

Contents

Corporate Information	2
Directors' Report	3
Condensed Interim Balance Sheet	6
Condensed Interim Profit and Loss Account (unaudited)	7
Condensed Interim Statement of Comprehensive Income (unaudited)	8
Condensed Interim Cash Flow Statement (unaudited)	9
Condensed Interim Statement of Changes in Equity (unaudited)	10
Notes To The Condensed Interim Financial Statements (unaudited)	11

Corporate Information

MODARABA MANAGEMENT COMPANY

Habib Metropolitan Modaraba Management Company (Private) Limited

BOARD OF DIRECTORS

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

LEGAL ADVISOR

Mohsin Tayebaly & Company

SHARIAH ADVISOR

Alhamd Shariah Advisory Services (Private Limited)

AUDIT COMMITTEE

Mr. Saeed Uddin Khan	- Chairman
Syed Rasheed Akhtar	- Member
Mr. Mohammad Shams Izhar	- Member
Mr. Intisar M. Usmani	- Secretary

AUDITOR

BDO Ebrahim & Co.
Chartered Accountants

HUMAN RESOURCE COMMITTEE

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

BANKERS

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

COMPANY SECRETARY

Mr. Tehsin Abbas (Officiating Company Secretary)

REGISTERED OFFICE

3rd Floor, Al Manzoor Building
Dr. Ziauddin Ahmed Road, Karachi

Tel : 021-32635949-51

UAN : 111-346-346

Fax : 021-32627373

Web : www.habibmetromodaraba.com

Email : hmm@habibmetromodaraba.com

REGISTRAR

CDC Share Registrar Services 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

Directors' Report

On behalf of the Board of Directors, it is my great pleasure to present the un-audited accounts of the Habib Metro Modaraba for the period ended September 30, 2020.

Performance of first quarter of current year remained satisfactory as compared to previous quarter of last year. During the quarter we made disbursement of Rs.16.359 million as compared to Rs.6.832 million of last quarter. Overall assets size has also increased from Rs.345.917 million of last year to Rs.354.222 million. However, profitability has reduced as compared to last quarter due to drastic cut in policy rates by State Bank of Pakistan.

Presently, the economic business conditions are moving in positive direction. Pakistan's economy has made a good start after the ease down of long lockdown due to Pandemic. The major indicators of economy showed a satisfactory trend in Q1 of current fiscal year. Current account showed a surplus after the gap of last so many years including impressive growth in foreign remittances has been witnessed. Pakistan Stock Exchange has also remained best performing market and once again won the title of being the best Asian stock market. The PSX has become the fourth best-performing market across the world in 2020 as the government has successfully dealt with Covid-19 challenges and put the economy back on track.

Central Bank in Monetary Policy Statement (MPS) of last month, decided to keep the policy rate unchanged at 7%. As per MPS the forecast for inflation has risen slightly due to recent supply side disturbance increase in food prices. The inflation rate again jumped to 9% in the month of September, 2020. It is expected that average inflation remained within the same range in coming months. It is also noted that series of targeted measures undertaken by SBP since the Covid-19 outbreak have injected significant liquidity and further lowered funding costs for many businesses and households. In addition, the government has undertaken a number of significant measures to support economic activity including the Ehsaas emergency cash program, commodity financing, a risk-sharing facility for SMEs, and acceleration of tax refunds which have supported well for economic revival.

Going forward, although the markets have restored their operational position, however, to expect same level of status is uncertain since pandemic is still not completely washed out. The cases of COVID-19 are again rising and we may experience an uptick in coronavirus once again. Furthermore, foreign debt servicing, the reduction in exports due to price hike may impact economic growth. Country is likely to face a gas shortage which will again disturb industrial production particularly exports related industries and in light of these circumstances expected target of growth may be slightly reduced.

We expect that we will be able to enhance our assets financing book in coming months due to positive trend in economic activities and low financing rates which can encourage prospective customers to take auto financing. However, keeping in view of low lending rates due to drastic cut in policy rates by Central Bank, we expect dilution in our profitability during the current year. However, we shall focus to enhance volume of disbursement to fill the gap of low profits rates.

I am extremely grateful to our valued customers, Registrar Modaraba, Securities & Exchange Commission of Pakistan for their patronage, our employees for their continued commitment, our certificate holders for their trust and confidence and other regulatory bodies for their continued guidance.

