

First Habib Modaraba

(An Islamic Financial Institution)

(Managed by: HabibMetro Modaraba Management)



Half Yearly Accounts 2018-19 (UNAUDITED)

HABIBMETRO
Modaraba Management

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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. Syed Rasheed Akhtar	- Non-Executive Independent Director
Mr. Mohammad Shams Izhar	- Non-Executive Director

LEGAL ADVISOR

Mohsin Tayebaly & Company
Ahmed & Qazi Advocates & Legal Consultants

AUDIT COMMITTEE

Mr. Syed Rasheed Akhtar	- Chairman
Mr. Wazir Mumtaz Ahmed	- Member
Mr. Mohammad Shams Izhar	- Member
Mr. Shakeel Ahmed	- Secretary

HUMAN RESOURCE COMMITTEE

Mr. Syed Rasheed Akhtar	- Chairman
Mr. Wazir Mumtaz Ahmed	- Member
Mr. Mohammad Shams Izhar	- Member
Mr. Tehsin Abbas	- Secretary

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

AUDITOR

EY Ford Rhodes
Chartered Accountants

COMPANY SECRETARY

Muhammad Mustafa

BANKERS

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

REGISTERED OFFICE

6th 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

Karachi Branch:

3rd Floor, Al-Manzoor Building,
Dr. Ziauddin Ahmed Road, Karachi.
Tel: 021-32635949-51, Fax: 021-32627373

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 our great pleasure to present the un-audited accounts of the Modaraba for the six months ended December 31, 2018, duly reviewed by the external auditors in compliance of the Code of Corporate Governance.

We have completed our first half of current financial year and depicted satisfactory position in overall business volume and profitability. Modaraba continued its proactive strategy to enhance its financing assets base. The focus remains to build quality and diversified assets portfolio. Financing assets portfolio reached to Rs.9.368 billion as compared to last year position of Rs.7.526 billion. The said segment has maintained healthy growth trend of 25% over the same period of last year. Size of overall assets has also been enhanced from Rs.9.193 billion to Rs.11.202 billion which is around 22% increase over the period of last year.

Disbursements during the period were also remained satisfactory. Total financing of Rs.2.808 billion was made as compared to Rs.2.337 billion of the same period of last year reflecting 20% increased. For support of funding assets, a sizeable enhancement has also been made in Certificate of Investment on Musharaka basis. In November, last year M/s Pakistan Credit Rating Agency (private) Limited (PACRA) has updated credit rating and assigned rating scale of AA+ for long term and A1+ short term. Alhamdulillah FHM is maintaining "AA+" credit rating since last consecutive 11 years.

In first half of current year the economy of Pakistan remain in difficult time. The country witnessed 3rd consecutive democratic transitions in smooth manner. The new government faces tough economic challenges towards reviving of current state of economic affairs particularly current account and trade deficit, weakening of Pak rupee and low exports. The government borrowing reached to a historic high. The present government inherited a much higher external deficit and it is continuously pressurizing for higher financing needs. Low foreign currency reserve has created difficulties to government to finance the balance of payments deficit and forcing roll over external debt. The potential financial assistance from friendly countries has supported partially to address external balance of payment issue. In order to meet the large external gaps the government is planning to seek assistance under a new IMF program for long term support.

The rise in inflation and continue of economic challenges have impacted on overall growth. Real economic activity has witnessed a marked slowdown during the first half of the year. In recent report of Moody's Investors Services, it predicted that real GDP growth of Pakistan will slow down to 4.30 percent in fiscal year 2019 from 5.80 percent of previous fiscal year. According to report, significant external pressures driven by wider current-account deficits have reduced foreign-currency reserves. Recently State Bank of Pakistan has decided to further raise policy rate by 25 BPS to 10.25% effective from 1st February, 2019.

According to recent numbers, slight sign of stability of economy has been witnessed. In January, 2019, the large current account deficit slightly narrow down and weakening of the rupee has slowed substantially. A marginal increase in exports and a healthy growth in remittances also noticed which helped to contain the current account deficit. Recent mini budget announced by government will also support for revival of economy through few fiscal incentives and structural changes on long term basis.

We expect that economy and businesses will remain in struggle phase till the end of current fiscal year due to high lending rate, weak Pak rupee and growing inflation. However, keeping in view of performance of first half, we are hopeful that we will be in a position to achieve our set target and maintain our growth momentum.

