

First Habib Modaraba

(An Islamic Financial Institution)



QUARTERLY ACCOUNTS

for the period ended
September 30, 2016
(Unaudited)



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CORPORATE INFORMATION

BOARD OF DIRECTORS

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

AUDITORS

Muniff Ziauddin & Company
Chartered Accountants

LEGAL ADVISOR

Mohsin Tayebaly & Company
Ahmed & Qazi Advocates & Legal Consultants

AUDIT COMMITTEE

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

HUMAN RESOURCE COMMITTEE

Mr. Syed Rasheed Akhtar	- Chairman
Mr. Abbas Ali Muhammad	- Member
Mr. Wazir Mumtaz Ahmed	- Member

COMPANY SECRETARY

Mr. Adnan Thanwey

REGISTRAR:

Central Depository Company of Pakistan Limited
Share Registrar Department
CDC House, 99-B, Block "B",
S.M.C.H.S
Main Shahrah-e-Faisal,
Karachi,
Pakistan. Tel: 111-111-500

BANKERS

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

REGISTERED OFFICE

5th Floor, HBZ Plaza (Hirani Centre)
I.I. Chundrigar Road, Karachi.

Tel : 021-32635949-51
Fax : 021-32627373
UAN : 111-346-346
Web : www.habibmodaraba.com
Email : fhm@habibmodaraba.com

GEOGRAPHICAL PRESENCE - BRANCH OFFICES

Lahore Branch:

1st Floor, 5-Z Block, Phase III, Defence Housing
Authority, Lahore.

Tel: 042-35693074-76, Fax: 042-35693077

Islamabad Branch:

Office No. 508, 5th Floor, ISE Towers, Jinnah Avenue
Blue Area, Islamabad.

Tel: 051-28994571-73, Fax: 051-2894574

Multan Branch:

Mezzanine Floor, Abdali Tower,
Abdali Road, Multan.

Tel : 061-4500121-3, Fax : 061-4588810

DIRECTORS' REPORT

On behalf of the Board of Directors, it is my great pleasure to present the un-audited accounts of the Modaraba for the period ended September 30, 2016.

We have completed our first quarter of our current year with reasonably good results. During the period, profit after tax was Rs.85.316 million from Rs.83.614 million over the corresponding period of last year. Total disbursement of Rs.936 million was made as compared to Rs.793 million in same period of last year which is increase of around 18%. Major assets category of financing as usual remained in private and commercial vehicles.

In our last annual report dated 30th August, 2016, we had in detail discussed about our future business strategy, upcoming new regulations and business challenges being faced by your Modaraba. On business front the financial institutions are continuously facing profit dilution issues due to decrease in policy rate of State Bank of Pakistan, shrinkage of profit margins and strong competition within the industry particularly with Islamic banks. However, to some extent we have managed to maintain our profitability by increasing of our financing assets size. As our strategy we are concentrating on assets booking which we feel that at present it is only tool to accomplish our profit targets.

The discussion on new Modaraba regulation is still going on between regulator and NBFI & Modaraba Association of Pakistan. As informed in our last report that most of the proposed changes will further strengthen the quality of monitoring, good governance within the sector. However, on few proposed changes the association requested regulator for suitable amendment/modification which are still in under discussion. The proposed management transfer of First Habib Modaraba to Habib Metropolitan Modaraba Management Company (Pvt.) limited is still in process of completion of certain regulatory and legal formalities and once these are completed than a formal application will be submitted to Registrar of Modaraba for their final approval.

After completion of our first quarter of business operation we feel that business prospects are gradually enhancing in Pakistan's market due to satisfactory development in key areas at macro level particularly giant project of China Pakistan Economic Corridor, which is opening a door of immense economic and business opportunities within Pakistan in infrastructure and energy projects. We are confident that we will also take benefit of upcoming new business openings through enhancement of network and customer base.

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 holder for their trust and confidence and other regulatory bodies for their continued guidance.