Muhammad Shoaib Ibrahim
Chief Executive Officer

Syed Rasheed Akhtar
Chairman

Karachi: October 27, 2020

ڈائریکٹرز کی رپورٹ

یہ میرے لئے باعث مسرت ہیکہ میں بورڈ آف ڈائریکٹرز کی جانب سے ۳۰ ستمبر، ۲۰۲۰ کو ختم ہونے والی پہلی سہ ماہی کے مدت اختتام پر حبیب میٹرو مزار بہ کے غیر محتسب شدہ کھاتے پیش کروں۔

گذشتہ سال کی پہلی سہ ماہی کے مقابلہ میں رواں سال کی پہلی سہ ماہی کی کارکردگی تسلی بخش رہی۔ سہ ماہی کے دوران ہم نے گذشتہ سہ ماہی کے ۶،۸۳۲ ملین روپے کے مقابلے میں ۱۶،۳۵۹ ملین روپے کی فراہمی کی ہے۔ مجموعی طور پر اثاثوں کا حجم بھی گذشتہ سال کے ۳۲،۵۹۱ ملین روپے سے بڑھ کر ۳۵،۲۲۲ ملین روپے ہو گیا ہے۔ تاہم، اسٹیٹ بینک آف پاکستان کے پالیسی ریٹس میں زبردست کٹوتی / کمی کے باعث پچھلی سہ ماہی کے مقابلہ میں منافع کم ہوا ہے۔

فی الحال، اقتصادی کاروباری حالات مثبت سمت میں گامزن ہیں۔ وبائی امراض کی وجہ سے طویل لاک ڈاؤن میں آسانی کے بعد پاکستان کی معیشت نے اچھا آغاز کیا ہے۔ معیشت کے اہم اشاریوں نے رواں مالی سال کی پہلی سہ ماہی میں تسلی بخش رجحان ظاہر کیا۔ غیر ملکی ترسیلات زر میں غیر معمولی اضافے سمیت پچھلے کئی سالوں کے وقفے کے بعد کرنٹ اکاؤنٹ میں اضافے کا مظاہرہ ہوا۔ پاکستان اسٹاک ایکسچینج بہترین کارکردگی کا مظاہرہ کرنے والی منڈی بھی رہی ہے اور ایک بار پھر ایشیا کی بہترین مارکیٹ ہونے کا اعزاز اپنے نام کر لیا۔ پی ایس ایکس ۲۰۲۰ میں دنیا بھر میں چوتھی بہترین کارکردگی کا مظاہرہ کرنے والی ایکسچینج بن گئی ہے کیونکہ حکومت نے کوویڈ-۱۹ چیلنجوں کو کامیابی سے قابو پایا ہے اور معیشت کو پٹری پر کھڑا کیا ہے۔

پچھلے مہینے کے مرکزی بینک میں مانیٹری پالیسی اسٹیٹمنٹ میں (ایم پی ایس) نے پالیسی کی شرح میں تبدیلی نہ کرتے ہوئے ۷ فیصد پر ہی رکھنے کا فیصلہ کیا ہے۔ ایم پی ایس کے پیش گوئی کے مطابق، اشیائے خورد و نوش کی قیمتوں میں حالیہ اضافہ سپلائی سائیکل کی طرف سے خرابی کی وجہ سے مہنگائی قدرے بڑھ گئی ہے۔ مہنگائی کی شرح ستمبر ۲۰۲۰ کے مہینے میں ایک بار پھر ۹ فیصد ہو گئی ہے۔ توقع کی جاتی ہے کہ آنے والے مہینوں میں اوسط افراط زر اسی حدود میں رہے گا۔ یہ بھی نوٹ کیا گیا ہے کہ کوویڈ-۱۹ پھیلنے کے بعد سے اسٹیٹ بینک کے ذریعہ کئے گئے ہدف کے سلسلے اقدامات میں نمایاں لیکویڈیٹی لگائی گئی ہے اور بہت سے کاروباروں اور گھرانوں کے لئے مالی اعانت کی لاگت کم ہو گئی ہے۔ اس کے علاوہ، حکومت نے معاشی سرگرمیوں کی حمایت کے لئے بہت سارے اہم اقدامات اٹھائے ہیں جن میں احساس ایمر جنسی کیش پروگرام، اجناس کی مالی اعانت، ایس ایم ایز کے لئے رسک شیئرنگ کی سہولت، اور ٹیکس کی ریفرنڈ میں تیزی شامل ہے جس نے معاشی بحالی کے لئے اچھی طرح سے معاونت کی ہے۔

مزید بر آں یہ کہ، اگرچہ مارکیٹوں نے اپنی آپریشنل پوزیشن بحال کر دی ہے، تاہم، اسی سطح کی توقع کرنا غیر یقینی ہے کیونکہ وبائی بیماری ابھی بھی پوری طرح سے ختم نہیں ہوئی ہے۔ کوویڈ-۱۹ کے کیسز ایک بار پھر بڑھ رہے ہیں اور ہم ایک بار پھر کورونا وائرس میں اضافے کا سامنا کر سکتے ہیں۔ مزید یہ کہ غیر ملکی قرضوں، قیمتوں میں اضافے کی وجہ سے برآمدات میں کمی معاشی نمو کو متاثر کر سکتی ہے۔ امکان ہے کہ ملک کو گیس کی قلت کا سامنا کرنا پڑے گا جس سے ایک بار پھر صنعتی پیداوار پریشان ہو جائے گی خصوصاً برآمدات سے متعلق صنعتوں کو اور ان حالات کی روشنی میں متوقع نمو کو تھوڑا کم ہو سکتا ہے۔

ہم توقع کرتے ہیں کہ اقتصادی سرگرمیوں اور کم فنانشنگ ریٹ میں مثبت رجحان کی وجہ سے ہم آنے والے مہینوں میں اپنی اثاثوں کی فنانشنگ بک میں اضافہ کرنے کے قابل ہوں گے جو ممکنہ صارفین کو آٹو فنانشنگ لینے کی ترغیب دے سکتا ہے۔ تاہم، مرکزی بینک کے ذریعہ پالیسیوں کے نرخوں میں زبردست کٹوتی کی وجہ سے کم قرضے کی شرحوں کو مد نظر رکھتے ہوئے، ہم توقع کرتے ہیں کہ رواں سال کے دوران ہمارے منافع میں کمی آئے گی۔ تاہم، ہم کم منافع کی شرحوں کے خلا کو پُر کرنے کے لئے ادائیگی کے حجم کو بڑھانے پر توجہ دیں گے۔

میں شکر گزار ہوں اپنے قابل احترام کسٹمرز کا، رجسٹرار مضاربہ کا، سیکورٹیز اینڈ ایکسچینج کمیشن پاکستان کا جنہوں مسلسل ہماری رہنمائی اور سرپرستی کی، اس کے علاوہ اپنے ملازمین کی بے انتہا محنت اور جذبے کا، سرٹیفکیٹ ہولڈرز کی اور دوسری ریگولیٹری باڈیز کا جنہوں نے اپنا بھروسہ اور اپنا تعاون مسلسل جاری رکھا۔

بورڈ آف ڈائریکٹرز کے لئے اور اُن کی جانب سے

سید رشید اختر
چیرمین

محمد شعیب ابراہیم
چیف ایگزیکٹو آفیسر

کراچی۔ اکتوبر ۲۰۲۰ء

Condensed Interim Balance Sheet

As at September 30, 2020

		Unaudited September 30, 2020	Audited June 30, 2020
	Note	-----Rupees-----	
ASSETS			
NON-CURRENT ASSETS			
Property and Equipment	4	3,017,425	3,323,134
Intangible assets		38,289	67,002
Advances		19,825,000	-
Diminishing Musharakah Financing		120,041,226	130,453,082
Preliminary expense and floating costs	5	4,589,327	5,250,688
		147,511,267	139,093,906
CURRENT ASSETS			
Short Term Investment		100,000,000	100,000,000
Current portion of diminishing Musharakah financing		65,610,969	64,758,281
Advances and short term prepayments		1,770,259	1,251,172
Accrued profits		729,315	760,667
Income tax refundable		5,566,976	5,530,605
Cash and bank balances		33,032,755	34,522,609
		206,710,274	206,823,334
		354,221,541	345,917,240
TOTAL ASSETS			
EQUITY AND LIABILITIES			
CERTIFICATE CAPITAL AND RESERVES			
Authorized certificate capital 30,000,000			
30,000,0000 Modaraba certificates (June 30,2020: 30,000,000) of Rs. 10/- each		300,000,000	300,000,000
Issued subscribed and paid-up certificate capital		300,000,000	300,000,000
Statutory reserve		8,624,156	8,624,156
Unappropriated Profit		6,462,913	23,246,627
		315,087,069	331,870,783
CURRENT LIABILITIES			
Creditors, accrued and other liabilities		18,112,633	14,024,481
Profit distribution payable		21,021,839	21,976
		354,221,541	345,917,240
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
	7		

The annexed notes from 1 to 13 form an integral part of these condensed interim financial information.

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

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

Condensed Interim Profit And Loss Account (Un-audited)

For the period ended September 30, 2020

	September 30, 2020	September 30, 2019
-----Rupees-----		
INCOME		
Profit on Islamic certificates	-	629,795
Income from diminishing musharaka financing	6,328,660	7,574,300
Profit on Modaraba's deposits account	2,166,989	2,657,003
Other finance income	-	1,643,000
Other Income	519,292	26,153
	9,014,941	12,530,251
EXPENSE		
Amortization of preliminary expenses and floatation cost	661,361	661,362
Administrative expenses	3,472,386	3,938,774
Financial Charges	22,209	26,400
	4,155,956	4,626,536
	4,858,985	7,903,715
Modaraba Management Company's remuneration	485,899	-
Sales tax on Modaraba Management Company's remuneration	63,167	-
Provision for Sindh Workers' Welfare Fund	93,634	158,074
Profit before taxation	4,216,286	7,745,641
Taxation	-	-
Profit for the period	4,216,286	7,745,641
Profit per certificate - basic and diluted	0.14	0.26

The annexed notes from 1 to 13 form an integral part of these condensed interim financial information.

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

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

Condensed Interim Statement Of Comprehensive Income (Un-audited)

For the period ended September 30, 2020

	For the period ended September 30, 2020	For the period ended September 30, 2019
	-----Rupees-----	
Profit for the period	4,216,286	7,745,641
Total comprehensive Profit for the period	<u>4,216,286</u>	<u>7,745,641</u>

The annexed notes from 1 to 13 form an integral part of these condensed interim financial information.

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

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

Condensed Interim Cash Flow Statement (Un-audited)

For the period ended September 30, 2020

For the period ended
September 30,
2020

For the period ended
September 30,
2019

-----Rupees-----

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Generated form Operations

Profit before taxation	4,216,286	7,745,641
Adjustment of non-cash and other items:		
Depreciation expense	305,709	297,457
Amortization of preliminary expense and flotation cost	661,361	661,362
Amortization of intangible assets	28,713	28,713
Profit on Islamic certificates	-	(629,795)
Profit on Modaraba's deposit account	(2,166,989)	(2,657,003)
	<u>(1,171,206)</u>	<u>(2,299,266)</u>
(increase) in Current assets:		
Advance and short term prepayments	<u>(519,087)</u>	<u>(1,253,879)</u>
Current portion of diminishing Musharakah financing	<u>(852,688)</u>	<u>(5,380,253)</u>
Increase in Current liability		
Creditors, Accrued and other liabilities	<u>4,088,152</u>	<u>1,186,801</u>
	<u>2,716,377</u>	<u>(5,447,331)</u>
Cash generate from / (used in) operations	<u>5,761,456</u>	<u>(956)</u>
Vehicle available for diminishing musharaka financing	-	9,709,000
Advances	<u>(19,825,000)</u>	-
Diminishing Musharakah financing	<u>10,411,856</u>	3,826,825
Advance tax paid	<u>(36,371)</u>	(65,389)
Net cash generated from / (used in) operating activities	<u>(3,688,059)</u>	<u>13,469,480</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Additions to Property and equipment	-	(13,500)
Profit received on investment HIIC	-	472,603
Profit received on Modaraba's deposit account	<u>2,198,341</u>	<u>2,453,278</u>
Net cash generated from investing activities	<u>2,198,341</u>	<u>2,912,381</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Dividend paid	<u>(137)</u>	<u>(532)</u>
Net cash used in financing activities	<u>(137)</u>	<u>(532)</u>
Net increase/ (decreased) in cash and cash equivalents during the year	<u>(1,489,854)</u>	<u>16,381,329</u>
Cash and cash equivalent at the beginning of the year	<u>34,522,609</u>	<u>32,275,789</u>
Cash and cash equivalent at the end of the year	<u>33,032,755</u>	<u>48,657,118</u>

The annexed notes from 1 to 13 form an integral part of these condensed interim financial information.