The Board would like to express its 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 & business and Certificate holders who have remained committed to FHM. The Board also appreciates dedication, high level of professionalism and hard work of employees of FHM for smooth operations and achieving satisfactory results.

For and on behalf of Board of Directors

Syed Rasheed Akhtar
Director

Muhammad Shoaib Ibrahim
Chief Executive Officer

Karachi: February 25, 2019

ڈائریکٹرز کی رپورٹ

یہ میرے لئے بہت خوشی کا باعث ہے کہ میں بورڈ آف ڈائریکٹرز کی جانب سے فرسٹ حبیب مضاربہ کی ۳۱ دسمبر ۲۰۱۸ کو ختم ہونے والی مدت کی غیر محتسب شدہ کھاتے پیش کروں، جو کہ بضابطہ طور پر ایکسٹرل آڈیٹرز سے ریویو کرنا کرنا بنائی گئی ہے تاکہ کوڈ آف کارپوریٹ گورنس پر عمل ہو سکے۔

ہم نے موجودہ مالی سال کا نصف حصہ مجموعی طور پر کاروباری حجم میں اضافے اور منافع کے ساتھ مکمل کیا۔ مضاربہ نے اپنی فعال حکمت عملی کو اپناتے ہوئے اپنے مالی اثاثوں میں اضافہ کیا۔ توجہ کا مرکز یہی رہا کہ معیاری اور مختلف اثاثوں کو پورٹ فولیو کا حصہ بنایا جائے۔ مالی اثاثوں کے پورٹ فولیو ۵۲۶ بلین روپے کی گزشتہ سال کی پوزیشن کے مقابلے میں ۹۳۶۸ بلین روپے تک پہنچ گئی۔ درج بالا اثاثوں میں پچھلے سال کے اسی حصے کے دوران اس سال ۲۵ فیصد صحت مند تیزی کا رجحان ہے۔ گزشتہ سال کی مدت میں مجموعی اثاثوں کا سائز ۹۱۹۳ بلین روپے سے بڑھ کر ۱۱۶۲۰ بلین روپے ہے جس میں ۲۲ فیصد اضافہ ہوا ہے۔

اس مدت کے دوران ادائیگیاں بھی اطمینان بخش رہیں۔ گزشتہ سال کے اسی عرصے میں ۲۳۳۷ بلین روپے کی فنانسنگ کی گئی اور اس سال اس مدت میں مجموعی سرمایہ کاری ۸۰۸ بلین روپے کی گئی۔ جس میں ۲۰ فیصد اضافہ ہوا۔ اثاثوں کو فنڈنگ میں مدد فراہم کرنے کیلئے مشارقہ سرٹیفیکٹ میں بڑی سرمایہ کاری کی گئی۔ پچھلے سال ماہ نومبر میں میسرز پاکستان کریڈٹ ریٹنگ ایجنسی (پریسٹو) لمیٹڈ (PACRA) نے کریڈٹ ریٹنگ کو اپڈیٹ کیا اور ہمیں طویل مدت کیلئے AA+ اور مختصر مدت کیلئے A1+ ریٹنگ دی ہے۔ الحمد للہ فرسٹ حبیب مضاربہ گزشتہ گیارہ (۱۱) سالوں سے AA+ ریٹنگ کو برقرار رکھے ہوئے ہے۔

موجودہ مالی سال کے نصف میں پاکستان کی معیشت ابھی بھی مشکلات میں ہے۔ یہ ملک تسلسل کے ساتھ تین دفعہ جمہوری ادوار سے گزر چکا ہے۔ نئی حکومت کو کرنٹ اکاؤنٹ اور ٹریڈ کا خسارہ، پاکستانی روپے کی گرتی ہوئی قدر اور برا آمدات کی کمی کی وجہ سے شدید معاشی چیلنجز کا سامنا ہے۔ حکومتی قرضے تاریخ کی بلند سطح پر پہنچ چکے ہیں۔ موجودہ حکومت کو وراثت میں بہت بڑا بیرونی خسارہ ملا ہے اور مالیاتی ضروریات کو پورا کرنے کیلئے اس پر مسلسل دباؤ بڑھتا جا رہا ہے۔ فارن کرنسی ریزروز کی کمی کی وجہ سے حکومت کو بیرونی ادائیگیوں میں مشکلات کا سامنا ہے جو کہ پوری معیشت پر اثر انداز ہو رہی ہے۔ دوست ممالک کی طرف سے ممکنہ مالی امداد کی وجہ سے جزوی طور پر اس مسئلہ پر قابو پایا گیا ہے۔ اس بڑے بیرونی فرق کو ختم کرنے کیلئے حکومت نے IMF پروگرام کے تحت مدد لینے پر غور کر رہی ہے تاکہ اس مسئلے سے طویل مدت تک کیلئے چھٹکارہ پایا جاسکے۔

بڑھتی ہوئی مہنگائی اور معاشی چیلنجز ترقی کی بڑھوتری پر اثر انداز ہو رہی ہے۔ حقیقی معاشی سرگرمیاں سال کے پہلے نصف تک بڑی ہی سست

رفقار رہی۔ موڈیز انویسٹر سروسز نے اپنی حالیہ رپورٹ میں اس چیز کی پیشگوئی کی ہے کہ پاکستان کی حقیقی GDP ترقی برائے مالی سال ۲۰۱۹ء کم ہو کر ۳۰ء فیصد رہے گی جو کہ پچھلے مالی سال میں ۸۰ء فیصد تھی۔ رپورٹس کے مطابق یہ بیرونی دباؤ کرنٹ اکاؤنٹ خسارے میں اضافے اور فارن کرنسی ریزرو میں کمی کے باعث آ رہا ہے۔ اسٹیٹ بینک آف پاکستان نے حال ہی میں پالیسی ریٹ 25 BPS سے بڑھاتے ہوئے ۲۵ء فیصد کر دیا ہے جو کہ یکم فروری ۲۰۱۹ء سے لاگو ہے۔

موجودہ اعداد و شمار کے مطابق معیشت کچھ متوازن ہوئی ہے۔ جنوری ۲۰۱۹ء میں کرنٹ اکاؤنٹ کے بڑے خسارے کو تھوڑا سا کم کیا گیا اور روپے کی تیزی سے گرتی ہوئی قدر میں بھی کمی آئی ہے۔ برآمدات کے حجم میں خاطر خواہ اضافہ اور ترسیلات کی مد میں صحت مندانہ اضافہ دیکھا گیا جس کی وجہ سے کرنٹ اکاؤنٹ کے خسارے پر قابو پایا گیا۔ حالیہ مئی بجٹ میں حکومت نے معیشت کی بحالی کیلئے کچھ معاشی مراعات اور طویل مدت کیلئے بنیادی ڈھانچے میں کچھ تبدیلیاں کی ہیں۔

ہم یہ توقع رکھتے ہیں کہ اس مالی سال کے اختتام تک معیشت اور کاروباری قرضے کی شرح میں اضافے، پاکستانی روپے کی قدر میں کمی اور بڑھتی ہوئی مہنگائی کے باعث مشکلات کا شکار رہے گی۔ البتہ مالی سال کے نصف کی کارکردگی دیکھ کر ہم یہ اُمید رکھتے ہیں کہ اپنے متعین کردہ ٹارگٹ کو حاصل کریں گے اور اس کی بڑھوتری بھی برقرار رہے گی۔

بورڈ سیکریٹریز اینڈ ایگزیکٹو کمیشن آف پاکستان، رجسٹرار مضاربہ کمپنیز کا ان کی وقتاً فوقتاً رہنمائی اور مسلسل حمایت کا شکریہ اور اظہار ممنونیت کرنا چاہتا ہے اور مضاربہ کے معزز گاہکوں کا ان کی سرپرستی، کاروبار اور حاملین سٹیفیکٹس کا فرسٹ حبیب مضاربہ کے ساتھ مخلص رہنے کا۔ بورڈ، ادارے کے رواں آپریشن اور اطمینان بخش نتائج کے حاصل کرنے کے سلسلے میں فرسٹ حبیب مضاربہ کے ملازمین کی لگن، اعلیٰ پائے کی پیشہ ورانہ خصوصیات اور سخت جدوجہد کو بھی سراہتا ہے۔

بورڈ ڈائریکٹرز کیلئے اور ان کی جانب سے

سید رشید اختر
ڈائریکٹر

محمد شعیب ابراہیم
چیف ایگزیکٹو آفیسر

کراچی: ۵۲ فروری ۲۰۱۹ء

INDEPENDENT AUDITORS' REVIEW REPORT

To the Certificate Holders of First Habib Modaraba

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim balance sheet of First Habib Modaraba (the Modaraba) as at 31 December 2018, the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity, and notes to the interim financial statements for the six month period then ended (here-in-after referred to as "interim financial statements"). Management Company is responsible for the preparation and presentation of these interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 December 2018 and 31 December 2017 have not been subject to limited scope review by the external auditors as we are only required to review the cumulative figures for the six-month period ended 31 December 2018.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity". A review of 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 interim financial statements are not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditors' report is Shaikh Ahmed Salman.

Chartered Accountants

Date: 25 February 2019

Karachi

CONDENSED INTERIM BALANCE SHEET

AS AT DECEMBER 31, 2018

	Note	(Unaudited) December 31, 2018	(Audited) June 30, 2018
ASSETS			
NON-CURRENT ASSETS			
Fixed assets - tangible			
Lease financing assets	4	2,835,070,233	2,902,828,561
Assets in own use	4	40,057,753	30,137,307
		2,875,127,986	2,932,965,868
Intangible assets			
Long term advances, deposits and prepayments		242,418	307,451
Diminishing musharaka financing	5	1,146,850	1,215,850
		4,265,158,034	3,349,956,311
		7,141,675,288	6,284,445,480
CURRENT ASSETS			
Investments	6	1,328,120,841	1,258,858,121
Current portion of diminishing musharaka financing	5	2,298,357,302	2,245,975,863
Lease financing installments receivables		328,027	2,139,247
Diminishing musharaka financing installments receivables		1,153,356	3,834,285
Short term advances, deposits and prepayments		6,136,251	4,595,951
Income tax refundable	7	137,031,924	113,683,111
Other receivables		34,978,956	44,856,094
Cash and bank balances		253,301,278	320,868,504
		4,059,407,935	3,994,811,176
TOTAL ASSETS		11,201,083,223	10,279,256,656
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized certificate capital 220,000,000 (June 30, 2018: 220,000,000) certificates of Rs.5 each		1,100,000,000	1,100,000,000
Issued, subscribed and paid-up certificate capital		1,008,000,000	1,008,000,000
Reserves		2,331,395,436	2,434,258,336
Certificate holders' equity		3,339,395,436	3,442,258,336
SURPLUS ON REVALUATION OF INVESTMENTS	6	132,544,919	117,877,892
NON-CURRENT LIABILITIES			
Security deposits against lease financing assets		332,885,443	416,028,462
CURRENT LIABILITIES			
Certificates of investment (musharaka)	8	6,411,392,872	5,593,061,023
Security deposits - current portion		112,894,471	60,141,012
Unearned lease financing and diminishing musharaka installments		57,333,176	63,489,472
Advance lease financing and diminishing musharaka installments		27,861,143	26,163,905
Trade and other payables		394,436,181	426,966,938
Profit payable on certificates of investment (musharaka)		99,542,567	74,322,884
Advance against murabaha	9	250,000,000	25,000,000
Profit payable on murabaha financing		1,299,002	9,986
Unclaimed profit distributions		41,498,013	33,936,746
		7,396,257,425	6,303,091,966
TOTAL EQUITY AND LIABILITIES		11,201,083,223	10,279,256,656
CONTINGENCIES AND COMMITMENTS			

The annexed notes from 1 to 18 form an integral part of these interim financial statements.

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

		Half Year Ended		Quarter ended	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Note		Rupees			
Income from lease financing		94,005,404	98,183,482	49,538,898	46,381,455
Income from diminishing musharaka financing		300,331,599	186,047,710	176,292,278	94,924,127
Administrative expenses		(65,514,667)	(50,267,337)	(36,256,398)	(24,054,696)
		328,822,336	233,963,855	189,574,778	117,250,886
Other income	11	59,998,698	65,099,697	31,538,287	39,638,291
		388,821,034	299,063,552	221,113,065	156,889,177
Financial charges		(217,253,148)	(123,951,667)	(125,684,427)	(66,172,053)
Modaraba Management Company's remuneration	12	(17,156,789)	(17,511,189)	(9,305,966)	(17,511,189)
Sales tax on Modaraba Management Company's remuneration	12	(2,230,383)	(2,276,455)	(1,209,776)	(1,179,323)
Provision for Sindh Workers' Welfare Fund		(3,043,614)	(3,106,485)	(1,650,879)	(1,609,322)
Profit before taxation		149,137,100	152,217,756	83,262,017	70,417,290
Taxation	13	-	-	-	-
Profit for the period		149,137,100	152,217,756	83,262,017	70,417,290
Earning per certificate - basic and diluted	14	0.74	0.76	0.41	0.35

The annexed notes from 1 to 18 form an integral part of these interim financial statements.

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

	Half Year Ended		Quarter ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Note	Rupees			
Profit for the period	149,137,100	152,217,756	83,262,017	70,417,290
Components of other comprehensive income reflected in equity				
Items that will not be reclassified subsequently to profit and loss account				
Actuarial loss on defined benefit plan	-	(983,063)	-	(983,063)
Total comprehensive income for the year transferred to equity	149,137,100	151,234,693	83,262,017	69,434,227
Components of other comprehensive income reflected below equity				
Items that will be reclassified subsequently to profit and loss account				
Surplus / (deficit) on revaluation of investments classified as 'available-for-sale' - net*	14,667,027	(32,446,396)	599,726	(77,763,069)
Total comprehensive income for the period	163,804,127	118,788,297	83,861,743	(8,328,842)

* Surplus on revaluation of investments classified as 'available-for-sale' is presented under a separate head below equity as 'surplus on revaluation of investments' in accordance with the requirements of Circular No. SC/M/PRDD/PRs/2017-259 dated December 11, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP).

The annexed notes from 1 to 18 form an integral part of these interim financial statements.

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

	Note	December 31, 2018	December 31, 2017
CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the period		149,137,100	152,217,756
Adjustment for:			
Depreciation and amortization		532,543,139	482,759,525
Amortization of premium on sukuk		2,776,068	2,670,960
Financial charges		216,930,174	123,819,964
Gain on sale of shares - net		(2,368,979)	(387,037)
Gain on transfer of lease financing assets - net		(8,011,350)	(9,054,047)
Gain on disposal of assets in own use - net		(414,664)	(95,067)
Owned assets written off		-	3
Dividend income		(4,790,000)	(6,709,938)
		736,664,388	593,004,363
Changes in working capital			
Decrease / (increase) in current assets			
Lease financing installments receivables		1,811,220	(1,225,645)
Diminishing musharaka financing installments receivables		2,680,929	-
Short term advances, deposits and prepayments		(1,540,300)	3,462,866
Income tax refundable		(23,348,813)	-
Other receivables		9,313,829	(2,383,646)
		(11,083,135)	(146,425)
(Decrease) / increase in current liabilities			
Unearned lease financing and diminishing musharaka installments		(6,156,296)	30,343,153
Advance lease financing and diminishing musharaka installments		1,697,238	(2,843,171)
Trade and other payables		(32,530,757)	(22,418,649)
		(36,989,815)	5,081,333
Cash generated from operations		837,728,538	750,157,027
Purchase of lease financing assets		(607,208,884)	(766,103,266)
Proceeds from transfer of lease financing assets		155,275,002	138,944,063
Diminishing musharaka financing - net		(967,583,162)	(638,098,412)
Long term advances, deposits and prepayments		69,000	1,136,100
Security deposits against lease financing assets		(30,389,560)	29,546,310
Financial charges paid		(190,431,461)	(105,737,732)
Tax paid		(320,806)	(565,615)
		(1,640,589,871)	(1,340,878,552)
Net cash used in operating activities		(802,861,333)	(590,721,525)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of assets in own use		(15,382,927)	(10,403,180)
Purchase of investments		(1,075,000,000)	(33,522,533)
Proceeds from sale / maturity of investments		1,019,600,526	21,996,833
Proceeds from sale of assets in own use		1,433,392	1,402,822
Dividends received		5,750,000	6,709,938
Net cash used in investing activities		(63,599,009)	(13,816,120)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid		(244,438,733)	(199,183,014)
Profit paid on murabaha financing		-	(4,039,549)
Advance against / (payment on maturity of) murabaha financing		225,000,000	(123,860,502)
Certificates of investment (musharaka)		818,331,849	980,098,165
Net cash generated from financing activities		798,893,116	653,015,100
Net (decrease) / increase in cash and cash equivalents during the period		(67,567,226)	48,477,455
Cash and cash equivalents at the beginning of the period		320,868,504	192,259,670
Cash and cash equivalents at the end of the period		253,301,278	240,737,125

The annexed notes from 1 to 18 form an integral part of these interim financial statements.

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

HABIBMETRO
Modaraba Management

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

	Capital reserves			Revenue reserves		
	Certificate Capital	Certificate premium	Statutory reserves*	General reserves	Unappropriated profit	Total equity
	(Rupees)					
Balance as at July 01, 2017	1,008,000,000	378,000,000	1,089,011,820	640,000,000	239,255,715	3,354,267,535
Profit distribution for the year ended June 30, 2017 @ Rs.1 per certificate	-	-	-	-	(201,600,000)	(201,600,000)
Total comprehensive income for the period	-	-	-	-	151,234,693	151,234,693
Balance as at December 31, 2017	<u>1,008,000,000</u>	<u>378,000,000</u>	<u>1,089,011,820</u>	<u>640,000,000</u>	<u>188,890,408</u>	<u>3,303,902,228</u>
Balance as at July 01, 2018	1,008,000,000	378,000,000	1,103,489,848	640,000,000	312,768,488	3,442,258,336
Profit distribution for the year ended June 30, 2018 @ Rs.1.25 per certificate	-	-	-	-	(252,000,000)	(252,000,000)
Total comprehensive income for the period	-	-	-	-	149,137,100	149,137,100
Balance as at December 31, 2018	<u>1,008,000,000</u>	<u>378,000,000</u>	<u>1,103,489,848</u>	<u>640,000,000</u>	<u>209,905,588</u>	<u>3,339,395,436</u>

* The statutory reserve represents profit set aside as required under the Prudential Regulation for Modarabas as issued by the Securities and Exchange Commission of Pakistan (SECP).

The annexed notes from 1 to 18 form an integral part of these interim financial statements.

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

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 (Ijarah), Musharaka, Murabaha financing and other related business. The affairs, activities and transactions, performed by the Modaraba during the year 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). The registered office of the Modaraba is at 6th Floor at HBZ Plaza, I.I. Chundrigar Road, Karachi.

2. BASIS OF PREPARATION

2.1 These interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Such standards 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;
- Provisions of and directives issued under the Companies Act, 2017; and
- The requirements of Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas (hereinafter referred to as the relevant laws).

Where provisions and directives issued under Companies Act, 2017 and the relevant laws differ from IFRS Standards, the provisions and directives issued under Companies Act, 2017 and the relevant laws have been followed.

2.2 The 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 financial statements of the Modaraba as at and for the year ended June 30, 2018.

2.3 These 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.

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

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

3.1 The accounting policies and methods of computation followed for the preparation of these interim financial statements are the same as those applied in preparing the financial statements for the year ended June 30, 2018 except for the following amended IFRS interpretations which became effective during the period as mentioned in note 3.2 below:

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

3.2 New / Revised Standards, Interpretations and Amendments

The Modaraba has adopted the following accounting standards, interpretations, amendments and improvements of IFRSs which became effective for the current period:

Standard or Interpretation

IFRS - 2: Share-based Payments – Classification and Measurement of Share-based

Payments Transactions (Amendments)

IFRS - 4: Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4

Insurance Contracts – (Amendments)

IFRS - 9: Financial Instruments *

IFRS - 15: Revenue from Contracts with Customers

IAS - 40: Investment Property: Transfers of Investment Property (Amendments)

IFRIC - 22: Foreign Currency Transactions and Advance Consideration

Improvements to Accounting Standards Issued by the IASB in December 2016

IFRS - 1: First-time Adoption of International Financial Reporting Standards - Deletion

of short-term exemptions for first-time adopters

IAS - 28: Investments in Associates and Joint Ventures - Clarification that measuring

investees at fair value through profit or loss is an investment - by - investment choice

The adoption of the above standards, amendments and improvements to accounting standards and interpretations did not have any effect on the interim financial statements.

* Subsequent to the period ended December 31, 2018, the SECP has modified the applicability of IFRS 9 vide its order no. S.R.O.229 (I)/2019 dated February 14, 2019 whereby the effective date for applicability of IFRS 9 (Financial Instruments) in place of IAS 39 (Financial Instruments: Recognition and Measurement) as "Reporting period / year ending on or after June 30, 2019".

3.3 The preparation of 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 financial statements for the year ended June 30, 2018.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

3.4 The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Modaraba for the year ended June 30, 2018.

	Note	(Unaudited) December 31, 2018	(Audited) June 30, 2018
		Rupees	
4. FIXED ASSETS - TANGIBLE			
Lease financing assets	4.1	2,835,070,233	2,902,828,561
Assets in own use	4.2	40,057,753	30,137,307
		2,875,127,986	2,932,965,868
4.1 Lease financing assets			
Lease financing assets	4.1.1	2,479,221,068	2,405,932,689
Advance against lease financing assets		355,849,165	496,895,872
		2,835,070,233	2,902,828,561
4.1.1 Additions and disposals in lease financing assets			
Additions during the period / year			
Plant, machinery and equipment		234,905,099	293,229,511
Vehicles		513,350,493	1,210,176,120
		748,255,592	1,503,405,631
Disposal (at book value) during the period / year			
Plant, machinery and equipment		2,879,524	6,227,758
Vehicles		144,053,345	236,812,075
		146,932,869	243,039,833
4.2 Additions and disposals in assets in own use			
Additions during the period / year			
Office equipment		1,867,613	3,391,895
Furniture and fixture		288,600	4,999,963
Vehicles	4.2.1	13,526,000	1,824,500
Leasehold improvements		700,714	13,293,371
		16,382,927	23,509,729
Disposal (at book value) during the period / year			
Office equipment		3	18,755
Furniture and fixture		9	87,505
Vehicles		1,018,716	836,907
		1,018,728	943,167

4.2.1 This includes advances to suppliers amounting to Rs.5.621 (June 30, 2018: Rs.1.228) million.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

		(Unaudited)	(Audited)
	Note	December 31, 2018	June 30, 2018
		Rupees	
5. DIMINISHING MUSHARAKA FINANCING - SECURED			
Diminishing musharaka financing		5,994,748,329	4,576,809,818
Less: Provision in respect of Diminishing Musharaka		(1,393,821)	-
		5,993,354,508	4,576,809,818
Less: Current portion		(2,298,357,302)	(2,245,975,863)
		3,694,997,206	2,330,833,955
Advance against diminishing musharaka financing		570,160,828	1,019,122,356
		4,265,158,034	3,349,956,311
6. INVESTMENTS			
Investments by category			
Available-for-sale			
Investment in shares		253,120,841	255,058,121
Investment in Ijarah GOP sukuk bonds		-	1,003,800,000
Investment in sukuk	6.1	75,000,000	-
Loans and other receivables			
Investment in Term Deposit Musharakas (TDMs)	6.2	1,000,000,000	-
		1,328,120,841	1,258,858,121

6.1 This represents investment in AA- rated, privately placed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible shariah compliant sukuk of Meezan Bank Limited, having face value of Rs.1,000,000 per certificate and carries profit at the rate of 3 Months KIBOR + 1.75% per annum.

6.2 These carry profit at rates ranging from 9.15% to 9.75% (2017: Nil) per annum maturing latest by June 18, 2019 and include a deposit amounting to Rs.300 million (2017: Rs.Nil) placed with Habib Metropolitan Bank Limited - Islamic Banking (a related party).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

	Note	(Unaudited) December 31, 2018	(Audited) June 30, 2018
		-----Rupees-----	
6.3 Surplus on revaluation of investments classified as 'available-for-sale'			
Market value of investments		1,328,120,841	1,275,479,880
Less: Cost of investments		(1,195,575,922)	(1,190,290,903)
		132,544,919	85,188,977
Surplus on revaluation at the beginning of the period / year		117,877,892	117,635,373
Surplus transferred to profit and loss account during the period / year		(4,351,420)	(3,159,290)
Surplus / (deficit) on revaluation during the period / year		19,018,447	(29,287,106)
		14,667,027	(32,446,396)
		132,544,919	85,188,977
7. INCOME TAX REFUNDABLE			
Income tax	7.1	137,031,924	113,683,111

7.1 This represents the advance tax deducted by the various withholding agents under various sections of the Income Tax Ordinance, 2001. The management has claimed the tax deducted in return for the Tax Year 2018, as the management is confident that the same shall be refunded.