For and on behalf of Board of Directors

Muhammad Shoaib Ibrahim
Chief Executive Officer

Karachi: October 25, 2016

ڈائریکٹر کی رپورٹ

بورڈ آف ڈائریکٹر کی جانب سے، ۳۰ ستمبر ۲۰۱۶ کو اختتام پذیر مدت کی غیر آڈٹ شدہ رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہا ہوں۔

ہم نے موجودہ سال کی پہلی سہ ماہی کو مناسب نتائج کے ساتھ مکمل کیا۔ سال کی اسی مدت کے دوران بعد از ٹیکس منافع ۱۸۵ اعشاریہ ۳۱۶ ملین روپے رہا جبکہ گذشتہ سال اسی مدت کے دوران بعد از ٹیکس منافع ۱۸۳ اعشاریہ ۶۱۴ ملین روپے تھا۔ کل قرضوں کا اجراء گذشتہ سال اسی مدت کے دوران ۹۳ ملین روپے کے مقابلے میں ۱۸ فیصد اضافے کے ساتھ ۹۳۶ ملین روپے رہا۔ زیادہ تر اثاثہ جات کی کمیٹیگری معمول کے مطابق نجی اور تجارتی گاڑیاں رہیں۔

ہم اپنی ۳۰ اگست ۲۰۱۶ کی سالانہ رپورٹ میں آپ کے مضاربہ کالانچہ عمل، اور آنے والے نئے ضوابط اور کاروباری چیلنجز کا سامنا ہے ان کو تفصیل سے بیان کیا تھا۔ مالیاتی اداروں، خاص طور پر اسلامی بینکوں، کو کاروباری محاذ پر مسلسل منافع میں کمی کے مسائل کا سامنا ہے جس کی وجہ بینک دولت پاکستان کے پالیسی ریٹ میں کمی، کم مجموعی منافع اور سخت مسابقت ہے۔ تاہم، کسی حد تک، ہم اثاثہ جات کے قرضوں کا حجم بڑھا کر منافع برقرار رکھنے میں کامیاب ہو سکے ہیں۔ ہمارے کالانچہ عمل کے مطابق ہم اثاثہ جات کی بینک پر توجہ دے رہے ہیں جو ہمارے خیال میں اپنے منافع کے اہداف حاصل کرنے کا واحد ذریعہ ہے۔

ریگولیٹر اور ایب بی ایف آئی مضاربہ ایسوسی ایشن میں مضاربہ کے نئے قوانین کے سلسلے میں مذاکرات جاری ہیں۔ جیسا کہ گذشتہ رپورٹ میں بتایا تھا کہ زیادہ تر تجویز کردہ قوانین میں ترامیم سے سیکٹر میں نگرانی اور گڈ گورننس کے معیار میں بہتری آئے گی۔

اس کے باوجود ایسوسی ایشن کی ان میں مناسب تبدیلیاں / ترامیم کی درخواست ریگولیٹر کے ساتھ زیر غور ہے۔ مجوزہ فرسٹ حبیب مضاربہ مینجمنٹ کی حبیب میٹروپولیٹن مضاربہ مینجمنٹ کمپنی (پرائیوٹ) لمیٹڈ بینک کو منتقلی ابھی قانونی تکمیل کے مراحل میں ہے اور جیسے ہی وہ مکمل ہوں گی تو رجسٹرڈ مضاربہ کو ان کی منظوری کے لیے باضابطہ طور پر درخواست جمع کروادی جائے گی۔

اپنے کاروباری آپریشن کی پہلی سہ ماہی کی تکمیل کے بعد ہم محسوس کرتے ہیں کہ پاکستانی مارکیٹ اہم شعبوں میکرو لیول کی اطمینان بخش ترقی، خاص طور پر چائینا پاکستان اقتصادی راہداری کے تناظر میں آنے والے انتہائی بڑے پروجیکٹس سے پاکستان میں اقتصادی اور کاروباری کے مواقع بنیادی ڈھانچے اور توانائی میں کاروبار کے مواقع بڑھ رہے ہیں۔ ہم پر اعتماد ہیں کہ ہم گاہکوں کی تعداد اور نیٹ ورک میں اضافے سے ان نئے آنے والے کاروبار سے فائدہ اٹھائیں گے۔

ہم اپنے معزز صارفین، رجسٹرڈ مضاربہ، سیکیورٹیز ایکسچینج کمیشن آف پاکستان کی سرپرستی اور حمایت، اپنے ملازمین کے مسلسل لگن اور سرٹیفیکیٹ کنندہ کے اعتماد اور دیگر ریگولیٹری باڈیز کی رہنمائی کے انتہائی ممنون ہیں

بورڈ آف ڈائریکٹرز کے لیے اور ان کی جانب سے

محمد شعیب ابراہیم
چیف ایگزیکٹو آفیسر

کراچی: ۲۵ اکتوبر ۲۰۱۶

CONDENSED INTERIM BALANCE SHEET

As at September 30, 2016

	Note	Unaudited September 30, 2016	Audited June 30, 2016
-----Rupees-----			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets - tangible			
Lease financing assets		2,743,491,294	2,725,212,037
Assets in own use		8,793,030	8,552,118
		2,752,284,324	2,733,764,155
Intangible assets		221,999	307,651
Long-term deposits prepayments and advances		9,454,656	5,692,200
Diminishing musharaka financing		1,944,568,971	1,812,456,774
		4,706,529,950	4,552,220,780
CURRENT ASSETS			
Investments		1,060,560,450	1,011,035,269
Diminishing musharaka financing - current portion		1,415,968,498	1,239,061,566
Lease financing installments receivable - Secured-considered good		1,562,464	881,616
Advances and short term prepayments		5,532,580	5,926,930
Other receivables		36,616,000	24,001,015
Tax refund due from Government		79,479,382	79,479,382
Cash and bank balances		109,258,191	248,143,222
		2,708,977,564	2,608,528,999
TOTAL ASSETS		7,415,507,516	7,160,749,780
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Certificate capital :			
Authorized :			
220,000,000 (2016: 220,000,000) certificates of Rs.5 each		1,100,000,000	1,100,000,000
Issued, subscribed and paid-up		1,008,000,000	1,008,000,000
Reserves		2,237,088,554	2,308,055,273
Certificate holders' equity		3,245,088,554	3,316,055,273
NON-CURRENT LIABILITIES			
Security deposits against leased financing assets		301,951,368	304,061,240
CURRENT LIABILITIES			
Certificate of musharaka		3,148,266,897	3,050,913,721
Security deposits - current portion		103,083,481	93,882,475
Unearned Lease financing rentals and diminishing musharaka installments		19,668,103	10,482,879
Advance Lease financing rentals and diminishing musharaka installments		18,090,986	22,846,363
Trade and other payables		300,684,355	285,006,414
Profit payable on certificate of musharaka		46,144,247	46,565,887
Taxation		2,790,833	2,790,833
Unclaimed profit distribution		28,138,692	28,144,694
Profit distribution payable		201,600,000	-
		3,868,467,594	3,540,633,267
TOTAL EQUITY AND LIABILITIES		7,415,507,516	7,160,749,780

The annexed notes form an integral part of these financial statements.

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

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2016

Note	September 30, 2016	September 30, 2015
	-----Rupees-----	
Income from Lease financing	62,078,020	70,032,335
Profit on diminishing musharaka financing	70,916,868	47,269,749
	132,994,888	117,302,084
Administrative expenses	22,374,174	22,912,908
	110,620,714	94,389,176
Other income	23,056,993	27,486,219
	133,677,707	121,875,395
Financial expenses	45,655,290	35,522,094
	88,022,417	86,353,301
Modaraba Management Company's remuneration	-	-
	88,022,417	86,353,301
WWF & other charges	2,705,809	2,739,127
	85,316,608	83,614,174
Profit for the period	85,316,608	83,614,174
Earnings per certificate - basic and diluted	0.42	0.41

The annexed notes form an integral part of these financial statements.

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

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2016

	Note	September 30, 2016	September 30, 2015
		-----Rupees-----	
Profit for the period		85,316,608	83,614,174
Other comprehensive income:			
Net unrealised (loss)/gain on available for sale investments		45,316,673	(4,151,897)
Comprehensive income / (loss) transferred to equity		130,633,281	79,462,277

The annexed notes form an integral part of these financial statements.

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

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2016

	Note	September 30, 2016	September 30, 2015
		-----Rupees-----	
Cash flow from operating activities			
Cash generated from operations	4	392,359,093	384,498,737
Purchase of lease financing assets		(309,528,407)	(258,602,113)
Diminishing musharaka financing		(309,019,129)	(334,295,430)
Proceeds from transfer of lease financing assets		39,284,421	104,608,687
Security deposits against lease financing assets :			
Received		16,168,454	18,572,192
Refunded / adjusted		(9,077,320)	(27,845,438)
Net security deposits		7,091,134	(9,273,246)
Financial charges paid		(46,076,930)	(37,264,509)
Tax deducted at source		(6,237,847)	(192,788)
Net cash inflow from operating activities		(232,127,665)	(150,520,663)
Cash flow from investing activities			
Purchase of assets owned (including intangibles)		(951,165)	(1,496,324)
Purchase of investments-available for sale		(5,970,774)	(19,142,493)
Sale proceed fo investments - available for sale		2,329,855	703,167
Dividend received		4,250,000	615,246
Long-term advances and deposit		(3,762,456)	-
Net cash inflow/ (outflow) from investing activities		(4,104,540)	(19,320,404)
Cash flow from financing activities			
Dividend paid		(6,002)	(105,136)
Certificates of musharika		97,353,176	(178,396,309)
Net cash outflow from financing activities		97,347,174	(178,501,445)
Net (decrease) in cash and cash equivalents		(138,885,031)	(348,342,511)
Cash and cash equivalents at the beginning of the year		248,143,222	487,512,972
Cash and cash equivalents at the end of the period		109,258,190	139,170,461

The annexed notes form an integral part of theses financial statements.

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

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2016

	Capital Reserves			Revenue Reserves				
	Paid-up capital	Certificate Premium	Statutory reserve	General reserve	Unrealized gain on investments	Unappropriated profit	Total Reserves	Total Equity
	----- Rupees -----							
Balance as at July 01, 2015	1,008,000,000	378,000,000	911,165,803	640,000,000	71,203,913	248,485,605	2,248,855,321	3,256,855,321
Profit distribution for the year ended June 30, 2015 @ 22%	-	-	-	-	-	(221,760,000)	(221,760,000)	(221,760,000)
Transferred to General Reserves	-	-	-	-	-	-	-	-
Comprehensive income for the period	-	-	-	-	(4,151,897)	83,614,174	79,462,277	79,462,277
Balance as at September 30, 2015	<u>1,008,000,000</u>	<u>378,000,000</u>	<u>911,165,803</u>	<u>640,000,000</u>	<u>67,052,016</u>	<u>110,339,779</u>	<u>2,106,557,598</u>	<u>3,114,557,598</u>
Balance as at July 01, 2016	1,008,000,000	378,000,000	1,000,656,671	640,000,000	53,807,297	235,591,305	2,308,055,273	3,316,055,273
Profit distribution for the year ended June 30, 2016 @ 20%	-	-	-	-	-	(201,600,000)	(201,600,000)	(201,600,000)
Comprehensive income for the period	-	-	-	-	45,316,673	85,316,608	130,633,281	130,633,281
Balance as at September 30, 2016	<u>1,008,000,000</u>	<u>378,000,000</u>	<u>1,000,656,671</u>	<u>640,000,000</u>	<u>99,123,970</u>	<u>119,307,913</u>	<u>2,237,088,554</u>	<u>3,245,088,554</u>

The annexed notes form an integral part of these financial statements.

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

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2016

1. THE COMPANY AND ITS OPERATIONS

First Habib Modaraba is a perpetual , multipurpose modaraba floated and managed by Habib Modaraba Management (Pvt) Limited, having its registered office at 5th Floor, HBZ Plaza (Hirani Centre), I.I. Chundrigar Road, Karachi. It is listed on the Pakistan Stock Exchange. The modaraba is authorised to engage in the business of Lease financing, musharika, morabaha financing and other related business.

2. BASIS OF PREPARATION

These financial statements are unaudited and are being submitted to certificate holders in accordance with the instructions issued by Securities & Exchange Commission of Pakistan. These accounts have been prepared in accordance with the requirement of the International Accounting Standards 34 "Interim Financial Reporting" as applicable in Pakistan.

3. ACCOUNTING POLICIES

The accounting policies and methods of computation followed for the preparation of theses financial statements are same as those applied in the preparing the financial statements for the year ended June 30, 2016.

	Note	September 30, 2016	September 30, 2015
		-----Rupees-----	
4. CASH GENERATED FROM OPERATIONS			
Profit for the period		85,316,608	83,614,174
Adjustment for :			
Profit on transfer of assets-			
Lease financing		(3,106,064)	(6,748,266)
Depreciation - Lease financing assets		255,070,794	278,786,727
- assets in own use		710,250	1,270,865
Amortization of intangible assets		85,653	94,135
Provision for gratuity		495,000	450,000
Gain on sale of investment - available for sale		(567,589)	(9,948)
Dividend income		(4,250,000)	(615,246)
Profit on :			
Certificates of musharika		45,655,290	35,522,094
Movement in working capital	4.1	12,949,152	(7,865,798)
		392,359,093	384,498,737



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2016

	Note	September 30, 2016	September 30, 2015
-----Rupees-----			
4.1 Movement in working capital:			
(Increase)/decrease in current assets:			
Advances and short term prepayments		394,350	1,016,448
Other receivables		(6,377,138)	14,354,372
Tax refund due from Government		-	-
Lease financing rentals receivable		(680,848)	(1,388,516)
(Decrease)/increase in current liabilities:			
Advance Lease financing and diminishing musharaka rentals received		(4,755,377)	597,435
Unearned Lease financing and diminishing musharaka rentals		9,185,224	8,882,177
Trade and other payables		15,182,941	(31,327,714)
		12,949,152	(7,865,798)

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

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

