

First Habib Modaraba

(An Islamic Financial Institution)

(Managed by: HabibMetro Modaraba Management)



Quarterly Account

For the Nine Months Ended

March 31, 2020

(UNAUDITED)

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Syed Rasheed Akhtar	- Chairman (Non-Executive Independent Director)
Mr. Muhammad Shoaib Ibrahim	- Chief Executive Officer
Mr. Saeed Uddin Khan	- Non-Executive Independent Director
Mr. Mohammad Shams Izhar	- Non-Executive Director
Mr. Usman Nurul Abedin	- Non-Executive Director

LEGAL ADVISOR

Mohsin Tayebaly & Company
Ahmed & Qazi Advocates & Legal Consultants

AUDIT COMMITTEE

Mr. Saeed Uddin Khan	- Chairman
Mr. Syed Rasheed Akhtar	- Member
Mr. Mohammad Shams Izhar	- Member
Mr. Sarmad Bin Wasim	- Secretary

HUMAN RESOURCE COMMITTEE

Mr. Syed Rasheed Akhtar	- Chairman
Mr. Saeed Uddin Khan	- Member
Mr. Mohammad Shams Izhar	- Member
Mr. Tehsin Abbas	- Secretary

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

EY Ford Rhodes
Chartered Accountants

COMPANY SECRETARY

Mr. Tehsin Abbas (Officiating Company Secretary)

BANKERS

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

REGISTERED OFFICE

6th Floor, HBZ Plaza (Hirani Centre)
I.I. Chundrigar Road, Karachi.

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GEOGRAPHICAL PRESENCE - BRANCH OFFICES

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DIRECTORS' REPORT

On behalf of the Board of Directors, it is great pleasure to present the un-audited accounts of the Modaraba for the quarter ended 31st March, 2020.

We have completed our 3rd quarter of current financial year. On completion of business operation of nine months, we made disbursement of Rs.3.183 billion as compared to disbursement of Rs.4.108 billion of corresponding period of last year. Due to low disbursement our size of financing book has also reduced to Rs.9.425 billion from Rs.9.630 billion of same period of last year. However, on profits side, we have made improvements of around 11% i.e., from Rs.238.0 million to Rs.269.0 million. Since the beginning of current financial year, we were moving very cautiously in new business engagements keeping in view several issues and challenges on economic front due to several reasons elaborated in our last published report. At the beginning of 3rd quarter the businesses were started picking up due to some positive news from economic front. With the controlled twin deficits, encouraging progress on FATF, stable outlook from the credit rating agencies and confidence provided by the IMF program, these were all positive news supporting in stabilizing of ailing economy in above period.

However, outbreak of COVID-19 which started in later part of 3rd quarter had brought all business activities standstill with unparalleled and unforeseen impact in our lives, our economy, our societies and our livelihoods. Economies all over the world, including Pakistan are now experiencing a slowdown. Besides, countrywide lockdown has now turned into socio-politico-economic meltdown as well. Presently we are going through with testing times as Coronavirus (COVID-19) is unfolding one of the worst healthcare crises across the globe and has a rampant adverse on the key economic indicators of Pakistan. The impact of COVID-19 on Pakistan's economy can be severe and may lead to a reduction in GDP growth, deterioration in current & fiscal balances, disruption in supply chain and increased unemployment.

We are carefully watching and assessing the current situation. At present our prime concern is the safety of health of our staff members and their families. We have taken various measures to ensure protection of staff members while discharging their duties in line with guidelines of WHO and our regulators including our parent bank. We have also relaxed our office timings and attendance requirements for our staff members. Majority of our team members are working from home including our female colleagues though online and with technological support provided by our IT department. Our most of the meetings of the seniors and departmental heads are being conducted through video conferencing call in order to make sure that the required minimum operations can be conducted keeping in view present situation particularly in lock down period.

We are also concerned with the health and safety of our customers and their businesses. We do realize that our worthy customers are facing hardships and difficulties in running their business operations. Our concerned officers and team members are studying current situation of businesses of various sector. We are also working on ability of our liquidity profile to accommodate various customer's request on rescheduling of their long term credit facilities. State Bank of Pakistan (SBP) has already issued various circulars regarding deferment of credit facilities after going through merit of customer's request. However, so far we have not received any direction for Registrar Modaraba, Securities & Exchange Commission of Pakistan.

The Government of Pakistan has also taken a number of steps to tackle the economic crisis due to COVID-19 and its upcoming challenges. The idea is to take on the economic impact through stimulating businesses in the urban cities and agriculture in rural areas. A massive support plan for affected families has been unveiled. A lucrative package for construction industry for various types of tax incentives for builders and buyers have been announced to accelerate the activities in said sector. The Central Bank has also drastically reduced policy rate by 4.25% during last one month. The purpose of massive reduction is to ease the pressure of debt servicing by the businesses which are presently suffering due to coronavirus pandemic and lockdown.

Business Continuity Plans (BCP) for respective areas is in place and tested. The Modaraba has significantly enhanced monitoring for all cyber security risks during these times from its information security protocols. The remote work capabilities were enabled for all staff and related risk and control measures were assessed to make sure that they are fully protected using Virtual Private Network ("VPN") connections. Further, the Modaraba has also ensured that its remote access capabilities are well protected to any unwanted cyber-attacks.

To keep reasonable liquidity within the system is also a most challenging part in present circumstances. Due to COVID-19 business conditions are very depressed and entities are facing severe cash flow and liquidity issues. This situation is also impacting timely repayment of borrowed facilities by the businesses and we are also experiencing issues of repayment of such facilities within our existing financing portfolio. So far Modaraba has received request for deferral of credit facilities between 3 months to one year from several existing customers and it is expected to receive further such type of applications in coming days from other customers. The Asset and Liability Committee (ALCO) of the Modaraba is continuously monitoring the liquidity position and is taking due precautionary measures and maintaining sufficient liquidity to cater any adverse in cash flow maturity profile.

In present difficult time, the management of your Modaraba is closely monitoring the situation and has invoked required action to manage the operation. Our most important task is to ensure safety health of our staff members and best possible services to our worthy customers. Currently, businesses at country level have extremely slowed down and we also expect low business and disbursement volume by the end of June, 2020. Keeping in view present circumstances, we move forward very cautiously and gear up all available resources to counter any operational and business contingencies.

In such a difficult time we pray that ALLAH (SWT) may keep all of us safe from deadly virus and wish you and your loved ones safety and good health as we continue to fight COVID-19 together.

On behalf of Board of Directors, we also would like to express our sincere thanks and gratitude for the continued support and guidance provided by Securities & Exchange Commission of Pakistan and Registrar Modaraba, customers of the Modaraba for their patronage and Certificate holders who have remained committed to FHM. We also appreciate dedication, high level of professionalism and hard work of employees of FHM for smooth operations and achieving satisfactory results

For and on behalf of Board of Directors

Karachi: April 23, 2020

Syed Rasheed Akhtar
Chairman

Muhammad Shoaib Ibrahim
Chief Executive Officer

ڈائریکٹرز کی رپورٹ

یہ ہمارے لئے باعث، مسرت و سیکہ ہم بورڈ آف ڈائریکٹرز کی جانب سے، ہم ۳۱ مارچ، ۲۰۲۰ کو ختم ہونے والی تیسری سہ ماہی مدتِ اختتام پر مضاربہ کی غیر محتسب شدہ کھاتے پیش کریں۔

ہم نے موجودہ مالی سال کی تیسری سہ ماہی کو مکمل کر لیا ہے۔ کاروباری کاروائیوں کے نو ماہ مکمل ہونے پر، ہم نے ۳۱ مارچ ۲۰۲۰ء کو ۹.۳۲۵ بلین روپے کی ادائیگیاں کیں جو کہ پچھلے سال اسی مدت کے دوران ۳۱ مارچ ۲۰۱۹ء بلین روپے تھیں۔ کم ادائیگیوں کی وجہ سے مالیاتی کھاتوں کا حجم بھی ۹.۳۲۵ بلین روپے رہا جو کہ پچھلے سال اسی مدت میں ۹.۶۳۰ بلین روپے تھا۔ تاہم، منافع کی طرف، ہم نے تقریباً ۱۱ فیصد بہتری حاصل کی جو کہ ۲۳۸.۶۰ ملین سے ۲۶۹.۶۰ ملین تک ہوئی ہے۔ اس مالیاتی سال کے شروع ہوتے ہی، ہم بڑے ہی احتیاط کیساتھ نئے کاروباری معاہدے کئے اور اس بات کو مد نظر رکھا کہ معاشی طور پر ابھی بھی ہمیں کافی چیلنجز اور مسائل کا سامنا ہے جس کا تفصیلی طور پر ذکر آخری شائع شدہ رپورٹ میں کیا ہے۔ تیسری سہ ماہی کے آغاز پر کاروبار نے کچھ بڑھنا شروع کیا جس کی وجہ معاشی طرف سے مثبت خبروں کا آنا تھا۔ جڑواں خساروں کو کنٹرول کرنے سے لیکر، ایف اے ٹی ایف (FATF) پر قابل ذکر کارکردگی، کریڈٹ ریٹنگ ایجنسیوں کی طرف سے مستحکم جائزہ رپورٹ، آئی ایم ایف پروگرام کی طرف سے حوصلہ کن توجہ، یہ وہ خبریں تھیں جس کی وجہ سے ہماری کمزور معیشت نے اس مدت کے دوران استحکام حاصل کیا۔

تاہم، تیسری سہ ماہی کے اگلے حصے میں کووڈ-۱۹ کے پھیلاؤ کے باعث تمام کاروباری سرگرمیاں سکوت کا شکار ہو گئیں جس کا ہماری معیشت، معاشرے اور ہماری زندگیوں پر اثر ناقابل بیان اور اندیکھا ہے۔ دنیا بھر کی معیشت بشمول پاکستان کی معیشت سست روی کا شکار ہو گئیں ہیں۔ اس کے علاوہ ملک گیر لاک ڈاؤن سماجی و سیاسی و معاشی بد حالی میں تبدیل ہو چکا ہے۔ اس وقت ہم ایک کڑے آزمائش کے دور سے گزر رہے ہیں کیونکہ کرونا وائرس (کووڈ-۱۹) اس وقت دنیا کے صحت کے بدترین بحرانوں میں سے ایک بحران کو سامنے لارہا ہے اور اس کا اچھا خاصا اثر پاکستانی معاشی اشاریوں پر بھی ہو رہا ہے۔ پاکستان کی معیشت پر کووڈ-۱۹ کا اثر شدید ہو سکتا ہے اور اس سے جی ڈی پی کی نمو میں کمی، موجودہ اور مالی توازن میں بگاڑ، سپلائی چین میں رکاوٹ اور بے روزگاری میں اضافہ ہو سکتا ہے۔

ہم بہت محتاط طریقے سے اس حالیہ صورتحال کو دیکھ اور جانچ رہے ہیں۔ اس وقت ہماری بنیادی ترجیح ہمارے اسٹاف اور ان کے خاندانوں کی صحت اور تحفظ ہے۔ ہم نے اپنے اسٹاف کے ممبروں کے تحفظ کو یقینی بنانے کے لئے مختلف اقدامات اٹھائے ہیں تاکہ ہمارا اسٹاف اپنی فرائض کی انجام دہی ڈیلیو ایج اور ہمارے سربراہ بینک کے ہدایات کی روشنی میں دیں۔ ہم اسٹاف ممبروں کیلئے حاضری اور دفتری اوقات کار میں نرمی کر دی ہے۔ ہمارے زیادہ تر ٹیم ممبرز گھر سے کام کر رہے ہیں بشمول ہماری خواتین کو لیکر بھی جو آئٹن کام کر رہی ہیں جس کیلئے ہمارے آئی ٹی ڈیپارٹمنٹ نے ٹیکنالوجی کیلئے سپورٹ فراہم کیے ہیں۔ سینئرز اور ڈیپارٹمنٹ ہیڈز کی میٹنگز ویڈیو کانفرنسنگ کے ذریعے کی جارہی ہیں تاکہ یہ یقینی بنایا جاسکے کہ موجودہ صورتحال خصوصاً لاک ڈاؤن کے دورانیہ کو مد نظر رکھتے ہوئے مطلوبہ کم سے کم آپریشنز کو انجام دیا جاسکے۔

ہم اپنے صارفین اور اُنکے کاروبار کی تحفظ اور اُن کی صحت کے بارے میں بھی فکر مند ہیں۔ ہمیں احساس ہیکہ ہمارے قابلِ قدر صارفین کو اپنے کاروبار چلانے میں مشکلات اور پریشانیوں کا سامنا ہے۔ ہمارے متعلقہ افسران اور ٹیم ممبر مختلف شعبوں میں کاروبار کی موجودہ صورت حال کا مطالعہ کر رہے ہیں۔ ہم اپنے لیکویڈیٹی پروفاکس کی قابلیت پر بھی کام کر رہے ہیں تاکہ صارفین کی طویل المیعاد کریڈٹ سہولیات کی بحالی پر متعدد درخواستوں کو ایڈجسٹ کیا جاسکے۔ اسٹیٹ بینک آف پاکستان (ایس بی پی) پہلے ہی صارفین کی درخواست کے میرٹ سے گزرنے کے بعد موخر یا کریڈٹ سہولیات کے حوالے سے مختلف سرکلر جاری کر چکا ہے۔ تاہم، ابھی تک ہمیں رجسٹرڈ مضاربہ، سیکورٹیز اینڈ انویسٹمنٹ کمیشن آف پاکستان کی طرف سے کوئی ہدایت نہیں ملی ہے۔

حکومت پاکستان نے کووڈ-۱۹ اور اس کے آنے والے چیلنجوں کی وجہ سے معاشی بحران سے نمٹنے کے لئے بھی متعدد اقدامات اٹھائے ہیں۔ خیال یہ ہے کہ ذہنی علاقوں میں شہری شہروں اور زراعت میں متحرک کاروبار کے ذریعہ معاشی اثرات مرتب ہوں گے۔ متاثرہ خاندانوں کے لئے بڑے پیمانے پر امدادی منصوبے کا آغاز کیا گیا ہے۔ تعمیراتی شعبے کیلئے ایک منافع بخش پیکیج کا اعلان کیا گیا ہے جس میں بلڈرز اور اُن کو خریدنے والوں کیلئے مختلف اقسام کے محصولات میں مراعات دیں ہیں جس کا مقصد تعمیراتی شعبے میں سرگرمیوں کو تیز کرنا ہے۔ مرکزی بینک نے بھی پچھلے مہینے کے دوران پالیسی کی شرح میں ۲۵% فیصد کمی کی ہے۔ بڑے پیمانے پر کمی کا مقصد کاروباری اداروں کے ذریعہ قرضوں کی فراہمی کے دباؤ کو کم کرنا ہے جو اس وقت وبائی بیماری کو روکنا وائرس اور لاک ڈاؤن کی وجہ سے دوچار ہیں۔

متعلقہ علاقوں کے لئے کاروباری تسلسل کے منصوبے (بی سی پی) اپنی جگہ پر اور جانچے ہوئے ہیں۔ مضاربہ نے انفارمیشن سیکورٹی پروٹوکولز سے موجودہ حالات کے دوران سائبر سیکورٹی کے تمام خطرات سے بچنے کیلئے نگرانی میں نمایاں اضافہ کیا ہے۔ ریوٹ کام کی صلاحیتوں کو تمام عملے کے لئے فعال کیا گیا ہے اور اس سے متعلق خطرے اور کنٹرول کے اقدامات کو یقینی بنایا گیا تاکہ وہ ورچوئل پرائیوٹ نیٹ ورک (VPN) کے استعمال سے مکمل طور پر محفوظ رہیں۔ مزید یہ کہ مضاربہ نے یہ بھی یقینی بنایا ہے کہ اس کی ریوٹ رسائی کی صلاحیتیں کسی ناپسندیدہ سائبر حملوں سے بخوبی محفوظ رہیں۔

موجودہ حالات میں نظام کے اندر معقول لیکویڈیٹی رکھنا بھی سب سے مشکل مرحلہ ہے۔ کووڈ-۱۹ کی وجہ سے کاروباری حالات بہت خراب ہیں اور اداروں کو نقد رقم کی روانی اور لیکویڈیٹی کے مسائل کا سامنا ہے۔ اس صورت حال سے کاروباری اداروں کے ذریعہ قرض لی گئی سہولیات کی بروقت ادائیگی پر بھی اثر پڑ رہا ہے اور ہم اپنے موجودہ فنانشنگ پورٹ فولیو کے اندر ایسی سہولیات کی ادائیگی کے معاملات کا بھی سامنا کر رہے ہیں۔ اب تک مضاربہ کو کئی موجودہ صارفین سے ۳ ماہ سے ایک سال کے درمیان کریڈٹ سہولیات موخر کرنے کی درخواست موصول ہوئی ہے اور آنے والے دنوں میں دوسرے صارفین سے اس طرح کی درخواستیں موصول ہونے کی توقع ہے۔ مضاربہ کے ایگزیکٹو ڈائریکٹری کمیٹی (ALCO) لیکویڈیٹی پوزیشن کی مسلسل نگرانی کر رہی ہے اور احتیاطی تدابیر اختیار کر رہی ہے اور نقد بہاؤ کی چھٹگی پروفاکس میں کسی بھی قسم کے منفی اثرات کا مقابلہ کرنے کے لئے خاطر خواہ لیکویڈیٹی برقرار رکھے ہوئے ہے۔

موجودہ مشکل وقت میں، آپ کے مضاربہ کی انتظامیہ اس صورتحال کی قرہی نگرانی کر رہا ہے اور آپریشن کو سنبھالنے کے لئے ضروری کارروائی کی درخواست کی ہے۔ ہمارا سب سے اہم کام ہمارے عملے کے ممبران کی صحت کی حفاظت اور ہمارے قابل صارفین کو بہترین ممکنہ خدمات کی فراہمی کو یقینی بنانا ہے۔ فی الحال، ملکی سطح پر کاروباری اداروں نے انتہائی سست روی کا مظاہرہ کیا ہے اور ہم جون ۲۰۲۰ کے آخر تک کم کاروباری اور تقسیم کے حجم کی بھی توقع کرتے ہیں۔ موجودہ حالات کو مد نظر رکھتے ہوئے، ہم بہت محتاط انداز میں آگے بڑھے ہیں اور کسی بھی آپریشنل اور ہنگامی حالات میں کاروبار کا مقابلہ کرنے کے لئے تمام دستیاب وسائل کو تیار کر رہے ہیں۔

اس طرح کے مشکل وقت میں ہم دعا کرتے ہیں کہ اللہ سبحان تعالیٰ ہم سب کو اس مہلک وائرس سے محفوظ رکھے اور آپ اور آپ کے چاہنے والوں کی سلامتی اور اچھی صحت کے خواہشمند ہیں کیونکہ ہم سب نے مل کر کووڈ-۱۹ کا مقابلہ کرنا ہے۔

بورڈ آف ڈائریکٹرز کی طرف سے ہم سیکوریٹیز اینڈ انویسٹمنٹ کمیشن آف پاکستان کا رجسٹرار مضاربہ کے بہت ہی مشکور ہیں جنہوں نے ہماری مسلسل رہنمائی اور سرپرستی کی، اپنے قابل قدر کسٹمرز کا، اپنے سرٹیفیکیٹ ہولڈرز کا کہ انہوں نے ہم پر بھروسہ کیا اور فرسٹ حبیب مضاربہ کے ساتھ بنے رہے ہم اپنے ملازمین کی اعلیٰ پائے کی پیشہ ورانہ مہارت اور مسلسل بے انتہا محنت کا جس کی وجہ سے ہم نے اطمینان بخش نتائج حاصل کئے۔

کراچی: ۲۳ اپریل ۲۰۲۰

سید رشید اختر
چئیرمین

محمد شعیب ابراہیم
چیف ایگزیکٹو آفیسر

CONDENSED INTERIM BALANCE SHEET

AS AT MARCH 31, 2020

	Note	(Unaudited)	(Audited)
		March 31, 2020	June 30, 2019
-----Rupees-----			
ASSETS			
NON-CURRENT ASSETS			
Lease financing assets		2,249,557,047	2,739,371,749
Assets in own use		66,993,652	43,948,839
Intangible assets		86,175	177,386
Diminishing musharaka financing		4,391,985,808	4,489,820,384
Long term deposits		1,534,530	1,206,850
		6,710,157,212	7,274,525,208
CURRENT ASSETS			
Investments		1,001,220,837	1,117,360,806
Current portion of diminishing musharaka financing		2,784,403,172	2,450,084,489
Lease financing installments receivables		14,689,151	12,564,068
Diminishing musharaka financing installments receivables		28,248,822	44,672,084
Advances and prepayments		17,134,288	3,905,163
Other receivables		13,810,517	33,255,784
Income tax refundable	4	153,711,487	137,031,924
Cash and bank balances		281,342,554	50,624,704
		4,294,560,828	3,849,499,022
TOTAL ASSETS		11,004,718,040	11,124,024,230
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized certificate capital 220,000,000 (June 30, 2019: 220,000,000) certificates of Rs.5 each		1,100,000,000	1,100,000,000
Issued, subscribed and paid-up certificate capital		1,008,000,000	1,008,000,000
Reserves		2,487,099,370	2,503,722,123
Certificate holders' equity		3,495,099,370	3,511,722,123
SURPLUS ON REVALUATION OF INVESTMENTS		74,684,279	124,880,019
NON-CURRENT LIABILITIES			
Security deposits against lease financing assets		292,565,238	301,774,323
Liability against right of use assets		20,077,680	-
		312,642,918	301,774,323
CURRENT LIABILITIES			
Certificates of investment (musharaka)		6,180,341,753	6,149,278,129
Security deposits - current portion		125,576,065	146,941,089
Current maturity of liability against right of use assets		1,930,937	-
Unearned lease financing and diminishing musharaka installments		17,966,959	17,566,187
Advance lease financing and diminishing musharaka installments		36,041,326	32,284,117
Trade and other payables		470,139,510	452,085,462
Profit payable on certificates of investment (musharaka)		143,686,723	112,261,524
Advance against murabaha		100,000,000	225,000,000
Profit payable on murabaha financing		3,350,301	11,750,958
Unclaimed profit distributions		43,257,900	38,480,299
		7,122,291,474	7,185,647,765
TOTAL EQUITY AND LIABILITIES		11,004,718,040	11,124,024,230
CONTINGENCIES AND COMMITMENTS			
	5		

The annexed notes from 1 to 11 form an integral part of these interim financial statements.

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

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN -AUDITED)

FOR THE QUARTER & NINE MONTHS PERIOD ENDED MARCH 31, 2020

	Note	Nine Months ended		Quarter ended	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Rupees					
Income from lease financing		142,696,579	127,934,273	58,896,841	33,928,869
Income from diminishing musharaka financing		779,829,940	515,271,011	266,401,358	214,939,412
Provision in respect of diminishing musharaka		(20,680,078)	-	(15,091,128)	-
Administrative expenses		(109,374,505)	(95,514,921)	(33,805,790)	(30,000,254)
		792,471,936	547,690,363	276,401,281	218,868,027
Other income		132,913,090	99,487,858	53,090,045	39,489,160
		925,385,026	647,178,221	329,491,326	258,357,187
Financial charges		(619,707,123)	(372,519,799)	(224,069,959)	(155,266,651)
Modaraba Management Company's remuneration	6	(30,567,790)	(27,465,842)	(10,542,136)	(10,309,053)
Sales tax on Modaraba Management Company's remuneration		(3,973,813)	(3,570,559)	(1,370,478)	(1,340,176)
Provision for Sindh Workers' Welfare Fund		(5,422,726)	(4,872,440)	(1,870,175)	(1,828,826)
Profit before taxation		265,713,574	238,749,581	91,638,578	89,612,481
Taxation	7	-	-	-	-
Profit for the period		265,713,574	238,749,581	91,638,578	89,612,481
Earning per certificate - basic and diluted	8	1.32	1.18	0.45	0.44

The annexed notes from 1 to 11 form an integral part of these interim financial statements.

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

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE QUARTER & NINE MONTHS PERIOD ENDED MARCH 31, 2020

	Nine Months ended		Quarter ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
-----Rupees-----				
Profit for the period	265,713,574	238,749,581	91,638,578	89,612,481
Components of other comprehensive income reflected in equity				
Items that will not be reclassified subsequently to profit and loss account				
Surplus / (deficit) on revaluation of investments classified as 'available-for-sale' - net*	(50,195,739)	-	(77,350,911)	-
Total comprehensive income for the period transferred to equity	215,517,835	238,749,581	14,287,667	89,612,481
Components of other comprehensive income reflected below equity				
Items that will be reclassified subsequently to profit and loss account				
Surplus / (deficit) on revaluation of investments classified as 'available-for-sale' - net*	-	27,361,608	-	13,294,307
Total comprehensive income for the period	215,517,835	266,111,189	14,287,667	102,906,788

The annexed notes from 1 to 11 form an integral part of these interim financial statements.

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

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

	March 31, 2020	March 31, 2019
	Rupees	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period	265,713,574	238,749,581
Adjustment for:		
Depreciation and amortization	834,240,781	855,227,676
Amortization of premium on sukuk	-	2,776,068
Financial charges	619,240,537	372,519,799
Gain on sale of shares - net	-	(2,368,978)
Gain on transfer of lease financing assets - net	(14,215,674)	(10,933,026)
Gain on disposal of assets in own use - net	(81,320)	(414,664)
Provision in respect of diminishin musharaka	20,680,078	-
Loss on termination of lease contract	20,834	-
Dividend income	(11,107,437)	(8,809,577)
	1,448,777,799	1,207,997,298
Changes in working capital		
Decrease / (increase) in current assets		
Lease financing installments receivables	(2,125,083)	(11,971,995)
Diminishing musharaka financing installments receivables	(4,256,816)	(3,822,077)
Advances and prepayments	(13,229,125)	(1,073,508)
Income tax refundable	(16,679,589)	(23,348,813)
Other receivables	23,034,683	(2,391,585)
	(13,255,898)	(42,607,978)
(Decrease) / increase in current liabilities		
Unearned lease financing and diminishing musharaka installments	400,772	(49,873,732)
Advance lease financing and diminishing musharaka installments	3,757,209	4,492,987
Trade and other payables	18,054,048	(20,874,292)
	22,212,029	(66,255,037)
Cash generated from operations	1,723,447,504	1,337,883,864
Purchase of lease financing assets	(587,760,499)	(943,976,518)
Proceeds from transfer of lease financing assets	270,418,252	204,237,897
Diminishing musharaka financing - net	(236,484,107)	(1,228,986,801)
Long term advances, deposits and prepayments	(327,680)	69,000
Security deposits against lease financing assets	(30,574,109)	(16,823,127)
Financial charges paid	(572,218,110)	(320,677,996)
Tax paid	(3,589,422)	(452,350)
	(1,160,535,675)	(2,306,609,895)
Net cash generated/ (used) in operating activities	562,911,829	(968,726,031)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of assets in own use	(5,076,634)	(16,246,627)
Payment of Lease rental	(11,228,294)	-
Purchase of investments	-	(1,078,103,362)
Proceeds from sale / maturity of investments	65,847,902	1,031,713,558
Proceeds from sale of assets in own use	258,810	1,433,392
Dividends received	11,107,437	8,809,577
Net cash generated/ (used) in investing activities	60,909,221	(52,393,462)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(277,462,399)	(245,532,583)
Purchase of murabaha financing	100,000,000	-
Payment on maturity of murabaha financing	(21,704,424)	(1,409,178)
Advance against / (payment on maturity of) murabaha financing	(225,000,000)	200,000,000
Certificates of investment (musharaka)	31,063,624	1,005,817,943
Net cash (used)/ generated from financing activities	(393,103,199)	958,876,182
Net increase / (decrease) in cash and cash equivalents during the period	230,717,850	(62,243,311)
Cash and cash equivalents at the beginning of the period	50,624,704	320,868,504
Cash and cash equivalents at the end of the period	281,342,554	258,625,193

The annexed notes from 1 to 11 form an integral part of these interim financial statements.

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

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

	Capital reserves			Revenue reserves		Total equity
	Certificate capital	Certificate premium	Statutory reserves	General reserves	Unappropriated profit	
	(Rupees)					
Balance as at July 01, 2018	1,008,000,000	378,000,000	1,103,489,848	640,000,000	312,768,488	3,442,258,336
Profit distribution for the year ended June 30, 2018 @ Rs.1.25 per certificate	-	-	-	-	(252,000,000)	(252,000,000)
Total comprehensive income for the period	-	-	-	-	238,749,581	238,749,581
Balance as at March 31, 2019	<u>1,008,000,000</u>	<u>378,000,000</u>	<u>1,103,489,848</u>	<u>640,000,000</u>	<u>299,518,069</u>	<u>3,429,007,917</u>
Balance as at July 01, 2019	1,008,000,000	378,000,000	1,119,474,106	640,000,000	366,248,017	3,511,722,123
Profit distribution for the year ended June 30, 2019 @ Rs.1.40 per certificate	-	-	-	-	(282,240,000)	(282,240,000)
Total comprehensive income for the period	-	-	-	-	265,713,574	265,713,574
Surplus transferred to unappropriated profit during the period	-	-	-	-	(96,327)	(96,327)
Balance as at March 31, 2020	<u>1,008,000,000</u>	<u>378,000,000</u>	<u>1,119,474,106</u>	<u>640,000,000</u>	<u>349,625,264</u>	<u>3,495,099,370</u>

The annexed notes from 1 to 11 form an integral part of these interim financial statements.

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

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

1 STATUS AND NATURE OF BUSINESS

First Habib Modaraba (the Modaraba) is a perpetual, multi-purpose modaraba floated and managed by Habib Metropolitan Modaraba Management Company (Private) Limited (the Modaraba Management Company). The Modaraba is listed on Pakistan Stock Exchange Limited. The Modaraba is engaged in the business of leasing (Ijarah), Musharaka, Murabaha financing and other related business. The affairs, activities and transactions, performed by the Modaraba during the year comply with the rules and principles of Islamic Shariah in light of the guidelines and directives given by the Shariah Advisor and guidelines issued by office of the Registrar Modaraba, Securities and Exchange Commission of Pakistan Limited (SECP). The registered office is situated at 6th Floor, HBZ plaza (Hirani centre), I.I Chundrigar Road, Karachi.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements of the Modaraba for the nine months period ended March 31, 2020 are unaudited and being submitted to the certificate holders as required under Rule 10 of the Modaraba Companies and Modaraba Rules, 1981 and have been prepared in accordance with the requirements of the International Accounting Standard 34 - "Interim Financial Reporting".

2.2 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, 2019.

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

3 SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

3.1 The accounting policies and methods of computation followed for the preparation of these financial statements are same as those applied in preparing the financial statements for the year ended June 30, 2019.

3.2 The preparation of condensed interim financial statements requires management to make judgements, 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 judgements 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, 2019.

3.3 The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Modaraba for the year ended June 30, 2019.

4 INCOME TAX REFUNDABLE

This represents the advance tax deducted by the various withholding agents under various sections of the Income Tax Ordinance, 2001. The management has claimed the tax deducted in return for Tax Year 2019 since the management is confident that the same shall be refunded.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

5 CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

There is no change in the status of the case related to letter received by the Modaraba last year from Sindh Revenue Board (SRB) dated August 09, 2018, related to sales tax on lease rentals / lease financing transactions as mentioned in note 24.1 to annual financial statement of the Modaraba for the year ended June 30, 2019.

5.2 Commitments

Commitments in respect of lease financing transactions amounting to Rs. 274 (June 30, 2019: Rs.338) million.

6 MODARABA MANAGEMENT COMPANY'S REMUNERATION INCLUSIVE OF SALES TAX

6.1 The Modaraba Management Company is entitled to a remuneration for services rendered to the Modaraba under the provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 upto a maximum of 10% per annum of the net annual profits of the Modaraba. The fee for the period ended March 31, 2020 has been recognized at 10% (March 31, 2019: 10%) of profit for the period.

6.2 There is no change in the status of the Sindh Sales Tax levied by the Sindh Government at the rate of 13% on the remuneration of the Modaraba Management Company, as reported in note 22.6 to the annual financial statements of the Modaraba for the year ended June 30, 2019.

7 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.

	Nine Months ended		Quarter ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	----- Rupees -----			
8 EARNINGS PER CERTIFICATE - BASIC AND DILUTED				
There is no dilutive effect on earnings per certificate which is based on:				
Net profit for the period	265,713,574	238,749,581	91,638,578	89,612,481
Weighted average number of ordinary certificates	201,600,000	201,600,000	201,600,000	201,600,000
Basic earnings per certificate	1.32	1.18	0.45	0.44

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

9 TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise the Management Company (Habib Metropolitan Modaraba Management Company (Private) Limited), Habib Metropolitan Bank Limited, Habib Bank AG Zurich, Habib Metro Modaraba, Habib Metropolitan Financial Services Limited, First Habib Modaraba Employees' Provident Fund, First Habib Modaraba Staff Gratuity Fund and key management personnel. Transactions and balances outstanding with related parties and associated undertakings are as follows:

			(Unaudited)	(Audited)
			March 31, 2020	June 30, 2019
			-----Rupees-----	
Balances held				
Related party	Related party relationship	Nature of balances		
Habib Metropolitan Bank Limited	Holding Company of the Management Company	Bank Balances	597,409,974	45,314,995
		Certificates of investment (musharaka)	2,150,000,000	4,950,000,000
		Profit receivable	2,031,773	1,163,848
		Financial charges payable	30,540,959	74,258,904
		Prepaid Utility charges	838,743	1,675,682
		Prepaid Rent	-	313,236
		Security deposit	130,000	130,000
		Lease financing assets *	-	2,941,523
Habib Bank AG Zurich	Ultimate Parent	Lease financing assets *	243,669	561,863
Habib Metropolitan Modaraba management Company (Private) Limited	Management Company	Management fee payable	30,567,790	36,776,651
		Sale tax on management fee payable	17,640,651	13,666,838
Habib Metropolitan Financial Services Limited	Associate	Lease financing assets *	-	19,770
Provident Fund	Associate	Certificates of investment (musharaka)	-	1,200,000
Gratuity Fund	Associate	Gratuity Payable	2,160,000	376,174

			(Unaudited)	(Unaudited)
			March 31, 2020	March 31, 2019
			-----Rupees-----	
Transactions during the period				
Related party	Related party relationship	Nature of transactions		
Habib Metropolitan Bank Limited	Holding Company of the Management Company	Profit on bank accounts	17,652,168	15,898,541
		Bank charges	542,431	368,807
		rent charges	313,236	208,824
		Utility charges	2,514,425	109,147,140
		Financial charges	407,450,413	293,691,103
		Lease financing installments received*	2,508,277	17,971,484
Habib Bank AG Zurich	Ultimate Parent	Lease financing installments received*	501,031	1,014,302
Habib Metropolitan Modaraba Management Company (Private) Limited	Management Company	Management fee	30,567,790	27,465,842
		Sale tax on management fee	3,973,813	3,570,559
		Management fee paid	36,776,702	33,311,460
		Dividend Paid	28,224,000	25,200,000
Habib Metropolitan Financial Services Limited	Associate	Brokerage commission	13,225	31,694
		Purchase of Securities	-	3,473,028
		Sale of securities	15,847,897	38,994,434
Staff Retirement Benefit Fund	Associate	Gratuity expense	2,160,000	1,557,000
		Contribution made	376,174	1,250,225
Provident Fund	Associate	Contribution made	2,092,275	3,135,928

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

- 9.1** No remuneration in kind has been paid by the Modaraba to the directors and key management personnel of the Management Company.
- 9.2** The Modaraba carries out transactions with related parties at commercial terms and conditions as per Modaraba's policy.
- * No new financing disbursements have been made to associated undertakings during the period March 31, 2020, further the lease financing outstanding was originally disbursed before March 31, 2017 when these were not associated undertakings (related party) of the Modaraba.

10 DATE OF AUTHORIZATION OF ISSUE"

These financial statements were authorized for issue on April 23, 2020 by the Board of Directors of the Modaraba Management Company.

11 GENERAL

Figures have been rounded off to the nearest rupee.

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

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR