

# Habib Metro Modaraba

(An Islamic Financial Institution)

(Managed by: HabibMetro Modaraba Management)



## Quarterly Accounts

for the period from October 06, 2017

to March 31, 2018

(Unaudited)

**HABIBMETRO**

Modaraba Management

## CONTENTS

Corporate Information	2
Directors' Report	3
Condensed Interim Balance Sheet (unaudited)	5
Condensed Interim Profit And Loss Account (unaudited)	6
Condensed Interim Statement of Comprehensive Income (unaudited)	7
Condensed Interim Cash Flow Statement (unaudited)	8
Condensed Interim Statement of Changes In Equity (unaudited)	9
Notes To The Condensed Interim Financial Statements (unaudited)	10

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. Wazir Mumtaz Ahmed	- Chairman (Non-Executive Director)
Mr. Muhammad Shoaib Ibrahim	- Chief Executive Officer
Mr. Syed Rasheed Akhtar	- (Non-Executive Independent Director)

### LEGAL ADVISOR

Mohsin Tayebaly & Company

### AUDIT COMMITTEE

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

### HUMAN RESOURCE COMMITTEE

Mr. Syed Rasheed Akhtar	- Chairman
Mr. Wazir Mumtaz Ahmed	- Member

### 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

BDO Ebrahim & Co.  
Chartered Accountants

### BANKERS

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

### REGISTERED OFFICE

3<sup>rd</sup> Floor, Al Manzoor Building  
Dr. Ziauddin Ahmed Road, Karachi  
Tel : 021-32635949-51  
Fax : 021-32627373  
Web : [www.habibmetromodaraba.com](http://www.habibmetromodaraba.com)  
Email : [hmm@habibmetromodaraba.com](mailto:hmm@habibmetromodaraba.com)

## DIRECTORS' REPORT

The Board of Directors of Habib Metropolitan Modaraba Management Company (Pvt) Limited is pleased to present the un-audited Financial Statements of Habib Metro Modaraba (HMM) for the period ended on March 31, 2018. HMM has completed 2nd quarter of its business operations with slight losses due to provision of preliminary expenses of public floatation of HMM.

Alhamdulillah, booking of financing assets has now been started, however, pace of financing activity is little slow due to long que in delivering of motor vehicle by local assembler. The management of HMM is gradually moving towards marketing of Residual Value (RV) car financing product. Arrangements with Takaful companies, Tracker provider and car maintenance with authorized workshops have almost finalized by HMM. Discussion with local car assembler for early delivery of motor vehicle through scheme of Residual Value (RV) car financing is on advance stage and we are confident that we will have good breakthrough for collaboration with respective vendors.

Furthermore, financing of Solar Power equipment has also been initiated and few proposals are under consideration for financing. Country has immense potential of green energy and we are confident that we will be able to add good assets in said segments. Since it is quite new product in the market, therefore, a cautious approach will be adopted in booking of said assets. The management intends to focus on building of quality financing assets portfolio for better return on long term basis.

The Board would like to express its sincere thanks and gratitude for the continued support and guidance provided by Securities & Exchange Commission of Pakistan, Registrar Modaraba and Certificate Holders. The Board also appreciates dedication, high level of professionalism and hard work of employees of HMM for smooth operations.

For and on behalf of Board of Directors

Karachi: April 24, 2018

**Muhammad Shoaib Ibrahim**  
Chief Executive Officer

## ڈائریکٹرز کی رپورٹ

حبیب میٹر پولیٹن مضاربہ مینجمنٹ کمپنی (پرائیویٹ) لمیٹڈ کے بورڈ کے ناظمین ۳۱ مارچ ۲۰۱۸ کو ختم ہونے والی دوسری سہ ماہی پر حبیب میٹر و مضاربہ (HMM) کے غیر محتسب شدہ مالیاتی دستاویزات پیش کرتے ہوئے خوشی کرتے ہیں۔ HMM اپنے ابتدائی پبلک اجراء کے لیے مختص اخراجات کی وجہ سے معمولی نقصان کے ساتھ اپنے کاروبار کے آپریشن کی دوسری سہ ماہی، مکمل کر چکا ہے۔

الحمد للہ، اثاثہ جات کی خریداری کا آغاز ہو چکا ہے، تاہم مقامی گاڑیوں کے بنانے والوں کے پاس گاڑیوں کی فراہمی کی ایک طویل فہرست ہونے کی وجہ سے سرمایہ کاری کی سرگرمی کی رفتار سست ہے۔ HMM کی انتظامیہ رفتہ رفتہ ریزیڈیول ویلیو کار کی سرمایہ کاری کی (Residual Value Car Financing) مصنوع کی مارکیٹنگ کی جانب بڑھ رہی ہے۔ HMM کاٹھنل کمپنیوں، ٹریڈر فراہم کرنے والوں اور کار کی مرمت کرنے والے مجاز ورکشاپ رکھنے والوں کے ساتھ کام کے انتظام کے سلسلے کو تقریباً حتمی شکل دی جا چکی ہے۔ مقامی کاریں بنانے والوں سے ریزیڈیول ویلیو کار کی سرمایہ کاری (Residual Value Car Financing) کی اسکیم کے تحت سے بات چیت حتمی مرحلے میں ہے اور ہم پر اعتماد ہیں کہ اس سلسلے میں گاڑیوں کے متعلقہ فروخت کنندگان کے ساتھ اچھی پیش رفت کی توقع ہے۔

علاوہ ازیں، شمسی توانائی کے آلات کی سرمایہ کاری کا آغاز کیا جا چکا ہے اور سرمایہ کاری کی چند تجاویز زیر غور ہیں۔ ملک میں سبز توانائی کے بے حد امکانات ہیں اور ہم پر اعتماد ہیں کہ ہم اس سیگمنٹ میں اچھے اثاثہ جات کا اضافہ کرنے کے قابل ہو سکیں گے۔ تاہم، کیونکہ مارکیٹ میں یہ ایک نئی مصنوع ہے، اس لیے ان اثاثہ جات کی سرمایہ کاری کے لیے محتاط حکمت عملی اختیار کی جائے گی۔ انتظامیہ کا ارادہ ہے کہ اس کی توجہ معیاری سرمایہ کاری کے اثاثہ جات کے پورٹ فولیو کو بنانے میں تاکہ مستقبل میں بہتر آمدنی حاصل ہو سکے۔

بورڈ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، رجسٹرڈ مضاربہ اور سرفیکس کنڈگان کی حمایت اور راہنمائی کے لئے ان کا شکریہ ادا کرنا چاہتا ہے۔ بورڈ HMM کے آپریشن کے سلسلے میں مضاربہ کے عملے کے ارکان کا ان کی لگن، اعلیٰ پائے کی پیشہ ورانہ خصوصیات اور سخت جدوجہد کو بھی سراہتا ہے۔

بورڈ آف ڈائریکٹرز کی جانب اور ان کے لیے

محمد شعیب ابراہیم

چیف ایگزیکٹو آفیسر

کراچی: ۲۳ اپریل ۲۰۱۸

**CONDENSED INTERIM BALANCE SHEET**

As at March 31, 2018

	Note	(Un-audited) March 31, 2018 Rupees
<b>ASSETS</b>		
<b>Non-Current assets</b>		
Fixed Assets	4	5,277,947
Preliminary Expenses	5	4,248,450
		9,526,397
<b>Current assets</b>		
Advances, deposits, prepayments & other receivable	6	24,746,458
Advance against Diminishing Musharaka Financing		6,319,500
Cash and bank balances	7	258,635,029
		289,700,987
<b>Total assets</b>		<u>299,227,384</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Authorized capital</b>		
30,000,000 Modaraba certificates of Rs. 10/- each		<u>300,000,000</u>
<b>Issued, subscribed and paid-up share capital</b>		
30,000,000 Modaraba certificates of Rs. 10/- each		300,000,000
Unappropriated loss		(1,583,045)
		298,416,955
<b>Current liabilities</b>		
<b>Creditors, accrued and other liabilities</b>		
		810,429
<b>Total equity and liabilities</b>		<u>299,227,384</u>
<b>Contingencies and commitments</b>	8	

The annexed notes from 1 to 12 form an integral part of these condensed interim financial information.

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

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)**

For the period from October 06, 2017 to March 31, 2018

	For the period from October 06, 2017 to March 31, 2018	Quarter ended March 31, 2018
Note	(Rupees)	(Rupees)
<b>INCOME</b>		
Profit on Islamic certificates	8,324,264	4,841,934
Profit on bank balances	2,803,444	125,778
	<b>11,127,708</b>	<b>4,967,712</b>
<b>Expenditure</b>		
Preliminary Expenses	(8,173,650)	(4,156,094)
Administrative expenses	9 (4,550,158)	(2,501,336)
	<b>(12,723,808)</b>	<b>(6,657,430)</b>
Other income	10 14,927	14,927
	<b>(1,581,173)</b>	<b>(1,674,791)</b>
Modaraba management company's fee	-	-
Sales tax on Modaraba management company's fee	-	-
Provision for Workers' Welfare Fund	(1,872)	-
<b>Loss before taxation</b>	<b>(1,583,045)</b>	<b>(1,674,791)</b>
<b>Taxation</b>	<b>-</b>	<b>-</b>
<b>Loss after taxation</b>	<b>(1,583,045)</b>	<b>(1,674,791)</b>
Loss per certificate - basic and diluted	(0.05)	(0.06)

The annexed notes from 1 to 12 form an integral part of these condensed interim financial information.

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

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period from October 06, 2017 to March 31, 2018

	<b>For the period from October 06, 2017 to March 31, 2018</b>	Quarter ended March 31, 2018
	(Rupees)	(Rupees)
Loss after taxation	(1,583,045)	(1,674,791)
Net unrealizable gain on investment available for sale	-	-
<b>Total comprehensive loss for the period</b>	<u><u>(1,583,045)</u></u>	<u><u>(1,674,791)</u></u>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial information.

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

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**

For the period from October 06, 2017 to March 31, 2018

For the period from  
October 06, 2017 to  
March 31, 2018

Rupees

**CASH FLOWS FROM OPERATING ACTIVITIES**

Loss before taxation	(1,583,045)
Adjustment of non-cash and other items:	
Depreciation and amortization	516,189
	<u>(1,066,856)</u>

**Increase in current assets**

Advances, deposits, prepayments & other receivable	(24,746,458)
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**Increase in current liabilities**

Creditors, accrued and other liabilities	810,429
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Cash used in operations	<u>(25,002,885)</u>
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Advance against Diminishing Musharaka Financing	(6,319,500)
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Net cash used in operating activities	<u>(31,322,385)</u>
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**CASH FLOWS FROM INVESTING ACTIVITIES**

Additions to fixed assets	(5,794,136)
Preliminary expense and floatation cost	(4,248,450)

Net cash used in investing activities	<u>(10,042,586)</u>
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**CASH FLOWS FROM FINANCING ACTIVITIES**

Issue of certificate capital	300,000,000
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Net increase in cash and cash equivalents during the period	<u>258,635,029</u>
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Cash and cash equivalent at the beginning of the period	<u>-</u>
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Cash and cash equivalent at the end of the period	<u><u>258,635,029</u></u>
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The annexed notes from 1 to 12 form an integral part of these condensed interim financial information.

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

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

For the period from October 06, 2017 to March 31, 2018

	Issued, subscribed and paid up capital	Unappropriated (loss)	Total reserves	Total
	----- (Rupees) -----			
Balance as at October 06, 2017	-	-	-	-
Certificate capital issued during the period	300,000,000	-	-	300,000,000
Loss for the period ended March 31, 2018	-	(1,583,045)	(1,583,045)	(1,583,045)
Balance as at March 31, 2018	<u>300,000,000</u>	<u>(1,583,045)</u>	<u>(1,583,045)</u>	<u>298,416,955</u>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial information.

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

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

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

For the period from October 06, 2017 to March 31, 2018

### 1. LEGAL STATUS AND NATURE OF BUSINESS

Habib Metro Modaraba (the Modaraba) is a multipurpose, perpetual modaraba floated under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed there under and is managed by Habib Metropolitan Modaraba Management Company (Private) Limited (the Modaraba Management Company). After receiving certificate of minimum subscription, the Modaraba commenced its business operations with effect from October 06, 2017. The address of registered office is 3rd Floor, Al-Manzoor Building, Dr. Ziauddin Ahmed Road, Karachi.

The Modaraba is listed on the Pakistan Stock Exchange Limited and is engaged in Residual Value car financing model under Islamic mode of financing, providing financing for solar power equipments and other related business.

As at the balance sheet date, 60% certificates are held by Habib Metropolitan Bank Limited (the Holding Company).

### 2. BASIS OF PREPARATION

- 2.1 These condensed interim financial statements of the Modaraba for the period from October 06, 2017 to March 31, 2018 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 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 condensed interim financial statements of the Modaraba as at and for the period from October 06, 2017 to December 31, 2017.
- 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 condensed interim financial statements are the same as those applied in preparing the condensed interim financial statements for the period from October 06, 2017 to December 31, 2017.
- 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 condensed interim financial statements for the period from October 06, 2017 to December 31, 2017.
- 3.3 The financial risk management objectives and policies are consistent with those disclosed in the condensed interim financial statements of the Modaraba for the period from October 06, 2017 to December 31, 2017.

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

	Note	March 31, 2018 Rupees
<b>4. FIXED ASSETS</b>		
Property and equipment	4.1	4,952,523
Intangible assets	4.2	325,424
		<u><u>5,277,947</u></u>

**4.1 PROPERTY AND EQUIPMENT**

	Leasehold improvements	Furniture and fixtures	Office equipment	Vehicle	Total
	-----Rupees-----				
<b>Owned assets</b>					
<b>Net carrying value basis</b>					
<b>Period ended March 31, 2018</b>					
Opening net book value	-	-	-	-	-
Additions	2,502,870	262,871	689,830	1,994,000	5,449,571
Depreciation	(173,809)	(23,784)	(87,592)	(211,863)	(497,048)
<b>Closing net book value</b>	<u>2,329,061</u>	<u>239,087</u>	<u>602,238</u>	<u>1,782,137</u>	<u>4,952,523</u>
<b>Period ended March 31, 2018</b>					
Cost	2,502,870	262,871	689,830	1,994,000	5,449,571
Accumulated depreciation	(173,809)	(23,784)	(87,592)	(211,863)	(497,048)
<b>Net book value</b>	<u>2,329,061</u>	<u>239,087</u>	<u>602,238</u>	<u>1,782,137</u>	<u>4,952,523</u>
<b>Annual rate of depreciation (% per annum)</b>	<u>16.67%</u>	<u>20%</u>	<u>25% - 33.33%</u>	<u>16.67%</u>	

**4.2 Intangible Assets**

	March 31, 2018 Rupees
<b>Net carrying value basis</b>	
<b>Period ended March 31, 2018</b>	
Opening net book value	-
Additions	344,565
Amortisation	(19,142)
<b>Closing net book value</b>	<u><u>325,423</u></u>
<b>Period ended March 31, 2018</b>	
Cost	344,565
Accumulated amortisation	(19,142)
<b>Net book value</b>	<u><u>325,423</u></u>
<b>Annual rate of amortisation (% per annum)</b>	<u>33.33%</u>

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

	Note	March 31, 2018 Rupees
<b>5 PRELIMINARY EXPENSES AND FLOATION COSTS</b>		
Preliminary expenses and floatation costs	5.1	12,422,100
Amortization during the period		(8,173,650)
		<u>4,248,450</u>

- 5.1** This represents expenses incurred in respect of issue of modaraba certificates to the public inclusive of cost of organization and floatation of the Modaraba, cost of printing, publication and distribution of this prospectus, underwriting expenses, commission to the bankers to the issue and brokerage etc. As per clause 3.7 of the Prospectus of the Modaraba, the preliminary expenses and expenses to the issue shall be paid by the Modaraba and shall be charged to the profit and loss account of the Modaraba during the first year of operations. Accordingly, the Modaraba is amortizing the preliminary expenses and floatation costs on prorata basis till the financial year end i.e. June 30, 2018.

	Note	March 31, 2018 (Rupees)
<b>6 ADVANCES, DEPOSITS, PREPAYMENTS &amp; OTHER RECEIVABLE</b>		
Advance tax paid		560,280
Advance against booking of vehicle	6.1	18,500,000
Advance for petty cash		5,000
Prepaid expense		156,250
Profit receivable on Habib Islamic Income Certificates		5,448,219
Profit receivable on Modaraba Deposit Account		76,709
		<u>24,746,458</u>

- 6.1** This represents advance given to Indus Motor Company Limited against booking of various vehicles.

**7 CASH AND BANK BALANCES**

This includes an amount of Rs. 255 million being investment in Habib Islamic Income Certificates issued by Habib Metropolitan Bank Limited, the Holding Company, having tenure ranging from one month to three months and carry profit at the rates ranging from 5.00% to 5.25% per annum.

**8 CONTINGENCIES AND COMMITMENTS**

There are no contingencies and commitments as at March 31, 2018.

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

	Note	For the period from October 06, 2017 to March 31, 2018 (Rupees)
<b>9 ADMINISTRATIVE EXPENSES</b>		
Salaries expense		2,377,900
Depreciation and ammortisation		516,189
Utilities expenses		550,000
Printing & stationery		120,225
Miscellaneous		985,844
		<u>4,550,158</u>
<b>10 OTHER INCOME</b>		
Modaraba management company's fee reversal	10.1	10,555
Sales tax on Modaraba management company's fee reversal	10.1	1,372
Miscellenous income		3,000
		<u>14,927</u>

**10.1** In accordance with the Modaraba Companies and Modaraba Rules, 1981, the Modaraba had accrued management fee at the rate of 10% of profits during the period ended December 31, 2017 which was payable to the Modaraba Management Company amounting to Rs. 10,555 alongwith an amount of Rs. 1,372 which had charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011. However, during the period from October 06, 2017 to March 31, 2018, the Modaraba has incurred loss, therefore above provisions amounting to Rs. 11,927 have been reversed in these condensed interim financial statements.

**11. UTILIZATION OF PROCEEDS OF INITIAL PUBLIC OFFERING**

The break- up of utilization of proceeds of initial public offering is being presented under the requirements of the Regulation 16(i) of Chapter VIII of Public Offering Regulations, 2017. The Modaraba has utilized the proceeds from initial public offering as follows:

	Note	For the period from October 06, 2017 to March 31, 2018 (Rupees)
Proceeds realized		<u>300,000,000</u>
Purchase of property and equipment		5,449,571
Purchase of intangible assets		344,565
Preliminary expenses and floatation cost		12,422,100
Held for working capital, purchase of additional assets / investments etc.		281,783,764
		<u>300,000,000</u>

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

### 12. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on April 24, 2018 by the Board of Directors of the Modaraba Management Company.

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

**CHIEF EXECUTIVE**

**DIRECTOR**

**DIRECTOR**

**CHIEF FINANCIAL OFFICER**