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 Ahtamduillah, 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 Musharaka 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 Musharaka 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. At Hammadullah, 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. At Hammadullah, 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, NBFI 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 9G 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 Musharaka 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 Shaib Ibrahim
Managing Director & CEO

Karachi: April 29, 2014
# FIRST HABIB MODARABA
## CONDENSED INTERIM BALANCE SHEET
### AS AT March 31, 2014

<table>
<thead>
<tr>
<th></th>
<th>Unaudited</th>
<th>Audited</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>NON-CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible Fixed Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Ijarah (lease) assets)</td>
<td>2,895,466,752</td>
<td>2,941,637,969</td>
</tr>
<tr>
<td>Assets in own use</td>
<td>12,247,210</td>
<td>13,427,992</td>
</tr>
<tr>
<td><strong>INTANGIBLE ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>907,848</td>
<td>1,409,165</td>
</tr>
<tr>
<td><strong>LONG TERM PREPAYMENTS AND DEPOSITS</strong></td>
<td>1,915,560</td>
<td>2,492,060</td>
</tr>
<tr>
<td>Diminishing Musharakah Financing</td>
<td>538,891,460</td>
<td>355,467,154</td>
</tr>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td>3,448,429,120</td>
<td>3,314,434,930</td>
</tr>
<tr>
<td>Investments - available for sale</td>
<td>950,526,069</td>
<td>951,745,487</td>
</tr>
<tr>
<td>Diminishing musharakah financing - current portion</td>
<td>384,395,909</td>
<td>191,350,642</td>
</tr>
<tr>
<td>Ijarah (lease) installments receivable</td>
<td>5,890,768</td>
<td>3,520,410</td>
</tr>
<tr>
<td>Advances and short term prepayments</td>
<td>2,831,746</td>
<td>11,318,384</td>
</tr>
<tr>
<td>Other receivables</td>
<td>22,319,676</td>
<td>32,973,716</td>
</tr>
<tr>
<td>Tax refund due from Government</td>
<td>37,903,024</td>
<td>37,903,024</td>
</tr>
<tr>
<td>Cash and bank balances</td>
<td>237,239,914</td>
<td>120,639,915</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>5,131,136,826</td>
<td>4,719,286,708</td>
</tr>
</tbody>
</table>

|                      |           |         |
| **EQUITY AND LIABILITIES** |           |         |
| **CAPITAL AND RESERVES** |           |         |
| Certificate capital : |           |         |
| Authorized : | 220,000,000 (June 2013: 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 | 2,118,944,562 | 2,044,859,984 |
| Certificate holders' equity | 3,126,844,562 | 3,062,859,984 |
| **NON-CURRENT LIABILITIES** |           |         |
| Security deposits against (Ijarah (lease) assets) | 296,375,698 | 264,938,447 |
| **CURRENT LIABILITIES** |           |         |
| Certificate of musharakah | 1,401,077,366 | 1,007,807,729 |
| Security deposits against (Ijarah (lease) assets - current port) | 64,896,822 | 54,685,940 |
| Advance (Ijarah (lease) and diminishing musharakah installments | 27,573,020 | 19,604,076 |
| Unearned (Ijarah (lease) and diminishing musharakah installments | 5,768,622 | 27,255,215 |
| Trade and other liabilities | 151,348,092 | 249,034,404 |
| Profit payable on certificate of musharakah | 30,743,499 | 18,602,889 |
| Taxation | 2,790,833 | 2,790,833 |
| Unclaimed profit distribution | 23,638,312 | 21,588,450 |
| **TOTAL EQUITY AND LIABILITIES** | 5,131,136,826 | 4,719,286,708 |

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/- sd/- sd/-
Chief Executive Director Director
# FIRST HABIB MODARABA

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED MARCH 31, 2014

(UNAUDITED)

<table>
<thead>
<tr>
<th></th>
<th>Nine Months Ended</th>
<th>Quarter Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rupees</td>
<td>Rupees</td>
</tr>
</tbody>
</table>

- **Income from ijarah (leasing)**
  - 2014: 233,668,744
  - 2013: 265,784,390
  - 66,944,008
  - 87,344,700

- **Profit on diminishing musharaka**
  - 2014: 63,158,796
  - 2013: 37,740,415
  - 27,796,514
  - 11,630,698

- **Administrative expenses**
  - 2014: 58,800,603
  - 2013: 55,676,323
  - 17,564,511
  - 18,815,101

- **Other income**
  - 2014: 88,420,479
  - 2013: 54,808,390
  - 34,922,538
  - 14,669,190

- **Other charges**
  - 2014: 443,400
  - 2013: 517,998
  - 127,229
  - 172,334

- **Financial charges**
  - 2014: 83,230,517
  - 2013: 83,159,226
  - 31,239,581
  - 23,505,400

- **Modaraba company’s management fee**
  - 2014: 243,713,499
  - 2013: 218,979,648
  - 218,979,648
  - 218,979,648

- **Workers Welfare Fund**
  - 2014: 4,874,270
  - 2013: 4,379,593
  - 1,614,635
  - 1,423,035

**PROFIT FOR THE PERIOD**

- 2014: 238,830,229
- 2013: 214,600,055
- 79,117,104
- 69,728,718

- **Earning per certificate basic & diluted**
  - 2014: 1.18
  - 2013: 1.06
  - 0.39
  - 0.35

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)

<table>
<thead>
<tr>
<th></th>
<th>Nine months ended</th>
<th>Quarter ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rupees</td>
<td></td>
</tr>
<tr>
<td>Profit for the period</td>
<td>238,859,229</td>
<td>214,600,055</td>
</tr>
<tr>
<td>Net unrealizable (loss)/gain on investments available for sale</td>
<td>36,845,349</td>
<td>81,768,561</td>
</tr>
<tr>
<td>Total comprehensive income/(loss) for the period</td>
<td>275,704,578</td>
<td>296,368,616</td>
</tr>
</tbody>
</table>

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/-  sd/-  sd/-
Chief Executive  Director  Director
# FIRST HABIB MODARABA
## CONDENSED INTERIM CASH FLOW STATEMENT
### FOR THE PERIOD ENDED MARCH 31, 2014
#### (UNAUDITED)

<table>
<thead>
<tr>
<th>Note</th>
<th>Cash Flow From Operating Activities</th>
<th>Cash Flow From Investing Activities</th>
<th>Cash Flow From Financing Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
<td>Rupees</td>
<td>2013</td>
</tr>
<tr>
<td></td>
<td>1,114,714,260</td>
<td>1,118,749,627</td>
<td>(376,669,973)</td>
</tr>
<tr>
<td></td>
<td>41,608,993</td>
<td>27,980,946</td>
<td>(70,000,430)</td>
</tr>
<tr>
<td></td>
<td>(133,535,451)</td>
<td>123,410,253</td>
<td></td>
</tr>
</tbody>
</table>

### Net cash (outflow)/inflow from operating activities

### Net cash inflow investing activities

### Net cash inflow/(outflow) in financing activities

### Net increase/(decrease) in cash and cash equivalents

### Cash and cash equivalents at the beginning of the year

### Cash and cash equivalents at the end of the period

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)

\[
\begin{array}{cccccccc}
\hline
& & & & & & & & \\
\hline
\text{Balance as at July 01, 2012} & 1,008,000,000 & 378,000,000 & 578,891,321 & 50,000,000 & 501,105,975 & 211,190,749 & 2,119,190,948 & 3,127,194,045 \\
\text{Profit distribution for the year ended June 30, 2012} & (201,600,000) & (201,600,000) & (201,600,000) & (201,600,000) & & & & \\
\text{Total comprehensive income for the period} & - & - & - & - & 81,766,501 & 214,080,855 & 295,847,356 & 295,847,356 \\
\text{Balance as at March 31, 2013} & 1,008,000,000 & 378,000,000 & 578,891,321 & 50,000,000 & 501,105,975 & 211,190,749 & 2,119,190,948 & 3,020,859,394 \\
\text{Profit distribution for the year ended June 30, 2013} & (201,600,000) & (201,600,000) & (201,600,000) & (201,600,000) & & & & \\
\text{Transferred to General Reserve} & - & - & - & - & 50,000,000 & -98,000,000 & -48,000,000 & -48,000,000 \\
\text{Total comprehensive income for the period} & - & - & - & - & 36,945,349 & 238,030,239 & 275,684,587 & 275,684,587 \\
\text{Balance as at March 31, 2014} & 1,008,000,000 & 378,000,000 & 577,305,029 & 50,000,000 & 442,160,626 & 173,150,517 & 1,718,544,482 & 1,718,544,482 \\
\hline
\end{array}
\]

* The Statutory reserves representing profit set aside as required under the SECP's Prudential Regulation for Modaraba 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, HBL 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**

<table>
<thead>
<tr>
<th>Note</th>
<th>March 31, 2014</th>
<th>March 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the year</td>
<td>238,839,229</td>
<td>214,600,055</td>
</tr>
</tbody>
</table>

**Adjustment for:**

**Profit on disposal of assets:**
- (Irsh (leasing))
  - assets in owned use (net)
    - depreciation - (Irsh (leasing))
      - assets in owned use
        - amortization of intangible assets
          - dividend income
            - gain on sale of investments
              - loss on sale of investments
                - financial charges
                  - movement in working capital

4.1 **Movement in working capital:**

<table>
<thead>
<tr>
<th>Decrease/(increase) in current assets:</th>
<th>March 31, 2014</th>
<th>March 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advances and short term prepayments</td>
<td>8,486,838</td>
<td>3,769,938</td>
</tr>
<tr>
<td>Other receivables</td>
<td>10,654,040</td>
<td>6,249,811</td>
</tr>
<tr>
<td>(Irsh (leasing)) Instalments receivable</td>
<td>(2,370,359)</td>
<td>38,103</td>
</tr>
<tr>
<td></td>
<td>16,776,319</td>
<td>(2,441,770)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Increase/(decrease) in current liabilities:</th>
<th>March 31, 2014</th>
<th>March 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advance (Irsh (leasing) and diminishing musharaka instalments</td>
<td>7,768,944</td>
<td>3,658,014</td>
</tr>
<tr>
<td>Unearned (Irsh (leasing) and diminishing musharaka instalments</td>
<td>(21,486,590)</td>
<td>14,406,243</td>
</tr>
<tr>
<td>Trade and other liabilities</td>
<td>(97,685,912)</td>
<td>(23,296,819)</td>
</tr>
<tr>
<td></td>
<td>(111,463,561)</td>
<td>(5,222,562)</td>
</tr>
<tr>
<td></td>
<td>(94,633,242)</td>
<td>(7,664,332)</td>
</tr>
</tbody>
</table>

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

sd/-
sd/-
sd/-
Chief Executive  Director  Director