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

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

Condensed Interim Statement Of Changes In Equity (Un-audited)

For the period ended September 30, 2020

	Issued, subscribed and paid up capital	Statutory Reserves	Unappropriated Profit	Total Equity
	----- (Rupees) -----			
Balance as at July 01, 2019	300,000,000	3,021,377	9,085,511	312,106,888
Profit distribution for the year ended June 30, 2019 @ Re. 0.275 per certificate	-	-	(8,250,000)	(8,250,000)
Total comprehensive income for the period	-	-	7,745,641	7,745,641
Balance as at September 30, 2019	<u>300,000,000</u>	<u>3,021,377</u>	<u>8,581,152</u>	<u>311,602,529</u>
Balance as at July 01, 2020	300,000,000	8,624,156	23,246,627	331,870,783
Certificate capital issued during the period	-	-	-	-
Profit distribution for the year ended June 30, 2020 @ Re. 0.70 per certificate	-	-	(21,000,000)	(21,000,000)
Total comprehensive income for the period	-	-	4,216,286	4,216,286
Balance as at September 30, 2020	<u>300,000,000</u>	<u>8,624,156</u>	<u>6,462,913</u>	<u>315,087,069</u>

The annexed notes from 1 to 13 form an integral part of these condensed interim financial information.

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

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

Notes to the Condensed Interim Financial Statements (Un-audited)

For the period ended September 30, 2020

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. The Modaraba is engaged in Residual Value car financing model on diminishing musharaka basis, 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 Parent Company).

2 BASIS OF PREPARATION

2.1 These condensed interim financial statements of the Modaraba for the period ended September 30, 2020 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 financial statements of the Modaraba as at and for the year ended June 2020.

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 full financial statements as at and for the year ended June 2020.

3.2 The preparation of condensed interim financial statements requires management to make judgments, 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 judgments 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 full financial statements as at and for the year ended June 2020.

3.3 The financial risk management objectives and policies are consistent with those disclosed in the full financial statements of the Modaraba as at and for the year ended June 2020.

Notes to the Condensed Interim Financial Statements (Un-audited)

For the period ended September 30, 2020

4 PROPERTY AND EQUIPMENT

	Leasehold improvements	Furniture and fixtures	Office equipment	Vehicle	Total
	-----Rupees-----				
Owned assets					
Net carrying value basis					
Period ended September 30, 2020					
Opening net book value	1,797,071	123,714	370,782	1,031,567	3,323,134
Additions	-	-	-	-	-
Depreciation	(125,325)	(13,144)	(82,040)	(85,200)	(305,709)
Closing net book value	1,671,746	110,570	288,742	946,367	3,017,425
Period ended September 30, 2020					
Cost	3,007,870	262,871	1,122,820	2,044,794	6,438,355
Accumulated depreciation	(1,336,124)	(152,301)	(834,078)	(1,098,427)	(3,420,930)
Net book value	1,671,746	110,570	288,742	946,367	3,017,425
Annual rate of depreciation (% per annum)	16.67%	20%	25% - 33.33%	16.67%	

5 PRELIMINARY EXPENSES AND FLOATATION COSTS

	September 30, 2020	June 30, 2020
	-----Rupees-----	
Preliminary expenses and floatation costs	5,250,688	7,881,758
Amortization during the period./ year	(661,361)	(2,631,070)
	4,589,327	5,250,688

- 5.1 This represents expenses incurred in respect of issue of the Modaraba certificates to the public and includes cost of organization and floatation of the Modaraba, cost of printing, publication and distribution of the prospectus, underwriting expenses, commission to the bankers to the issue and brokerage and other ancillary cost. Preliminary expenses and floatation costs are being amortized on prorate basis over the period of 5 years as per Third Schedule of Modaraba Companies and Modaraba Rules, 1981.

6 PROFIT DISTRIBUTION PAYABLE

	September 30, 2020	June 30, 2020
	-----Rupees-----	
Profit distribution payable for the year ended June 30, 2020	21,000,000	-
Unclaimed profit distribution	21,839	21,976
	21,021,839	21,976

7 CONTINGENCIES AND COMMITMENTS

There are no contingencies to report as at September 30 2020, whereas commitments in respect of diminishing Musharakah financing amounting to Rs.16.357 million (June 30, 2020: Rs. 2.528 million).

Notes to the Condensed Interim Financial Statements (Un-audited)

For the period ended September 30, 2020

8 TAXATION

The income of non-trading Modaraba is exempt from tax under clause 100 of the Second Schedule of the Income Tax Ordinance 2001, provided not less than 90% of its profits after appropriation to statutory reserves as required under Modaraba Regulations is distributed to the certificate holders. The Modaraba has decided to continue availing the tax exemption and hence no provision has been made this condensed interim financial information for tax liabilities for the period.

9 THE EARNING PER CERTIFICATE AS REQUIRED BY IAS 33 "EARNING PER SHARE" IS GIVEN BELOW; (Un-audited)

	September 30, 2020	September 30, 2020
	-----Rupees-----	
Profit for the period	4,216,286	7,745,641
Weighted average number of certificate outstanding	30,000,000	30,000,000
Earning / (Loss) per certificate - Basic and Diluted	0.14	0.26

There were no convertible diluted potential ordinary certificate outstanding as on September 30, 2020 which have dilutive effect on loss per certificate

10 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(l) of Chapter VIII of Public Offering Regulations, 2017. The Modaraba has utilized the proceeds from initial public offering as follows:

	September 30, 2020	June 30, 2020
	(Unaudited)	(Audited)
	-----Rupees-----	
Proceeds realized	300,000,000	300,000,000
Purchase of property and equipment	6,438,355	6,438,355
Purchase of intangible assets	344,565	344,565
Preliminary expenses and floatation cost	12,422,100	12,422,100
Diminishing musharaka financing	200,393,688	200,393,688
Held for working capital, purchase of additional assets / investments etc.	80,401,292	80,401,292
	300,000,000	300,000,000

11 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include a subsidiary company, associated companies with or without common directors, retirement benefit funds, directors, and key management personnel.

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, First Habib Modaraba, Habib Metro Modaraba Employees Provident Fund, Habib Metropolitan Financial Services Limited and key management personnel. Transactions and balances outstanding with related parties and associated undertakings are as follows:

A number of transactions are entered into with related parties in the normal course of business. These include financings, investments and sharing of common expenses.

Notes to the Condensed Interim Financial Statements (Un-audited)

For the period ended September 30, 2020

The detail of transactions with related parties and balances with them, is given below:

Relationship with the Modaraba	Nature of transactions	September 30, 2020	September 30, 2019
Transaction Held Holding Company			
Habib Metropolitan Bank Limited	Profit on Modaraba's deposits accounts and Islamic term deposit receipts	2,166,989	1,786,705
Habib Metropolitan Bank Limited	Investments purchased	-	25,000,000
Habib Metropolitan Bank Limited	Investments matured	-	25,000,000
Habib Metropolitan Bank Limited	Bank charges	22,209	26,490
Habib Metropolitan Bank Limited	Payment of Electricity, Building security and generator service	92,926	106,752
Associate Company			
Habib Metro Modaraba Employee Provident Fund	Provident fund contribution	23,385	112,770
Management Company			
Habib Metropolitan Modaraba Management Company (Private) Limited	Management Fee	3,222,729	-
Relationship with the Modaraba			
Balances Held			
Holding Company			
Habib Metropolitan Bank Limited	Bank balances	31,604,868	34,424,021
Habib Metropolitan Bank Limited	Accrued profit on bank accounts and Islamic term deposit certificates	193,318	425,908
Habib Metropolitan Bank Limited	Prepaid expense - Against Electricity, Building security and generator service	185,848	278,774
Management Company			
Habib Metropolitan Modaraba Management Company (Private) Limited	Management fee payable	485,899	3,222,729

12 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 27, 2020 by the Board of Directors of the Modaraba Management Company.

13 GENERAL

- 13.1** Corresponding figures have been reclassified / re-arranged wherever necessary to facilitate comparison in the presentation in the current period. However, there are no material reclassification / re-arrangement to report. .

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

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR