

First Habib Modaraba



QUARTERLY ACCOUNTS

for the period ended
SEPTEMBER 30, 2014
(Unaudited)

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, 2014.

Alhamdulillah, result of first quarter remained satisfactory in terms of profits and business volume. However, our financing for the quarter remained slightly behind the targets of our marketing team at the beginning of current year. The shortfall is due to overall slowdown in economic activities due to certain reasons. Total disbursement of Rs.510.0 million were made during the quarter as compared to Rs.487.0 million in corresponding quarter of last year. Major assets category of financing as usual stayed on motor vehicles. Net profit has also slightly improved as compared profit of same quarter of last year.

On the economic front the performance of first quarter was not satisfactory. Due to political unrest followed by the flood in northern Punjab, the overall economic activities remained sluggish. The country's trade deficit has expanded by around 45 percent despite off healthy growth in workers remittances. According to Pakistan Bureau of Statistics, exports were recorded at \$6.015 billion against the import of \$12.519 within the same quarter.

At the beginning of current year the major economic indicators were slightly improving and moving in right directions. However, due to political instability and floods, again economy of country comes under pressure. So far the energy crisis has not settled and it is expected that in winter season this shortage will further aggravated which ultimately impact the industrial output particular in textile sector. Pak rupees again losing its strength against US dollars inspite of stable position of our foreign exchange reserves. Recently, State Bank of Pakistan (SBP) in its monetary policy statement unchanged policy rate keeping in view of continuation of macroeconomic stability especially on fallout of potential damages due to floods and political uncertainty.

According to our first quarter results, we expect that keeping in view of present economic and political circumstances the business activities will remain in same pace of last quarter or rather further reduced. Under the current economic situation your Modaraba will continue to pursue its cautious approach for enhancement of assets portfolio.

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

For and on behalf of Board of Directors

Karachi: October 23, 2014

Muhammad Shoaib Ibrahim
Managing Director & CEO

FIRST HABIB MODARABA

CONDENSED INTERIM BALANCE SHEET

AS AT SEPTEMBER 30, 2014

	September 30, 2014 Rupees Unaudited	June 30, 2014 Rupees Audited
ASSETS		
NON-CURRENT ASSETS		
Fixed assets - tangible		
Ijarah (lease) assets	2,765,705,502	2,868,616,976
Assets in own use	10,124,119	11,204,147
	2,775,829,621	2,879,821,122
Intangible assets	1,224,779	1,500,691
Long-term deposits prepayments and advances	993,050	1,200,050
Diminishing musharaka financing	679,576,689	616,572,857
	3,457,624,139	3,499,094,720
CURRENT ASSETS		
Investments	975,380,813	975,232,743
Diminishing musharaka financing - current portion	492,107,258	444,546,723
Ijarah (lease) installments receivable - Secured-considered good	4,704,625	9,915,676
Advances and short term prepayments	3,299,038	8,455,814
Other receivables	34,747,245	53,303,169
Tax refund due from Government	31,314,018	31,314,018
Cash and bank balances	298,310,873	371,131,886
	1,839,863,870	1,893,900,028
	5,297,488,009	5,392,994,749
TOTAL ASSETS		
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Certificate capital :		
Authorized :		
220,000,000 (2014: 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	2,054,012,473	2,200,619,366
Certificate holders' equity	3,062,012,473	3,208,619,366
NON-CURRENT LIABILITIES		
Security deposits against ijarah assets	291,953,605	290,104,583
CURRENT LIABILITIES		
Certificate of musharaka	1,380,620,717	1,533,668,767
Security deposits - current portion	77,631,967	81,132,842
Unearned ijarah (lease) rentals and diminishing musharaka installments	5,677,201	3,979,895
Advance ijarah (lease) rentals and diminishing musharaka installments	29,894,461	32,471,878
Trade and other payables	166,873,991	188,147,386
Profit payable on certificate of musharaka	34,622,604	28,379,755
Taxation	2,790,833	2,790,833
Unclaimed profit distribution	23,650,157	23,699,444
Profit distribution payable	221,760,000	-
	1,943,521,931	1,894,270,800
	5,297,488,009	5,392,994,749
TOTAL EQUITY AND LIABILITIES		

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

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

Chief Executive

Director

Director

FIRST HABIB MODARABA
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED SEPTEMBER 30, 2014
(UNAUDITED)

	September 30, 2014 Rupees	September 30, 2013 Rupees
Income from Ijarah (leasing)	76,115,193	84,993,748
Profit on diminishing musharaka financing	<u>33,001,625</u>	<u>15,772,547</u>
	109,116,818	100,766,295
Administrative expenses	<u>21,138,695</u>	<u>23,626,325</u>
	87,978,123	77,139,970
Other income	<u>35,828,863</u>	<u>26,257,118</u>
	123,806,986	103,397,088
Financial expenses	<u>35,102,397</u>	<u>23,585,162</u>
	88,704,589	79,811,926
Modaraba Management Company's remuneration	<u>-</u>	<u>-</u>
	88,704,589	79,811,926
WWF & other charges	<u>2,900,640</u>	<u>2,824,780</u>
Profit for the period	<u><u>85,803,949</u></u>	<u><u>76,987,146</u></u>
Earnings per certificate - basic and diluted	<u><u>0.43</u></u>	<u><u>0.38</u></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

FIRST HABIB MODARABA
CONDENSED INTERIM
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2014
(UNAUDITED)

	September 30, 2014 Rupees	September 30, 2013 Rupees
Profit for the period	85,803,949	76,987,146
Other comprehensive income:		
Net unrealised (loss)/gain on available for sale investments	(10,659,293)	14,618,457
Comprehensive income / (loss) transferred to equity	<u>75,144,656</u>	<u>91,605,603</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

FIRST HABIB MODARABA
CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE PERIOD ENDED SEPTEMBER 30, 2014
(UNAUDITED)

	Note	September 30, 2014 Rupees	September 30, 2013 Rupees
Cash flow from operating activities			
Cash generated from operations	4	413,614,683	274,802,067
Purchase of ijarah (lease) assets		(272,013,973)	(341,973,893)
Diminishing musharaka financing		(110,564,367)	(74,225,397)
Proceeds from transfer of ijarah (lease) assets		89,146,222	58,153,220
Security deposits against ijarah (lease) assets :			
Received		25,405,690	30,020,284
Refunded / adjusted		(27,057,543)	(16,451,678)
Net security deposits		(1,651,853)	13,568,606
Financial charges paid		(28,859,548)	(17,957,151)
Tax deducted at source		(198,141)	(10,497)
Net cash inflow from operating activities		89,473,023	(87,643,045)
Cash flow from investing activities			
Purchase of assets owned (including intangibles)		(48,555)	(397,700)
Purchase of investments-available for sale		(10,807,363)	(7,143,406)
Dividend received		1,452,220	20,500
Long-term advances and deposit		207,000	(291,800)
Net cash inflow/ (outflow) from investing activities		(9,196,698)	(7,812,406)
Cash flow from financing activities			
Dividend paid		(49,288)	(197,181,256)
Certificates of musharika		(153,048,050)	169,431,631
Net cash outflow from financing activities		(153,097,338)	(27,749,625)
Net (decrease) in cash and cash equivalents		(72,821,013)	(123,205,076)
Cash and cash equivalents at the beginning of the year		371,131,886	130,639,915
Cash and cash equivalents at the end of the period		298,310,873	7,434,839

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

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

Chief Executive

Director

Director

FIRST HABIB MODARABA
CONDENSED INTERIM
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2014
(UNAUDITED)

	Paid-up capital	Certificate Premium	Statutory reserve	General reserve	Unrealized gain/(loss) on investments Rupees	Unappropriated profit	Total Reserves	Total Equity
Balance as at July 01, 2013	1,008,000,000	378,000,000	777,369,238	50,000,000	36,683,068	802,807,678	2,044,859,984	3,052,859,984
Profit distribution for the year ended June 30, 2013 @ 20%	-	-	-	-	-	(201,600,000)	(201,600,000)	(201,600,000)
Transferred to General Reserves	-	-	-	590,000,000	-	(590,000,000)	-	-
Comprehensive income for the period	-	-	-	-	14,618,457	76,987,146	78,984,378	78,984,378
Balance as at September 30, 2013	<u>1,008,000,000</u>	<u>378,000,000</u>	<u>777,369,238</u>	<u>640,000,000</u>	<u>51,301,525</u>	<u>88,194,824</u>	<u>1,934,865,587</u>	<u>2,942,865,587</u>
Balance as at July 01, 2014	1,008,000,000	378,000,000	834,540,718	640,000,000	107,835,091	240,252,008	2,200,627,817	3,208,627,817
Profit distribution for the year ended June 30, 2014 @ 22%	-	-	-	-	-	(221,760,000)	(221,760,000)	(221,760,000)
Comprehensive income for the period	-	-	-	-	(10,659,293)	85,803,949	75,144,656	75,144,656
Balance as at September 30, 2014	<u>1,008,000,000</u>	<u>378,000,000</u>	<u>834,540,718</u>	<u>640,000,000</u>	<u>97,175,798</u>	<u>104,295,957</u>	<u>2,054,012,473</u>	<u>3,062,012,473</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

FIRST HABIB MODARABA

CONDENSED INTERIM NOTES TO THE ACCOUNTS

FOR THE PERIOD ENDED SEPTEMBER 30, 2014

(UNAUDITED)

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 Karachi, Lahore and Islamabad stock exchanges of Pakistan. The modaraba is authorised to engage in the business of Ijarah, 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 these financial statements are same as those applied in the preparing the financial statements for the year ended June 30, 2014.

4. CASH GENERATED FROM OPERATIONS

	Note	September 30, 2014 Rupees	September 30, 2013 Rupees
Profit for the period		85,803,949	76,987,146
Adjustment for :			
Profit on transfer of assets-			
Ijarah (lease)		(4,297,062)	(2,788,988)
Depreciation - ijarah (lease) assets		290,076,288	287,566,465
- assets in own use		1,128,584	1,290,640
Amortization of intangible assets		275,912	204,404
Provision for gratuity		420,000	450,000
Loss on sale of own assets		-	4,478
Dividend income		(1,452,220)	(20,500)
Profit on :			
Certificates of musharika		35,102,397	23,585,162
Movement in working capital	4.1	6,556,835	(112,476,740)
		<u>413,614,683</u>	<u>274,802,067</u>
4.1 Movement in working capital:			
(Increase)/decrease in current assets:			
Advances and short term prepayments		5,156,776	1,821,494
Other receivables		18,555,924	(16,320,493)
Tax refund due from Government		-	10,497
Ijarah (lease) rentals receivable		5,211,051	(2,172,009)
(Decrease)/increase in current liabilities:			
Advance ijarah (lease) and diminishing musharaka rentals received		(2,577,417)	3,698,828
Unearned ijarah (lease) and diminishing musharaka rentals		1,697,306	3,549,840
Trade and other payables		(21,486,805)	(103,064,897)
		<u>6,556,835</u>	<u>(112,476,740)</u>

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

Chief Executive

Director

Director

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Mezzanine Floor,

House of Habib Building (Siddiq Sons Tower),

3-Jinnah C.H. Society, Main Shahrah-e-Faisal, Karachi.