

First Habib Modaraba

(An Islamic Financial Institution)



Quarterly Financial Statements

(UN-AUDITED)
MARCH 31, 2025

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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	- Chief Executive Officer
Syed Rasheed Akhtar	- 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

Ms. Ayesha Rasheed

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 Unaudited Financial statements of First Habib Modaraba (FHM) for the nine months ended 31st March, 2025.

Business Performance

Alhamdulillah, we witnessed stable and satisfactory performance during 3rd quarter ended March 31, 2025. Our balance sheet size has increased to Rs.32.749 billion an increase of 24% comparing Rs.26.410 billion as at 30th June, 2025. The satisfactory results are due to better performance of our business development team who has successfully made disbursements of around Rs.14.197 billion in nine months' period as compared to disbursement of Rs.10.445 billion same periods last year. FHM has also maintained a profitability despite of downward trend of lending rates due to decreased policy rates of State Bank of Pakistan comparing last calendar year.

Economic Outlook

As the ongoing fiscal year progresses towards the last quarter, Pakistan's economy demonstrates resilience and stability on fiscal and external indicators. Inflationary pressures have eased, largely due to a decline in food and energy prices, fostering overall price stability. On the external side, performance remains strong supported by rising export, positive current account balance, high Pakistan Stock Exchange index and strong remittance inflows witnessed in last quarter of Jan-March, 2025.

Fitch Ratings stands also upgraded Pakistan's Long-Term Foreign-Currency Issuer Default Rating (IDR) to 'B-' from 'CCC+'. The upgrade reflects Fitch's increased confidence that Pakistan will sustain its recent progress on narrowing budget deficits and implementing structural reforms. The rating upgrade is expected to bolster investor confidence will make it easier for Pakistan to access international debt markets. Asian Development Bank has forecasted GDP growth rate of 2.5% for the fiscal year 2025 due to positive signs of stability and recovery of country's economy.

In last Monetary Policy Statement, the State Bank of Pakistan (SBP) decided to keep the policy rate unchanged at 12 percent. According to policy statement, the economic activity continues to gain momentum as reflected in the latest high-frequency economic indicators. However, inflation outlook is susceptible to risks emanating mainly from volatility in food prices, adjustments of energy prices and uncertain outlook of global commodity prices.

Recent changes in USA tariff regime have sent shockwaves across the global economic spectrum. The imposition of new additional tariff on Pakistan's exports may also lead towards low export earning, widened deficit in trade balance and increase unemployment. The persistent water shortages can have critical impact particularly for the agricultural sector which plays a crucial role in national GDP and employment. Keeping in view of Pakistan's reliance on agriculture and water-intensive industries, prolonged drought conditions may pose significant threats to food security, economic stability, and rural livelihoods

Conclusion

Going forward, keeping in view of positive key economic indicators, we foresee better economic activities with good pace of business growth. However, global tariff issues, water shortage and country's fiscal imbalances, may impact our growth and long term economic sustainability. The government needs to focus on fiscal consolidation, accelerate privatization process of public own entities, promoting private sector-led growth, along with addressing key development challenges.

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: 24th April, 2025

ڈائریکٹر رپورٹ

یہ ہمارے لئے باعث مسرت ہیکہ ہم بورڈ آف ڈائریکٹر کی جانب سے ۳۱ مارچ، ۲۰۲۵ کو ختم ہونے والی نوامی مدت اختتام پر فرسٹ حبیب مضاربہ (ایف ایچ ایم) کی غیر محتسب شدہ کھاتے پیش کریں۔

کاروباری سرگرمیاں:

الحمد للہ، ہم نے ۳۱ مارچ ۲۰۲۵ کو ختم ہونے والی تیسری سہ ماہی کے دوران مستحکم اور تسلی بخش کارکردگی دیکھی۔ ہماری بیلنس شیٹ کا سائز 30 جون 2025 کے مقابلے میں 26.410 بلین روپے کے مقابلے میں 24 فیصد اضافے کے ساتھ 32.749 بلین روپے ہو گیا۔ نو ماہ کی مدت میں تقریباً 14.197 بلین روپے کی تقسیم کی گئی جبکہ گزشتہ سال کی اسی مدت میں 10.445 بلین روپے کی تقسیم کی گئی تھی۔ ایف ایچ ایم نے گزشتہ کیلنڈر سال کے مقابلے اسٹیٹ بینک آف پاکستان کی پالیسی ریٹ میں کمی کی وجہ سے قرضے کی شرح میں کمی کے رجحان کے باوجود منافع کو برقرار رکھا ہے۔

معاشی جائزہ:

جیسے جیسے جاری مالی سال آخری سہ ماہی کی طرف بڑھ رہا ہے، پاکستان کی معیشت پر مالی اور بیرونی اشاریوں پر چلک اور استحکام کا نمایاں ہے۔ افراط زر کے دباؤ میں کمی آئی ہے، جس کی بڑی وجہ خوراک اور توانائی کی قیمتوں میں کمی واقع ہوئی ہے، جس سے قیمتوں میں مجموعی طور پر استحکام پیدا ہوا ہے۔ بیرونی طور پر بڑھتے ہوئے برآمدات کے باعث کارکردگی مضبوط ہوئی، مثبت کرنٹ اکاؤنٹ بیلنس، بڑھتی ہوئی پاکستان اسٹاک ایکسچینڈیکس اور جنوری-مارچ، 2025 کی آخری سہ ماہی میں ترسیلات زر کی تناور آمد کی وجہ سے مضبوط تر ہوئی جارہی ہے۔

فچ رائٹنگز (Fitch Ratings) (نے پاکستان کی طویل مدتی غیر ملکی کرنسی جاری کرنے والے ڈیفالٹ ریٹنگ (IDR) کو بھی 'B+' سے 'B-' کر دیا ہے۔ یہ اپ گریڈنگ کے اس بڑھتے ہوئے اعتماد کی عکاسی کرتا ہے کہ پاکستان بجٹ خسارے کو کم کرنے اور اسٹرکچرل اصلاحات کو نافذ کرنے پر اپنی حالیہ پیشرفت کو برقرار رکھے گا۔ توقع ہے کہ ریٹنگ اپ گریڈ سے سرمایہ کاروں کا اعتماد بڑھے گا جس سے پاکستان کے لیے بین الاقوامی قرضوں کی منڈیوں تک رسائی آسان ہو جائے گی۔ ایشیائی ترقیاتی بینک نے ملکی معیشت کے استحکام اور بحالی کے مثبت اشارے کے باعث مالی سال 2025 کے لیے جی ڈی پی کی شرح نمو 2.5 فیصد رہنے کی پیش گوئی کی ہے۔

آخری مائٹری پالیسی اسٹیٹمنٹ میں، اسٹیٹ بینک آف پاکستان (SBP) نے پالیسی ریٹ کو 12 فیصد پر برقرار رکھنے کا فیصلہ کیا۔ پالیسی بیان کے مطابق، اقتصادی سرگرمی مسلسل تیز ہوتی جا رہی ہے جیسا کہ تازہ ترین اعلیٰ تعداد اقتصادی اشاریوں سے ظاہر ہوتا ہے۔ تاہم، افراط زر کا نقطہ نظر بنیادی طور پر خوراک کی قیمتوں میں اتار چڑھاؤ، توانائی کی قیمتوں میں ایڈجسٹمنٹ اور عالمی اجناس کی قیمتوں کے غیر یقینی نقطہ نظر سے پیدا ہونے والے خطرات کے لیے حساس ہے۔

USA ٹیرف کے نظام میں حالیہ تبدیلیوں نے عالمی اقتصادی معیشت کو جھٹکے دے دیے ہیں۔ پاکستان کی برآمدات پر نئے اضافی ٹیرف کا نفاذ کم آمدی آمدنی، تجارتی توازن میں وسیع خسارے اور بے روزگاری میں اضافے کا باعث بھی بن سکتا ہے۔ پانی کی مسلسل قلت خاص طور پر زرعی شعبے پر اہم اثر ڈال سکتی ہے جو قومی جی ڈی پی اور روزگار میں اہم کردار ادا کرتا ہے۔ زراعت اور پانی پر انحصار کرنے والی صنعتوں پر پاکستان کے انحصار کو مد نظر رکھتے ہوئے، طویل خشک سالی کے حالات غذائی تحفظ، معاشی استحکام اور دیہی معاش کے لیے اہم خطرات کا باعث بن سکتے ہیں۔

خلاصہ:

آگے بڑھتے ہوئے، مثبت کلیدی اقتصادی اشاریوں کو مد نظر رکھتے ہوئے، ہم کاروباری ترقی کی اچھی رفتار کے ساتھ بہتر اقتصادی سرگرمیوں کی پیش گوئی کرتے ہیں۔ تاہم، عالمی ٹیرف کے مسائل، پانی کی قلت اور ملک کا مالیاتی عدم توازن، ہماری ترقی اور طویل مدتی اقتصادی استحکام کو متاثر کر سکتا ہے۔ حکومت کو اہم ترقیاتی چیلنجوں سے نمٹنے کے ساتھ ساتھ مالیاتی استحکام، عوامی اداروں کی نجکاری کے عمل کو تیز کرنے اور نجی شعبے کی قیادت میں ترقی کو فروغ دینے کی ضرورت ہے۔

اظہار تشکر:

بورڈ آف ڈائریکٹر کی طرف سے ہم سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کا، رجسٹرڈ مضاربہ کے بہت ہی مشکور ہیں جنہوں نے ہماری مسلسل رہنمائی اور سرپرستی کی، اپنے قابل قدر کسٹمرز کی سرپرستی کی، اپنے سٹیفیکٹ 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 ڈائریکٹر کیلئے اور ان کی جانب سے

محمد شمس اظہار
چیئرمین

محمد شعیب ابراہیم
چیف ایگزیکٹو آفیسر

اکراچی: 24 اپریل 2025

Condensed Interim Statement of Financial Position

AS AT MARCH 31, 2025

		(Un-audited)	(Audited)
		March 31, 2025	June 30, 2024
Note		(Rupees)	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets in own use	4	85,975,724	85,056,329
Intangible asset		8,466,299	9,626,317
Diminishing musharaka financing	5	18,665,635,986	15,862,875,979
Long term prepayments and deposits		1,557,740	1,465,300
Investments	6	464,726,988	436,890,160
Deferred tax asset		312,988,566	221,253,543
		19,539,351,303	16,617,167,628
CURRENT ASSETS			
Investments	6	204,386,607	149,213,636
Current portion of diminishing musharaka financing	5	9,859,707,457	7,806,471,555
Diminishing Musharaka financing installments receivable		2,648,273	5,207,720
Advances and prepayments	7	1,994,110,153	1,460,347,585
Other receivables		25,594,896	21,993,461
Cash and bank balances	8	1,123,673,203	349,523,608
		13,210,120,589	9,792,757,565
		32,749,471,892	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		4,389,295,305	3,966,122,330
Certificate holders' equity		5,497,600,305	5,074,427,330
		31,626,095	34,503,367
SURPLUS ON REVALUATION OF INVESTMENTS			
NON-CURRENT LIABILITIES			
Liability against right of use assets	9	7,903,770	16,124,116
CURRENT LIABILITIES			
Certificates of investment (musharaka)	10	21,287,705,361	16,188,522,739
Current maturity of liability against right of use assets	9	11,802,745	7,969,360
Unearned diminishing musharaka installments		27,012,571	24,961,381
Advance diminishing musharaka installments		16,067,229	25,020,110
Trade and other payables		1,006,204,759	953,087,947
Running Musharaka		4,007,427,912	3,164,386,488
Profit payable on certificates of investment (musharaka)		366,269,113	488,241,779
Unclaimed dividend		15,452,559	12,359,769
Dividend payable		40,600,871	40,776,180
Taxation-net		433,798,602	379,544,627
		27,212,341,722	21,284,870,380
		32,749,471,892	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 NINE MONTHS AND QUARTER ENDED MARCH 31, 2025 (UN-AUDITED)

		Nine-months ended		Quarter ended	
		March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Note		(Rupees)			
Income from diminishing musharaka financing		3,809,820,060	3,743,919,983	1,090,762,806	1,270,806,711
Provision in respect of diminishing musharaka financing		(126,214,207)	(229,581,313)	(29,839,500)	(37,644,896)
Administrative expenses		(197,103,090)	(175,187,525)	(71,399,224)	(52,576,597)
		3,486,502,763	3,339,151,145	989,524,082	1,180,585,218
Other income	12	164,572,543	203,046,211	45,733,529	68,849,999
		3,651,075,306	3,542,197,357	1,035,257,611	1,249,435,218
Financial charges	13	(2,579,032,122)	(2,518,484,040)	(732,713,572)	(901,144,371)
Modaraba Management Company's remuneration	14	(107,204,318)	(102,371,332)	(30,254,403)	(34,829,085)
Sales tax on Modaraba Management Company's remuneration	14	(16,080,648)	(13,308,273)	(4,538,161)	(4,527,781)
Provision for Workers' Welfare Fund		(18,975,164)	(18,160,674)	(5,355,029)	(6,178,679)
Profit before taxation		929,783,054	889,873,037	262,396,446	302,755,301
Taxation	15	(273,866,029)	(232,124,414)	(75,006,778)	(118,774,399)
Profit after taxation		655,917,025	657,748,623	187,389,668	183,980,902
Earnings per certificate - basic and diluted	16	5.92	Restated 5.93	1.69	Restated 1.66

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 NINE MONTHS AND QUARTER ENDED MARCH 31, 2025 (UN-AUDITED)

	Nine-months ended		Quarter ended	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
	(Rupees)			
Profit after taxation	655,917,025	657,748,623	187,389,668	183,980,902
Other comprehensive income				
Items that will not be reclassified subsequently to statement of profit or loss				
Surplus / (deficit) on revaluation of investments classified as at fair value through other comprehensive income'- net of tax	31,626,095	2,395,000	21,519,340	(12,455,000)
Total comprehensive income for the period	<u>687,543,120</u>	<u>660,143,623</u>	<u>208,909,008</u>	<u>171,525,902</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 NINE MONTHS ENDED MARCH 31, 2025 (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 after taxation	-	-	-	-	-	657,748,623	657,748,623
Profit distribution for the year ended June 30, 2023 @ Rs.1.00/- per certificate	-	-	-	-	-	(221,661,000)	(221,661,000)
Balance as at March 31, 2024 (Unaudited)	1,108,305,000	378,000,000	233,003,899	1,284,362,639	1,340,000,000	700,292,285	5,043,963,823
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 after taxation	-	-	-	-	-	655,917,025	655,917,025
Profit distribution for the year ended June 30, 2024 @ Rs.2.10/- per certificate	-	-	-	-	-	(232,744,050)	(232,744,050)
Balance as at March 31, 2025 (Unaudited)	1,108,305,000	378,000,000	233,003,899	1,284,362,639	1,830,000,000	663,928,767	5,497,600,305

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 NINE MONTHS ENDED MARCH 31, 2025 (UN-AUDITED)

		March 31, 2025	March 31, 2024
	Note	(Rupees)	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		929,783,054	889,873,037
Adjustment for:			
Depreciation and amortization		21,688,586	12,122,968
Financial charges		2,579,032,122	2,518,484,040
Gain on disposal of assets in own use - net	12	(850,795)	(331,040)
Provision in respect of diminishing musharaka		126,214,207	229,581,313
Dividend income	12	(6,728,850)	(4,434,450)
		2,719,355,270	2,755,422,831
Changes in working capital			
Decrease / (increase) in current assets			
Diminishing musharaka financing installments receivables		2,559,447	(939,582)
Advances and prepayments		(533,762,568)	(352,007,091)
Other receivables		(3,601,435)	(69,612,282)
		(534,804,556)	(422,558,955)
(Decrease) / increase in current liabilities			
Unearned diminishing musharaka installments		2,051,190	(10,860,861)
Advance diminishing musharaka installments		(8,952,881)	11,352,059
Trade and other payables		(844,249,158)	(681,108,938)
		(851,150,849)	(680,617,740)
Cash generated from operations		2,263,182,919	2,542,119,173
Diminishing musharaka financing - net		(5,753,361,879)	(4,171,472,621)
Long term prepayment and deposits		(92,440)	(612,500)
Financial charges paid		(2,701,004,788)	(2,508,250,189)
Tax paid		(334,904,349)	(305,675,011)
		(8,789,363,456)	(6,986,010,321)
Net cash used in operating activities		(6,526,180,537)	(4,443,891,148)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of assets in own use	4.1.1	(23,007,419)	(38,580,395)
Purchase of investments		(83,009,799)	(24,076,460)
Payments of lease rentals	9	(7,372,435)	(6,804,429)
Proceeds from sale of assets in own use		3,968,773	7,969,073
Dividends received		6,728,850	4,434,450
Net cash used in investing activities		(102,692,030)	(57,057,761)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(232,744,050)	(221,661,000)
Running Musharaka		843,041,424	1,499,794,994
Certificates of investment (musharaka)		5,099,182,622	1,456,071,209
Net cash inflow from financing activities		5,709,479,996	2,734,205,203
Net decrease in cash and cash equivalents during the period		(919,392,571)	(1,766,743,706)
Cash and cash equivalents at the beginning of the period		(1,964,362,138)	(197,618,432)
Cash and cash equivalents at the end of the period	17	(2,883,754,709)	(1,964,362,138)

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 NINE MONTHS ENDED MARCH 31, 2025 (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 leasing, 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 Companies Act 2017 and made applicable to Modarabas;
- 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']; and
- 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** 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.
- 2.3** 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 nine months ended March 31, 2024.
- 2.4** 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, interpretations and amendments 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)
		March 31, 2025	June 30, 2024
Note		(Rupees)	
4. FIXED ASSETS IN OWN USE			
Assets in own use	4.1	68,721,644	63,142,223
Right of use assets	4.2	17,254,080	21,914,106
		<u>85,975,724</u>	<u>85,056,329</u>
4.1			
Opening net book value		63,142,223	30,874,598
Additions during the period / year	4.1.1	23,007,419	51,305,777
		<u>86,149,642</u>	<u>82,180,375</u>
Net book value of disposal during the period / year		(3,117,978)	(7,638,773)
Depreciation charged during the period / year		(14,310,122)	(11,399,481)
Closing net book value		<u>68,721,644</u>	<u>63,142,223</u>
4.1.1 Details of additions during the period are as follows:			
Office equipment		5,565,779	17,119,624
Furniture and fixture		340,300	840,350
Vehicles		17,101,340	32,943,000
Leasehold improvements		-	402,803
		<u>23,007,419</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		(4,660,026)	(6,269,427)
At the end of the period / year		<u>17,254,080</u>	<u>21,914,106</u>
5. DIMINISHING MUSHARAKA FINANCING			
Diminishing Musharaka Financing		29,527,616,200	24,545,422,571
Less: Provision in respect of Diminishing Musharaka	5.1	(1,002,272,757)	(876,075,037)
		<u>28,525,343,443</u>	<u>23,669,347,534</u>
Less: Current portion		(9,859,707,457)	(7,806,471,555)
Non current portion		<u>18,665,635,986</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
Charge for the period / year		126,214,207	308,455,522
Write off during the period / year		(16,487)	(18,232)
At the end of the period / year		<u>1,002,272,757</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 and loss

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

At amortised cost

Investment in GOP Ijarah sukuk bonds

	(Un-audited)	(Audited)
	March 31, 2025	June 30, 2024
Note	(Rupees)	
	103,790,000	83,110,000
	80,000,000	80,000,000
	183,790,000	163,110,000
6.1	280,936,988	273,780,160
	464,726,988	436,890,160
	133,097,039	122,981,368
	26,232,268	26,232,268
	159,329,307	149,213,636
6.2	45,057,300	-
	204,386,607	149,213,636

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

6.2 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.

6.3 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)
March 31, 2025	June 30, 2024
(Rupees)	
39,487,615	234,490
1,952,023	3,864,506
1,952,670,515	1,456,248,589
1,994,110,153	1,460,347,585

8. CASH AND BANK BALANCES

Stamps in hand

At banks in:

Current accounts

State Bank of Pakistan

With other banks

Profit bearing accounts

Redemption Reserve Funds (RRF)

Modaraba deposit account with Habib Metropolitan Bank

Limited (Islamic branch) - a related party

With other banks

(Un-audited)	(Audited)
March 31, 2025	June 30, 2024
(Rupees)	
2,629,200	1,138,600
1,141,259	441,259
126,622,239	18,907,272
796,423,555	83,947,550
185,636,249	176,002,183
11,220,701	69,086,744
1,123,673,203	349,523,608

- 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

As at beginning of the period / year

Additions during the period / year

Finance cost for the period / year

Payments made during the period / year

Less: Current maturity

As at end of the period / year

Note

(Un-audited)	(Audited)
March 31, 2025	June 30, 2024
(Rupees)	
24,093,476	22,424,627
-	4,615,657
2,985,474	4,188,567
(7,372,435)	(7,135,375)
19,706,515	24,093,476
(11,802,745)	(7,969,360)
7,903,770	16,124,116

10. CERTIFICATES OF INVESTMENT (MUSHARAKA)

Unsecured

Certificates of investment (musharaka)

10.1

21,287,705,361	16,188,522,739
----------------	----------------

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

As at beginning of the period / year

Certificates issued during the period / year

Encashment during the year period / year

As at end of the period / year

16,188,522,739	13,708,381,051
71,824,453,658	64,253,599,294
88,012,976,397	77,961,980,345
(66,725,271,036)	(61,773,457,606)
21,287,705,361	16,188,522,739

- 10.1.1** The share of profit paid / payable on the above unsecured certificates of investment (musharaka) ranges between 9.10% 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. 959 (June 30, 2024: Rs. 1,043) million.

12. OTHER INCOME

	(Un-audited) March 31, 2025	(Un-audited) March 31, 2024
	(Rupees)	
Dividend on shares	6,728,850	4,434,450
Gain on sale of owned fixed assets - net	850,795	331,040
Profit on modaraba's deposit accounts	59,188,581	71,355,302
Profit on Redemption reserve funds	5,353,923	19,324,869
Profit on Ijarah GOP sukuk bonds	36,752,894	45,767,446
Profit on Sukuk	11,010,840	14,605,905
Dividend from mutual funds	15,245,535	16,645,598
Miscellaneous income	29,441,125	30,581,601
	<u>164,572,543</u>	<u>203,046,211</u>

13. FINANCIAL CHARGES

Profit paid on certificates of investment (musharaka)	2,164,141,999	2,333,323,377
Profit paid on Running Musharaka Financing	410,817,343	181,215,187
Financial charges on liability against right of use assets	2,985,474	3,148,475
Bank charges	1,087,306	797,001
	<u>2,579,032,122</u>	<u>2,518,484,040</u>

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 March 31, 2024 has been recognized at 10% (March 31, 2024: 10%) of profit for the period.
- 14.2** The Sindh Sales Tax levied by the Sindh Government at the rate of 15% (March 31, 2024: 13%) on the remuneration of the Modaraba Management Company.

15. TAXATION

Current
Deferred

(Un-audited)	(Un-audited)
March 31, 2025	March 31, 2024
(Rupees)	
389,158,324	387,055,561
(115,292,295)	(154,931,147)
273,866,029	232,124,414

16. EARNINGS PER CERTIFICATE - BASIC AND DILUTED

16.1 Basic

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

		(Un-audited)			
		Nine months ended		Quarter ended	
		March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Note		(Rupees)			
	Profit after taxation - Rupees	655,917,025	657,748,623	187,389,668	183,980,902
	Weighted average number of certificates of Rs. 10/- each	110,830,500	110,830,500	110,830,500	110,830,500
	Earnings per certificate	5.92	Restated 5.93	1.69	Restated 1.66

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.

17. CASH AND CASH EQUIVALENTS

Cash and bank balance
Running musharaka

(Un-audited)	(Un-audited)
March 31, 2025	March 31, 2024
(Rupees)	
1,123,673,203	281,100,182
(4,007,427,912)	(2,245,462,320)
(2,883,754,709)	(1,964,362,138)

18. 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 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:

			(Un-audited)	(Audited)
Balances held			March 31, 2025	June 30, 2024
Related party	Basis of relationship	Nature of balances	(Rupees)	
Habib Metropolitan Bank Limited	Holding Company	Bank balances	283,756,959	199,691,532
		Certificates of investment (musharaka)	3,500,000,000	5,500,000,000
		Profit receivable	3,515,177	7,721,942
		Financial charges payable	60,978,685	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	107,204,318	137,733,353
		Sale tax on management fee payable	77,947,593	61,866,945
Staff Retirement Benefit Fund	Associate	Payable to staff gratuity fund	3,510,000	8,039,088

			(Un-audited)	(Un-audited)
Transaction during the period			March 31, 2025	March 31, 2024
Related party	Basis of relationship	Nature of balances	(Rupees)	
Habib Metropolitan Bank Limited	Holding Company	Profit on bank accounts	16,812,437	101,107,367
		Bank charges	896,506	1,155,304
		Utility charges	3,459,663	6,889,495
		Financial charges		86,847,790
Habib Metropolitan Modaraba Management Company (Private) Limited	Management Company	Management fee	107,204,318	102,371,332
		Sale tax on management fee	16,080,648	13,308,273
		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	3,510,000	2,791,881
Provident Fund	Associate	Contribution to the fund	4,136,531	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.

18.2 The Modaraba carries out transactions with related parties at commercial terms and conditions as per Modaraba's policy.

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

19.1 IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as 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 (i.e. an exit price).

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value.

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).

March 31, 2025 (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	103,790,000	-	-	103,790,000	103,790,000	-	-	103,790,000
Sukuks	80,000,000	-	-	80,000,000	-	80,000,000	-	80,000,000
Mutual funds	-	159,329,307	-	159,329,307	-	159,329,307	-	159,329,307
	<u>183,790,000</u>	<u>159,329,307</u>	<u>-</u>	<u>343,119,307</u>	<u>103,790,000</u>	<u>239,329,307</u>	<u>-</u>	<u>343,119,307</u>

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
Sukuks	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>

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.

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. DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue on April 24, 2025 by the Board of Directors of the Modaraba Management Company.

24. GENERAL

Figures have been rounded off to the nearest rupee.

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

Chief Executive Officer

Chief Financial Officer

Director

Director