

First Habib Modaraba

(An Islamic Financial Institution)



Half Yearly Report

December 31, 2024

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Corporate Information

MODARABA MANAGEMENT COMPANY

Habib Metropolitan Modaraba Management Company (Private) Limited

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

Mr. Saeed Uddin Khan	- Chairman
Syed Rasheed Akhtar	- Member
Mr. Mohammad Shams Izhar	- Member
Mr. Muhammad Babar	- Secretary

HUMAN RESOURCE COMMITTEE

Mr. Saeed Uddin Khan	- Chairman
Syed Rasheed Akhtar	- Member
Mr. Mohammad Shams Izhar	- Member
Mr. Danish Zahid	- Secretary

LEGAL ADVISOR

Mohsin Tayebaly & Company
Ahmed & Qazi Advocates & Legal Consultants

SHARES 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

AUDITORS

BDO Ebrahim & Co.
Chartered Accountants

COMPANY SECRETARY

Mr. Tehsin Abbas

SHARIAH ADVISOR

Mufti Faisal Ahmed

BANKERS

Al Baraka Bank
Dubai Islamic Bank
Faysal Bank Limited
Habib Bank Limited - (Islamic Banking)
Habib Metropolitan Bank - (Islamic Banking)
MCB Islamic Bank
Meezan Bank Limited
Soneri Bank - (Islamic Banking)

REGISTERED OFFICE

6th Floor, HBZ Plaza (Hirani Centre)
I.I. Chundrigar Road, Karachi.
Tel : 021-32635949-51
UAN : 111-346-346
Web : www.habibmodaraba.com
Email: fhm@habibmodaraba.com

GEOGRAPHICAL PRESENCE - BRANCH OFFICES

Karachi Branch:

3rd Floor, Al-Manzoor Building,
Dr. Ziauddin Ahmed Road. Karachi.
Tel: 021-32635949-51

Lahore Branch:

1st Floor, 5-Z Block, Phase III, Defence Housing
Authority, Lahore.
Tel: 042-35693074-76

Islamabad Branch:

Office No. 513, 5th Floor, ISE Towers, Jinnah
Avenue Blue Area, Islamabad.
Tel: 051-28994571-73

Multan Branch:

Mezzanine Floor, Abdali Tower,
Abdali Road, Multan.
Tel: 061-4500121-3

Directors' Report

On behalf of the Board of Directors, it is our great pleasure to present the un-audited Financial Statements of First Habib Modaraba (FHM) for the six months ended 31st December, 2024.

Business Performance

Alhamdulillah, performance of first half of current financial year remained satisfactory. Due to better credit demand, disbursement of financing assets has shown good growth during first half of current financial year. The Balance sheet size also increased to Rs.30.501 billion from Rs.26.410 billion of last year reflecting growth of around 15%. Satisfactory increase in profitability has also made despite of downward trend of lending rates due to decreased in policy rates of State Bank of Pakistan.

Economic Outlook

Pakistan's economy has shown good recovery with improvements in both economic and financial conditions. Despite of ongoing fiscal challenges, the country has made steady progress particularly after securing a IMF bailout package loan in Q1. This agreement has instilled confidence in the economy and enhance financial stability. Other key economic indicators such as drastic reduction in policy rates, favorable current account balance, declining trend of inflation and stable position of PKR versus USD were the key factors for building investors' confidence.

Pakistan's economy demonstrated a continued improvement in building upon the stabilization achieved in FY2024. Due to better economic management, positive trend in all macro indicators were well reflected. In January, 2025, the country recorded inflation rate of 2.40% which the lowest in last several years. SBP has also aggressively cut its policy rate to 12% from 22%. This marks the sixth consecutive reduction since June 2024, due to downward trend of inflation.

Worker's remittance and exports have shown excellent growth during first half which supported well to maintain current account balance. Pakistan Stock Exchange has also shown unprecedented bullish performance in first half and continue to set new records in current calendar year as well. Generally, all economic indicators are showing positive trend, however, in order to achieve long term sustainable economic growth, it is essential to focus on structural reforms, improve ease of doing business and make available conducive environment to local and foreign investors. By addressing these key issues, Pakistan's economy can move towards a more stable and prosperous economic future.

Conclusion

Our business performance of first half remained satisfactory. The satisfactory results of six months are due to better credit demand and good efforts of our business development teams. As reported earlier, we have also in financing of solar equipment in order to promote green financing and support our cause for ESG initiatives. Keeping in view of better performance in first half, we are confident that we will be able to maintained our growth momentum and achieve our business targets of 2024-25, however, due to declining policy rates, we expect pressures on our profitability in 2nd half of current financial year.

Acknowledgment

We 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, investors who have remained committed to FHM. I also appreciate dedication, high level of professionalism and hard work of employees of FHM for smooth operations and achieving satisfactory results in extremely difficult business environment.

