMINISHING MUSHARAKA FINANCING	<u>1,915,850</u>	<u>2,492,650</u>
	538,891,460	355,467,154
	<u>3,449,429,120</u>	<u>3,314,434,930</u>
CURRENT ASSETS		
Investments - available for sale	990,926,069	997,145,487
Diminishing musharaka financing - current portion	384,596,509	191,350,842
Ijarah (lease) installments receivable	5,890,769	3,520,410
Advances and short term prepayments	2,831,746	11,318,384
Other receivables	22,319,676	32,973,716
Tax refund due from Government	37,903,024	37,903,024
Cash and bank balances	<u>237,239,914</u>	<u>130,639,915</u>
	1,681,707,707	1,404,851,778
	<u>5,131,136,826</u>	<u>4,719,286,708</u>
TOTAL ASSETS		
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Certificate capital :		
Authorized :		
220,000,000 (June 2013: 220,000,000) certificates of Rs.5 each	<u>1,100,000,000</u>	<u>1,100,000,000</u>
Issued, subscribed and paid-up	1,008,000,000	1,008,000,000
Reserves	<u>2,118,944,562</u>	<u>2,044,859,984</u>
Certificate holders' equity	3,126,944,562	3,052,859,984
NON-CURRENT LIABILITIES		
Security deposits against ijarah (lease) assets	296,375,698	264,938,447
CURRENT LIABILITIES		
Certificate of musharaka	1,401,077,366	1,007,807,729
Security deposits against ijarah (lease) assets - current portion	64,856,822	54,685,080
Advance ijarah (lease) and diminishing musharaka installments	27,573,020	19,804,076
Unearned ijarah (lease) and diminishing musharaka installments	5,768,622	27,255,215
Trade and other liabilities	151,348,092	249,034,004
Profit payable on certificate of musharaka	30,743,499	18,602,889
Taxation	2,790,833	2,790,833
Unclaimed profit distribution	<u>23,658,312</u>	<u>21,508,450</u>
	1,707,816,566	1,401,488,276
	<u>5,131,136,826</u>	<u>4,719,286,707</u>
TOTAL EQUITY AND LIABILITIES		

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

FIRST HABIB MODARABA

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED MARCH 31, 2014

(UNAUDITED)

	Nine Months Ended		Quarter Ended	
	March 31, 2014 Rupees	March 31, 2013 Rupees	March 31, 2014 Rupees	March 31, 2013 Rupees
Income from ijarah (leasing)	233,658,744	265,784,390	66,944,008	87,344,700
Profit on diminishing musharaka	63,158,796	37,740,415	27,796,514	11,630,698
	<u>296,817,540</u>	<u>303,524,805</u>	<u>94,740,522</u>	<u>98,975,398</u>
Administrative expenses	58,800,603	55,676,323	17,564,511	18,815,101
	<u>238,016,937</u>	<u>247,848,482</u>	<u>77,176,011</u>	<u>80,160,297</u>
Other income	88,420,479	54,808,390	34,922,538	14,669,190
Other charges	443,400	517,998	127,229	172,334
	<u>325,994,016</u>	<u>302,138,874</u>	<u>111,971,320</u>	<u>94,657,153</u>
Financial charges	82,280,517	83,159,226	31,239,581	23,505,400
	<u>243,713,499</u>	<u>218,979,648</u>	<u>80,731,739</u>	<u>71,151,753</u>
Modaraba company's management fee	-	-	-	-
	<u>243,713,499</u>	<u>218,979,648</u>	<u>80,731,739</u>	<u>71,151,753</u>
Workers Welfare Fund	4,874,270	4,379,593	1,614,635	1,423,035
	<u>4,874,270</u>	<u>4,379,593</u>	<u>1,614,635</u>	<u>1,423,035</u>
PROFIT FOR THE PERIOD	<u>238,839,229</u>	<u>214,600,055</u>	<u>79,117,104</u>	<u>69,728,718</u>
Earning per certificate basic & diluted	<u>1.18</u>	<u>1.06</u>	<u>0.39</u>	<u>0.35</u>

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

FIRST HABIB MODARABA

CONDENSED INTERIM

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED MARCH 31, 2014

(UNAUDITED)

	Nine months ended		Quarter ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	Rupees			
Profit for the period	238,839,229	214,600,055	79,117,104	69,728,718
Net unrealizable (loss)/gain on investments available for sale	36,845,349	81,768,561	12,484,305	(25,129,343)
Total comprehensive income/(loss) for the period	275,684,578	296,368,616	91,601,409	44,599,375

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

FIRST HABIB MODARABA

CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE PERIOD ENDED MARCH 31, 2014 (UNAUDITED)

	Note	March 31, 2 0 1 4 Rupees	March 31, 2 0 1 3 Rupees
Cash Flow From Operating Activities			
Cash generated from operations	4	1,114,714,260	1,118,749,627
Diminishing musharaka financing		(376,669,973)	(11,652,066)
Purchase of ijarah (leased) assets		(1,044,316,143)	(1,105,403,102)
Sale proceeds of ijarah (leased) assets		201,127,842	184,025,394
Mustajir's security deposit - net		41,608,993	27,980,646
Financial charges paid		(70,000,430)	(90,290,246)
Tax paid		-	-
Net cash (outflow)/inflow from operating activities		(133,535,451)	123,410,253
Cash Flow From Investing Activities			
Purchase of assets owned (including intangibles)		(4,029,201)	(7,335,372)
Purchase of investments-available for sale		(7,143,406)	(5,760,469)
Proceeds from disposal of owned assets		1,497,083	79,763
Proceeds from disposal of investments		47,258	4,872,529
Redemption of HIIC		-	200,000,000
Redemption of sukuk		50,160,000	-
Long term advances and deposit		576,800	(472,200)
Dividend received		5,207,417	3,266,461
Net cash inflow investing activities		46,315,951	194,650,712
Cash Flow From Financing Activities			
Dividend paid		(199,450,138)	(199,716,478)
Certificate of Musharaka		393,269,637	(132,518,894)
Net cash inflow/(outflow) in financing activities		193,819,499	(332,235,372)
Net increase/(decrease) in cash and cash equivalents		106,599,999	(14,174,407)
Cash and cash equivalents at the beginning of the year		130,639,915	122,394,087
Cash and cash equivalents at the end of the period		237,239,914	108,219,680

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

FIRST HABIB MODARABA

CONDENSED INTERIM

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED MARCH 31, 2014

(UNAUDITED)

	Capital Reserves			Revenue Reserves			Total Reserves	Total
	Paid-up capital	Certificate Premium	*Statutory reserve	General reserve	Unrealized gain on investments	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	211,198,749	2,119,196,045	3,127,196,045
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	-	-	-	-	81,768,561	214,800,055	296,368,616	296,368,616
Balance as at March 31, 2013	<u>1,008,000,000</u>	<u>378,000,000</u>	<u>578,891,321</u>	<u>50,000,000</u>	<u>982,874,536</u>	<u>224,198,804</u>	<u>2,213,964,661</u>	<u>3,221,964,661</u>
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>

* 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

FIRST HABIB MODARABA

NOTES TO THE CONDENSED INTERIM ACCOUNTS

FOR THE PERIOD ENDED MARCH 31, 2014

(UNAUDITED)

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 authorised to engage in the business of leasing, 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, 2013.

4. CASH GENERATED FROM OPERATIONS

	March 31, 2014 Rupees	March 31, 2013 Rupees
Profit for the year	238,839,229	214,600,055
Adjustment for :		
Profit on disposal of assets-		
Ijarah (leasing)	(12,269,086)	(12,291,582)
assets in owned use (net)	(25,199)	(64,447)
Depreciation - ijarah (leasing) assets	901,628,604	844,809,434
- assets in owned use	3,625,388	3,141,203
Amortization of intangible assets	614,028	602,834
Dividend income	(5,207,417)	(3,266,461)
Gain on sale of investments	(15,256)	(4,276,303)
Loss on sale of investments	16,171	-
Financial charges	82,141,040	83,159,226
Movement in working capital	4.1 (94,633,242)	(7,664,332)
	1,114,714,260	1,118,749,627
4.1 Movement in working capital:		
Decrease/(Increase) in current assets:		
Advances and short term prepayments	8,486,638	3,769,938
Other receivables	10,654,040	(6,249,811)
Ijarah (lease) Installments receivable	(2,370,359)	38,103
	16,770,319	(2,441,770)
Increase/(decrease) in current liabilities:		
Advance Ijarah (leasing) and diminishing musharaka installments	7,768,944	3,658,014
Unearned ijarah (leasing) and diminishing musharaka installemnts	(21,486,593)	14,406,243
Trade and other liabilities	(97,685,912)	(23,286,819)
	(111,403,561)	(5,222,562)
	(94,633,242)	(7,664,332)

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

sd/-
Chief Executive

sd/-
Director

sd/-
Director

BOOK POST
Printed Matter

UNDER POSTAL CERTIFICATE

If undelivered please return to:

FIRST HABIB MODARABA

REGISTRAR:

Noble Computer Services (Pvt.) Ltd.
Mezzanine Floor,

House of Habib Building (Siddiq Sons Tower),

3-Jinnah C.H. Society, Main Shahrāh-e-Faisal, Karachi.