For and on behalf of Board of Directors

Muhammad Shoaib Ibrahim
Chief Executive Officer

Muhammad Shams Izhar
Chairman

Karachi: 25th February, 2025

ڈائریکٹرز رپورٹ

یہ ہمارے لئے باعث مسرت ہیکہ ہم بورڈ آف ڈائریکٹرز کی جانب سے ۳۱ دسمبر، ۲۰۲۴ کو ختم ہونے والی ششماہی مدت اختتام پر فرسٹ حبیب مضاربہ کی غیر محتسب شدہ کھاتے پیش کریں۔

کاروباری سرگرمیاں:

الحمد للہ، رواں مالی سال کی پہلی ششماہی کی کارکردگی تسلی بخش رہی۔ بہتر کریڈٹ ڈیمانڈ کی وجہ سے، مالیاتی اثاثوں کی تقسیم نے رواں مالی سال کی پہلی ششماہی کے دوران اچھی گروتھ ظاہر کی ہے۔ بیلنس شیٹ کا حجم بھی پچھلے سال کے 26.410 بلین روپے سے بڑھ کر 30.501 بلین روپے ہو گیا ہے جو کہ تقریباً 15 فیصد کی گروتھ کو ظاہر کرتا ہے۔ اسٹیٹ بینک آف پاکستان کی پالیسی ریٹ میں کمی کی وجہ سے قرضے کی شرح میں کمی کے رجحان کے باوجود منافع میں اطمینان بخش اضافہ ہوا ہے۔

معاشی جائزہ:

پاکستان کی معیشت نے معاشی اور مالیاتی دونوں صورتوں میں بہتری کے ساتھ اچھی بحالی کا مظاہرہ کیا ہے۔ جاری مالیاتی چیلنجوں کے باوجود، ملک نے خاص طور پر پہلی سہ ماہی میں IMF کے بیل آؤٹ پیکیج کے قرض کو حاصل کرنے کے بعد مسلسل ترقی کی ہے۔ اس معاہدے سے معیشت میں اعتماد پیدا ہوا ہے اور مالی استحکام میں اضافہ ہوا ہے۔ دیگر اہم اقتصادی اشاریے جیسے کہ پالیسی ریٹ میں زبردست کمی، کرنٹ اکاؤنٹ کے موافق توازن، افراط زر کا گرتا ہوا رجحان اور پاکستانی روپے (PKR) بمقابلہ USD کی مستحکم پوزیشن سرمایہ کاروں کا اعتماد بڑھانے کے اہم عوامل تھے۔

پاکستان کی معیشت نے مالی سال 2024 میں حاصل ہونے والے استحکام پر مسلسل بہتری کا مظاہرہ کیا۔ بہتر معاشی انتظام کی وجہ سے تمام میکر و انڈیکسٹرز میں مثبت رجحان اچھی طرح ظاہر ہوا۔ جنوری، 2025 میں، ملک میں افراط زر کی شرح 2.40 فیصد ریکارڈ کی گئی جو گزشتہ کئی سالوں میں سب سے کم ہے۔ اسٹیٹ بینک نے بھی جارحانہ انداز میں اپنی پالیسی ریٹ کو 22 فیصد سے کم کر کے 12 فیصد کر دیا ہے۔ یہ جون 2024 کے بعد سے مسلسل چھٹی کمی ہے، جس کی وجہ افراط زر کی شرح میں کمی ہے۔

ورکرز کی ترسیلات زر اور برآمدات نے پہلی ششماہی کے دوران شاندار گروتھ دکھائی ہے جس نے کرنٹ اکاؤنٹ بیلنس کو برقرار رکھنے میں اچھی مدد کی۔ پاکستان اسٹاک ایکسچینج نے بھی پہلی ششماہی میں بے مثال تیزی کا مظاہرہ کیا اور رواں کیلنڈر سال میں بھی نئے ریکارڈ قائم کرنے کا سلسلہ جاری رکھا۔ عام طور پر، تمام اقتصادی اشاریے مثبت رجحان دکھا رہے ہیں، تاہم، طویل مدتی پائیدار اقتصادی ترقی کے حصول کے لیے، اسٹرکچرل اصلاحات پر توجہ مرکوز کرنا، کاروبار کرنے میں آسانی کو بہتر بنانا اور مقامی اور غیر ملکی سرمایہ کاروں کو سازگار ماحول فراہم کرنا ضروری ہے۔ ان اہم مسائل کو حل کر کے پاکستان کی معیشت مزید مستحکم اور خوشحال معاشی مستقبل کی طرف بڑھ سکتی ہے۔

خلاصہ:

پہلی ششماہی کی ہماری کاروباری کارکردگی تسلی بخش رہی۔ چھ ماہ کے تسلی بخش نتائج بہتر کریڈٹ ڈیمانڈ اور ہماری بزنس ڈویلپمنٹ ٹیموں کی اچھی کوششوں کی وجہ سے ہیں۔ جیسا کہ پہلے بتایا گیا ہے، ہمارے پاس گرین فنانسنگ کو فروغ دینے اور ESG اقدامات کے لیے اپنے مقصد کی حمایت کرنے کے لیے شمسی آلات کی مالی اعانت بھی ہے۔ پہلی ششماہی میں بہتر کارکردگی کو مد نظر رکھتے ہوئے، ہمیں یقین ہے کہ ہم اپنی ترقی کی رفتار کو برقرار رکھیں اور 2024-25 کے اپنے کاروباری اہداف حاصل کرنے میں کامیاب ہو جائیں گے، تاہم، پالیسی کی گرتی ہوئی شرحوں کی وجہ سے، ہمیں رواں مالی سال کی دوسری ششماہی میں اپنے منافع پر دباؤ کی توقع ہے۔

اظہار تشکر:

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

بورڈ آف ڈائریکٹرز کیلئے اور ان کی جانب سے

محمد شمس اظہار
چیئرمین

محمد شعیب ابراہیم
چیف ایگزیکٹو آفیسر

کراچی: 25 فروری 2025



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Sarwar Shaheed Road
Karachi-74200
Pakistan

Independent Auditor's Review Report

on Review of Condensed Interim Financial Statements to the Certificate Holders of First Habib Modaraba

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **FIRST HABIB MODARABA** ("the Modaraba") as at December 31, 2024 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the half year then ended (here-in-after referred as the "condensed interim financial statements"). The Modaraba Management Company (Habib Metropolitan Modaraba Management Company (Private) Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as at and for the half year ended December 31, 2024 are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures for the quarter ended December 31, 2024 and December 31, 2023 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditor's report is Tariq Feroz Khan.

KARACHI

DATED: February 27, 2025

UDIN: RR202410166rwD85LHU

BDO EBRAHIM & Co.

CHARTERED ACCOUNTANTS

Condensed Interim Statement of Financial Position

AS AT DECEMBER 31, 2024

		(Un-audited) December 31, 2024	(Audited) June 30, 2024
	Note	(Rupees)	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets in own use	4	92,737,704	85,056,329
Intangible assets		8,064,288	9,626,317
Diminishing musharaka financing	5	17,458,297,356	15,862,875,979
Long term deposits		1,465,300	1,465,300
Long term investments	6	463,031,988	436,890,160
Deferred tax assets - net		303,658,671	221,253,543
		18,327,255,307	16,617,167,628
CURRENT ASSETS			
Short term investments	6	204,277,297	149,213,636
Current portion of diminishing musharaka financing	5	9,103,678,135	7,806,471,555
Diminishing Musharaka financing installments receivable		327,250	5,207,720
Advances and prepayments	7	1,669,789,402	1,460,347,585
Other receivables		8,362,673	21,993,461
Cash and bank balances	8	1,142,560,520	349,523,608
		12,128,995,277	9,792,757,565
		30,456,250,584	26,409,925,193
TOTAL ASSETS			
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized certificate capital 140,000,000 (June 30, 2024: 140,000,000) certificates of Rs.10/- each		1,400,000,000	1,400,000,000
Issued, subscribed and paid-up certificate capital		1,108,305,000	1,108,305,000
Reserves		4,201,905,637	3,966,122,330
		5,310,210,637	5,074,427,330
SURPLUS ON REVALUATION OF INVESTMENTS			
		44,610,122	34,503,367
NON-CURRENT LIABILITIES			
Liability against right of use assets	9	13,568,819	16,124,116
CURRENT LIABILITIES			
Certificates of investment (musharaka)	10	16,922,552,347	16,188,522,739
Running musharaka		6,291,111,170	3,164,386,488
Current maturity of liability against right of use assets	9	11,460,576	7,969,360
Unearned diminishing musharaka installments		30,425,224	24,961,381
Advance diminishing musharaka installments		19,219,402	25,020,110
Trade and other payables		936,154,632	953,087,947
Profit payable on certificates of investment (musharaka)		361,161,396	488,241,779
Unclaimed dividend		40,630,446	40,776,180
Dividend payable		15,503,714	12,359,769
Taxation - net		459,642,099	379,544,627
		25,087,861,006	21,284,870,380
		30,456,250,584	26,409,925,193
TOTAL EQUITY AND LIABILITIES			

CONTINGENCIES AND COMMITMENTS

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The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.

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

Chief Executive Officer

Chief Financial Officer

Director

Director

Condensed Interim Statement of Profit or Loss

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2024 (UN-AUDITED)

	Note	Half-year ended		Quarter ended	
		December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
(Rupees)					
Income from diminishing musharaka financing		2,719,057,254	2,473,113,272	1,292,415,531	1,277,918,063
Provision in respect of diminishing musharaka financing		(96,374,707)	(191,936,417)	(38,880,161)	(105,496,231)
Administrative expenses		(125,703,866)	(122,610,928)	(63,622,506)	(59,732,764)
		2,496,978,681	2,158,565,927	1,189,912,864	1,112,689,068
Other income	12	118,839,014	134,196,212	57,015,032	64,952,874
		2,615,817,695	2,292,762,139	1,246,927,896	1,177,641,942
Financial charges	13	(1,846,318,550)	(1,617,339,671)	(833,599,030)	(813,252,631)
Modaraba Management Company's remuneration	14	(76,949,915)	(67,542,247)	(41,332,887)	(36,438,931)
Sales tax on Modaraba Management Company's remuneration	14	(11,542,487)	(8,780,492)	(6,912,273)	(4,737,061)
Provision for Workers' Welfare Fund		(13,620,135)	(11,981,995)	(7,301,674)	(6,464,267)
Profit before taxation		667,386,608	587,117,734	357,782,032	316,749,052
Taxation	15	(198,859,251)	(113,350,015)	(79,512,865)	(30,561,905)
Profit after taxation		468,527,357	473,767,719	278,269,167	286,187,147
Earnings per certificate - basic and diluted	16	4.23	Restated 4.28	2.51	Restated 2.58

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.

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

Chief Executive Officer

Chief Financial Officer

Director

Director

Condensed Interim Statement of Comprehensive Income

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2024 (UN-AUDITED)

	Half-year ended		Quarter ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
	----- (Rupees) -----			
Profit after taxation	468,527,357	473,767,719	278,269,167	286,187,147
Other comprehensive income				
Items that will not be reclassified subsequently to statement of profit or loss				
Surplus on revaluation of investments classified as at 'fair value through other comprehensive income'- net of tax	10,106,755	14,850,000	1,565,595	18,155,000
Total comprehensive income for the period	<u>478,634,112</u>	<u>488,617,719</u>	<u>279,834,762</u>	<u>304,342,147</u>

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.

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

Chief Executive Officer

Chief Financial Officer

Director

Director

Condensed Interim Statement of Changes in Equity

FOR THE HALF YEAR ENDED DECEMBER 31, 2024 (UN-AUDITED)

	Certificate capital	Capital reserves			Revenue reserves		Total equity
		Certificate premium	Amalgamation Reserve	Statutory reserves	General reserves	Unappropriated profit	
----- Rupees -----							
Balance as at July 01, 2023	1,108,305,000	378,000,000	233,003,899	1,284,362,639	1,340,000,000	264,204,662	4,607,876,200
Profit for the period	-	-	-	-	-	473,767,719	473,767,719
Profit distribution for the year ended June 30, 2023 @ Rs.1.00/- per certificate	-	-	-	-	-	(221,661,000)	(221,661,000)
Balance as at December 31, 2023 (Unaudited)	1,108,305,000	378,000,000	233,003,899	1,284,362,639	1,340,000,000	516,311,381	4,859,982,919
Balance as at July 01, 2024	1,108,305,000	378,000,000	233,003,899	1,284,362,639	1,830,000,000	240,755,792	5,074,427,330
Profit for the period	-	-	-	-	-	468,527,357	468,527,357
Profit distribution for the year ended June 30, 2024 @ Rs.2.10/- per certificate	-	-	-	-	-	(232,744,050)	(232,744,050)
Balance as at December 31, 2024 (Unaudited)	1,108,305,000	378,000,000	233,003,899	1,284,362,639	1,830,000,000	476,539,099	5,310,210,637

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.

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

Chief Executive Officer

Chief Financial Officer

Director

Director

Condensed Interim Cash Flow Statement

FOR THE HALF YEAR ENDED DECEMBER 31, 2024 (UN-AUDITED)

	December 31, 2024	December 31, 2023
Note	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	667,386,608	587,117,734
Adjustment for:		
Depreciation and amortization	11,674,770	12,455,831
Financial charges	1,846,318,550	1,617,339,671
Gain on disposal of assets in own use - net	(850,802)	(331,040)
Gain on sale of investment	-	(2,793)
Provision in respect of diminishing musharaka financing	96,374,707	191,936,417
Dividend income	(2,728,850)	(4,434,450)
	1,950,788,375	1,816,963,636
Changes in working capital		
Decrease / (increase) in current assets		
Diminishing Musharaka financing installments receivable	(91,494,237)	(188,341,178)
Advances and prepayments	(9,226,099)	102,338,454
Other receivables	13,630,788	(7,877,376)
	(87,089,548)	(93,880,100)
(Decrease) / increase in current liabilities		
Unearned diminishing musharaka installments	5,463,843	(22,309,695)
Advance diminishing musharaka installments	(5,800,708)	94,990
Trade and other payables	(3,160,904,775)	(1,816,240,074)
	(3,161,241,640)	(1,838,454,779)
Cash (used in) / generated from operations	(630,156,205)	471,746,491
Diminishing musharaka financing - net	(3,974,593,904)	(2,460,565,906)
Long term deposits	-	(612,500)
Financial charges paid	(1,960,580,284)	(1,662,490,337)
Tax paid	(200,215,718)	(53,004,056)
	(6,135,389,906)	(4,176,672,799)
Net cash used in operating activities	(6,765,546,111)	(3,704,926,308)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets in own use	(20,734,984)	(25,767,578)
Purchase of intangible assets	(177,000)	-
Purchase of investments	(81,205,489)	(24,076,460)
Proceeds from sale of fixed assets in own use	4,210,038	7,969,754
Dividend received	2,728,850	4,434,450
Net cash used in investing activities	(95,178,585)	(37,439,834)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(232,744,050)	(221,661,000)
Payments of lease rentals	(1,193,838)	(216,710)
Running Musharaka	3,126,724,682	1,749,994,994
Certificates of investment (musharaka)	734,029,608	497,224,933
Net cash inflow from financing activities	3,626,816,402	2,025,342,217
Net decrease in cash and cash equivalents during the period	(3,233,908,294)	(1,717,023,924)
Cash and cash equivalents at the beginning of the period	(1,914,642,356)	(197,618,432)
Cash and cash equivalents at the end of the period	(5,148,550,650)	(1,914,642,356)

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The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.

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

Chief Executive Officer

Chief Financial Officer

Director

Director

Notes To The Condensed Interim Financial Statements

FOR THE HALF YEAR ENDED DECEMBER 31, 2024 (UN-AUDITED)

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 Ijarah, Musharaka, Murabaha financing and other related business. The affairs, activities and transactions, performed by the Modaraba during the period 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).

Geographical location and addresses of business units of the modaraba are as under:

Location	Address	Purpose
Karachi	6th Floor, HBZ plaza, I.I Chundrigar Road, Karachi	Head office (Registered office)
Karachi	3rd Floor, Al-Manzoor Building, Dr. Ziauddin Ahmed Road, Karachi	Branch office
Lahore	1st Floor, 5-Z Block, Phase III, Defence Housing Authority, Lahore	Branch office
Islamabad	Office No. 513, 5th Floor, ISE Tower, Jinnah Avenue, Blue Area, Islamabad	Branch office
Multan	Mezzanine Floor, Abdali tower, Abdali road, Multan	Branch office

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) as notified under the provisions of the Companies Act, 2017 and made applicable to Modarabas; and
- Modaraba Companies and Modaraba (Floatation and Control) Ordinance 1980, the Modaraba Companies and Modaraba Rules, 1981, Modaraba Regulation, 2021 and directives issues by the Securities and Exchange Commission of Pakistan (SECP) ['the Modaraba Regulation'].
- Provisions of and directives issued under the Companies Act, 2017; and

Wherever, the requirements of 'the Modaraba Regulation' differ from the requirements of International Accounting Standards 'Interim Financial Reporting' - (IAS-34) and 'Islamic Financial Accounting Standards (IFAS)' as notified under the provisions of the Companies Act, 2017 and made applicable to Modaraba, requirements of 'the Modaraba Regulation' have been followed.

- 2.2** These condensed interim financial statements are unaudited but subject to limited scope review by the external auditors as required by the Code of Corporate Governance and are being submitted to the certificate holders as required under Rule 10 of the Modaraba Companies and Modaraba Rules, 1981.

2.3 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 audited financial statements of the Modaraba as at and for the year ended June 30, 2024 which have been prepared in accordance with approved accounting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Modaraba's financial position and performance since the last annual audited financial statements.

2.4 The comparative statement of financial position presented in these condensed interim financial statements have been extracted from the annual audited financial statements of the Modaraba for the year ended June 30, 2024, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are extracted from the un-audited condensed interim financial statements for the half year ended December 31, 2023.

2.5 The figures of the statement of condensed intrerim profit or loss and statement of comprehensive income for the quarter ended December 31, 2024 and December 31, 2023 have not been reviewed.

2.6 Functional and presentation currency

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

3. MATERIAL ACCOUNTING POLICIES

The accounting policies adopted and methods of computation followed in the preparation of these condensed interim financial statements are same as those for the preceding annual audited financial statements for the year ended June 30, 2024.

3.1 Initial application of standards, amendments or an interpretation to existing standards

a) Standards, amendments and interpretations to accounting standards that are effective in the current period

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on January 01, 2024, but are considered not to be relevant or did not have any significant effect on the Modaraba's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Modaraba

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Modaraba's accounting periods beginning on or after January 1, 2025, but are not considered to be relevant or expected to have any significant effect on the Modaraba's operations and are, therefore, not detailed in these condensed interim financial statements.

3.2 ACCOUNTING ESTIMATES, JUDGEMENTS, ASSUMPTIONS AND RISK MANAGEMENT POLICIES

3.2.1 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 annual audited financial statements for the year ended June 30, 2024.

3.2.2 The financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Modaraba for the year ended June 30, 2024.

		(Un-audited)	(Audited)
		December 31, 2024	June 30, 2024
Note	----- (Rupees) -----		
4. FIXED ASSETS IN OWN USE			
		73,930,282	63,142,223
		18,807,422	21,914,106
		<u>92,737,704</u>	<u>85,056,329</u>
4.1	Opening net book value	63,142,223	30,874,598
	Additions during the period / year	20,734,984	51,305,777
		<u>83,877,207</u>	<u>82,180,375</u>
	Net book value of disposal during the period / year	(3,117,868)	(7,638,773)
	Depreciation charged during the period / year	(6,829,057)	(11,399,481)
	Closing net book value	<u>73,930,282</u>	<u>63,142,223</u>
4.1.1 Details of additions during the period are as follows:			
	Leasehold improvements	-	402,803
	Office equipment	3,728,244	17,119,624
	Furniture and fixture	140,300	840,350
	Vehicles	16,866,440	32,943,000
		<u>20,734,984</u>	<u>51,305,777</u>
4.2 Movement in right-of-use assets during the period is as follows:			
	At the beginning of the period / year	21,914,106	23,567,876
	Additions during the period / year	-	4,615,657
	Depreciation during the period / year	(3,106,684)	(6,269,427)
	At the end of the period / year	<u>18,807,422</u>	<u>21,914,106</u>
5. DIMINISHING MUSHARAKA FINANCING			
	Diminishing Musharaka Financing	27,534,408,748	24,545,422,571
	Less: Provision in respect of Diminishing Musharaka	(972,433,257)	(876,075,037)
		<u>26,561,975,491</u>	<u>23,669,347,534</u>
	Less: Current portion	(9,103,678,135)	(7,806,471,555)
	Non current portion	<u>17,458,297,356</u>	<u>15,862,875,979</u>
5.1 Movement in provision in respect of Diminishing Musharaka			
	At the beginning of the period / year	876,075,037	567,637,747
	Charged for the period / year	96,374,707	308,455,522
	Write off during the period / year	(16,487)	(18,232)
	At the end of the period / year	<u>972,433,257</u>	<u>876,075,037</u>

5.2 This includes classification into various categories based on subjective evaluation of borrowers. The Modaraba also applies Expected Credit Loss (ECL) model to evaluate the provisioning impact. Consequently, as per the ECL model under IFRS 9, the impairment impact is not materially different than provisioning requirements under Modaraba Regulation 2021.

6. INVESTMENTS

Long-term

At fair value through other comprehensive income

Investment in shares
Investment in sukuk bonds

At amortised cost

Investment in GOP Ijarah sukuk bonds

Short-term

At fair value through profit or loss

MCB Arif Habib Funds
(Alhamra Islamic Money Market Fund)
NBP Funds (Islamic Saving Funds)

At amortised cost

Investment in GOP Ijarah sukuk bonds

	Note	(Un-audited)	(Audited)
		December 31, 2024	June 30, 2024
(Rupees)			
		102,095,000	83,110,000
		80,000,000	80,000,000
		182,095,000	163,110,000
	6.2	280,936,988	273,780,160
		463,031,988	436,890,160
		130,856,411	122,981,368
		28,363,586	26,232,268
		159,219,997	149,213,636
	6.1	45,057,300	-
		204,277,297	149,213,636

6.1 This represents GOP Ijarah Sukuk bonds with a face value of Rs. 50 million (10,000 certificates, each with a denomination of Rs. 5,000) at a fair value of Rs. 45.06 million, maturing on December 03, 2025.

6.2 The GOP Ijarah Sukuk bonds classified in the long term portion will mature on October 31, 2026.

6.3 The balances held with Asset Management Companies (AMCs) and shariah compliant government securities have been kept in order to comply with the requirement of the Modaraba Regulations, 2021 issued by the SECP with respect to the maintenance of the prescribed liquidity against the Certificates of Musharaka issued by the Modaraba.

7. ADVANCES AND PREPAYMENTS

Advances
Prepayments
Advance against diminishing musharaka financing

	(Un-audited)	(Audited)
	December 31, 2024	June 30, 2024
(Rupees)		
	265,940	234,490
	6,591,165	3,864,506
	1,662,932,297	1,456,248,589
	1,669,789,402	1,460,347,585

8. CASH AND BANK BALANCES

	Note	(Un-audited)	(Audited)
		December 31, 2024	June 30, 2024
(Rupees)			
Stamps in hand		1,467,900	1,138,600
At banks in:			
Current accounts			
State Bank of Pakistan		641,259	441,259
With other banks		35,658,829	18,907,272
Profit bearing accounts			
Redemption Reserve Funds (RRF)	8.1	721,666,102	83,947,550
Modaraba deposit account with Habib Metropolitan Bank Limited (Islamic branch) - a related party		380,198,849	176,002,183
With other banks		2,927,581	69,086,744
		<u>1,142,560,520</u>	<u>349,523,608</u>

- 8.1** The balances held with banks in deposit account have been kept in order to comply with the requirement of the Modaraba Regulations, 2021 issued by the SECP with respect to the maintenance of the prescribed liquidity against the Certificates of Musharaka issued by the Modaraba.

9. LIABILITY AGAINST RIGHT OF USE ASSETS

	Note	(Un-audited)	(Audited)
		December 31, 2024	June 30, 2024
(Rupees)			
As at beginning of the period / year		24,093,476	22,424,627
Additions during the period / year		-	4,615,657
Finance cost for the period / year		2,129,757	4,188,567
Payments made during the period / year		(1,193,838)	(7,135,375)
		<u>25,029,395</u>	<u>24,093,476</u>
Less: Current maturity		(11,460,576)	(7,969,360)
As at end of the period / year		<u>13,568,819</u>	<u>16,124,116</u>

10. CERTIFICATES OF INVESTMENT (MUSHARAKA)

Unsecured Certificates of investment	10.1	<u>16,922,552,347</u>	<u>16,188,522,739</u>
--------------------------------------	------	-----------------------	-----------------------

10.1 Movement in Certificates of Investment (musharaka) is as follows:

As at beginning of the period / year		16,188,522,739	13,708,381,051
Certificates issued during the period / year		33,544,591,861	64,253,599,294
		<u>49,733,114,600</u>	<u>77,961,980,345</u>
Encashment during the year period / year		(32,810,562,253)	(61,773,457,606)
As at end of the period / year		<u>16,922,552,347</u>	<u>16,188,522,739</u>

- 10.1.1** These carry profit between 10.10% to 22.00% (June 30, 2024: 18.00% to 22.45%) per annum having maturity from 3 months to 1 year.

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

There are no significant changes in the status of contingencies as reported in note 24 to the annual audited financial statements of the Modaraba for the year ended June 30, 2024.

11.2 Commitments

Commitments in respect of financing transactions amounted to Rs. 1,555 (June 30, 2024: Rs. 1,043) million.

12. OTHER INCOME

	(Un-audited) December 31, 2024	(Un-audited) December 31, 2023
----- (Rupees) -----		
Dividend on shares	2,728,850	4,434,450
Gain on sale of owned fixed assets - net	850,802	331,040
Profit on modaraba's deposit accounts	42,376,145	49,521,308
Profit on Redemption Reserve Funds (RRF)	5,317,923	9,980,425
Profit on Ijarah GOP sukuk bonds	25,998,796	30,486,702
Profit on Sukuk	8,020,596	9,849,248
Dividend from mutual funds	11,785,127	11,106,173
Miscellaneous income	21,760,775	18,486,866
	118,839,014	134,196,212

13. FINANCIAL CHARGES

	(Un-audited) December 31, 2024	(Un-audited) December 31, 2023
----- (Rupees) -----		
Profit on certificates of investment (musharaka)	1,592,440,494	1,530,505,645
Profit on running musharaka financing	250,916,109	84,054,163
Mark-up on liability against right of use assets	2,129,757	2,181,192
Bank charges	832,190	598,671
	1,846,318,550	1,617,339,671

14. MODARABA MANAGEMENT COMPANY'S FEE INCLUSIVE OF SALES TAX

14.1 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 December 31, 2024 has been recognized at 10% (December 31, 2023: 10%) of profit for the period.

14.2 The Sindh Sales Tax levied by the Sindh Government at the rate of 15% (December 31, 2023: 13%) on the remuneration of the Modaraba Management Company.

15. Taxation

	(Un-audited) December 31, 2024	(Un-audited) December 31, 2023
----- (Rupees) -----		
Current	290,142,624	215,646,203
Deferred	(91,283,373)	(102,296,189)
	198,859,251	113,350,015

16. EARNINGS PER CERTIFICATE - BASIC AND DILUTED

16.1 Basic

Basic earnings per certificate are calculated by dividing the net profit for the period by the weighted average number of certificates outstanding during the period as follows:

	(Un-audited)			
	Half-year ended		Quarter ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Note	----- (Rupees) -----			
Profit after taxation - Rupees	468,527,357	473,767,719	278,269,167	286,187,147
Weighted average number of certificates of Rs. 10/- each	110,830,500	110,830,500	110,830,500	110,830,500
		Restated		Restated
Earnings per certificate	16.1.1 4.23	4.28	2.51	2.58

16.1.1 In financial year 2023-24, the Modaraba entered into certificate consolidation transaction whereby face value of the certificates of the Modaraba has been changed from Rs. 5/- each to Rs. 10/- each. Consequently, the effect of change in face value of certificates has been retrospectively adjusted under IAS 33 "Earnings per share".

16.2 Diluted

No figure for diluted earnings per certificate has been presented as the Modaraba has not issued any instruments which would have an impact on earnings per certificate when exercised.

	(Un-audited) December 31, 2024	(Un-audited) December 31, 2023
	----- (Rupees) -----	
Cash and bank balance	1,142,560,520	581,019,964
Running Musharaka	(6,291,111,170)	(2,495,662,320)
	<u>(5,148,550,650)</u>	<u>(1,914,642,356)</u>

17. CASH AND CASH EQUIVALENTS

Cash and bank balance
Running Musharaka

18. TRANSACTIONS WITH RELATED PARTIES

Modaraba has related party relationships with its holding company, associated companies, Modaraba management company, employee retirement benefits fund and key management personnel. Transactions and balances outstanding with related parties and associated undertakings are as follows.

			(Un-audited) December 31, 2024	(Audited) June 30, 2024
			(Rupees)	
Balances held	Basis of relationship	Nature of balances		
Related party				
Habib Metropolitan Bank Limited	Holding Company	Bank balances	1,115,155,136	199,691,532
		Certificates of investment (musharaka)	3,000,000,000	5,500,000,000
		Profit receivable	4,640,860	7,721,942
		Financial charges payable	84,161,644	140,892,466
		Utility charges payable	-	6,092,926
		Security deposit	130,000	130,000
		Habib Metropolitan Modaraba Management Company (Private) Limited	Management Company	Management fee payable
Sale tax on management fee payable	11,542,487			61,866,945
Staff Retirement Benefit Fund	2,340,000			8,039,088
	Associate	Payable to staff gratuity fund	2,340,000	8,039,088
			(Un-audited) December 31, 2024	(Un-audited) December 31, 2023
			(Rupees)	
Transactions during the period	Basis of relationship	Nature of transactions		
Related party				
Habib Metropolitan Bank Limited	Holding Company	Profit on bank accounts	83,660,124	98,607,367
		Dividend paid	12,638,430	12,036,600
		Bank charges	1,222,371	975,304
		Utility charges	4,193,544	5,389,495
		Financial charges	31,944,739	71,847,790
Habib Metropolitan Modaraba Management Company (Private) Limited	Management Company	Management fee	76,949,915	67,542,247
		Sale tax on management fee	11,542,487	8,780,492
		Management fee paid	137,733,353	88,671,738
		Dividend paid	23,274,405	22,166,100
Staff Retirement Benefit Fund	Associate	Contribution to the fund	2,340,000	930,627
Provident Fund	Associate	Contribution to the fund	2,760,198	2,289,706

18.1 No remuneration in kind has been paid by the Modaraba to the directors and key management personnel of Modaraba Management Company.

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

19.1 Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Modaraba is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the Company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

December 31, 2024 (Un-audited)							
Carrying amount				Fair value			
At Fair value through OCI	At fair value through profit or loss	At amortised cost	Total	Level 1	Level 2	Level 3	Total
----- (Rupees) -----							

Financial assets measured at fair value

Listed shares	102,095,000	-	-	102,095,000	102,095,000	-	-	102,095,000
Sukuks	80,000,000	-	-	80,000,000	-	80,000,000	-	80,000,000
Mutual funds	-	159,219,997	-	159,219,997	-	159,219,997	-	159,219,997
	<u>182,095,000</u>	<u>159,219,997</u>	<u>-</u>	<u>341,314,997</u>	<u>102,095,000</u>	<u>239,219,997</u>	<u>-</u>	<u>341,314,997</u>

19.2 There were no transfers being made among the levels.

19.3 The carrying values of other assets and liabilities referred in these financial statements are approximate to their fair values.

June 30, 2024 (Audited)							
Carrying amount				Fair value			
At Fair value through OCI	At fair value through profit or loss	At amortised cost	Total	Level 1	Level 2	Level 3	Total
----- (Rupees) -----							

Financial assets measured at fair value

Listed shares	83,110,000	-	-	83,110,000	83,110,000	-	-	83,110,000
Sukuk	80,000,000	-	-	80,000,000	-	80,000,000	-	80,000,000
Mutual funds	-	149,213,636	-	149,213,636	-	149,213,636	-	149,213,636
	<u>163,110,000</u>	<u>149,213,636</u>	<u>-</u>	<u>312,323,636</u>	<u>83,110,000</u>	<u>229,213,636</u>	<u>-</u>	<u>312,323,636</u>

20. SEGMENT INFORMATION

As per IFRS 8, "Operating Segments", operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Chief Executive Officer of the Management Company has been identified as the Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments.

The Chief Executive Officer is responsible for the Modaraba's entire product portfolio and considers the business to have a single operating segment. The Modaraba's asset allocation decisions are based on a single integrated investment strategy and the Modaraba's performance is evaluated on an overall basis.

The internal reporting provided to the Chief Executive Officer for the Modaraba's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of the approved accounting standards as applicable in Pakistan.

The Modaraba is domiciled in Pakistan. All of the Modaraba's income is from investments in entities incorporated in Pakistan.

21. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE MODARABA'S FINANCIAL POSITION AND PERFORMANCE

All other significant transactions and events that have affected the Modaraba's financial position and performance during the period have been adequately disclosed in the notes to these condensed interim financial statements.

22. CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified wherever necessary for the purpose of comparison and better presentation. No significant rearrangements or reclassifications have been made in these condensed interim financial statements during the period.

23. GENERAL

Figures have been rounded off to the nearest rupee.

24. DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue on February 25, 2025 by the Board of Directors of the Modaraba Management Company.

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

Chief Executive Officer

Chief Financial Officer

Director

Director