8. CERTIFICATES OF INVESTMENT (MUSHARAKA) - UNSECURED

Certificates of investment (musharaka)	8.1	6,411,392,872	5,593,061,023
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8.1 These certificates have different denominations and are repayable within three months to one year. The estimated share of profit paid / payable on these certificates ranges between 8.35% to 10.05% (June 30, 2018: 5.20% to 6.55%) per annum.

9. ADVANCE AGAINST MURABAHA

Murabaha financing available facility of Rs.500 (June 30, 2018: Rs.500) milion has been agreed with an Islamic bank. As at the period end, the facility utilised amounted to Rs.25 (June 30, 2018: Rs.25) million at the rate of 6 Months KIBOR + 0.25% (June 30, 2018: 6 Months KIBOR + 0.25%) per annum and Rs.225 (June 30, 2018: Nil) million at Modaraba's deposit rate + 1.00% per annum, for financing of vehicles to be leased.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

During the period, the Modaraba received a letter from Sindh Revenue Board (SRB) vide letter dated August 09, 2018, wherein, it is mentioned that the Assistant Commissioner (Unit-12) of the SRB came to know through scrutiny of the financial statements of the Modaraba for the fiscal years 2012-2017 that the Modaraba is engaged in providing / rendering taxable services which falls under the Second Schedule of Sindh Sales Tax on Services Act, 2011 (the Act), and the sales tax on such services, i.e. on lease rentals / lease financing transactions aggregates to Rs.916.393 million which is outstanding. In view of this, the Modaraba was advised to submit certain financial records to SRB to ascertain the actual tax liability. Such letters were also received by some other Modarabas and collectively, a petition against the same was filed through a common legal counsel in the Honorable High Court of Sindh (HCS) challenging levy of Services Sales Tax on lease financing transactions including the vires of various headings of the Second Schedule of the Act. A stay order in this regard has been granted by the HCS stating that no adverse order in respect of the proposed treatment shall be made against the Petitioners.

The management of the Modaraba based on its discussions with its legal counsel is of the view that in light of the stay order of the HCS and the merits of the matter involved, no provision for any sales tax liability on rentals of lease financing is required to be maintained in these interim financial statements for the period ended December 31, 2018.

10.2 Commitments

Commitments in respect of financing transactions amounted to Rs.381 (June 30, 2018: Rs.279) million.

11. OTHER INCOME

Dividend on shares	4,790,000	6,709,938	4,790,000	2,359,938
Gain on transfer of lease financing assets	8,011,350	9,054,047	5,137,680	5,034,393
Gain on sale of owned fixed assets	414,664	95,067	142,514	89,069
Gain on sale of shares - net	2,368,979	387,037	(1,655,154)	345,801
Profit on Modaraba's deposit accounts	6,360,500	5,998,373	3,338,619	3,779,733
Profit on Term Deposit Musharakas (TDMs)	3,636,164	-	3,636,164	-
Profit on Ijarah GOP sukuk bonds	29,563,315	27,780,975	13,528,002	13,890,487
Profit on sukuk	3,453,823	-	2,243,015	-
Reversal of Workers' Welfare Fund (WWF)	-	12,861,211	-	12,861,210
Miscellaneous income	1,399,903	2,213,049	377,447	1,277,660
	59,998,698	65,099,697	31,538,287	39,638,291

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

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

- 12.1** 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, 2018 has been recognized at 10% (December 31, 2017: 10%) of profit for the period.
- 12.2** There is no change in the status of the Sindh Sales Tax levied by the Sindh Government at the rate of 13% (December 31, 2017: 13%) on the remuneration of the Modaraba Management Company, as reported in note 22.6 to the annual financial statements of the Modaraba for the year ended June 30, 2018.

13. TAXATION

As per the current tax law, Income of non-trading modarabas is exempt from income tax provided that they distribute ninety percent cash profit to certificate holders out of current year's total profit after appropriating to statutory reserves. As the management is intending to follow the aforesaid policy for profit distribution for the current year, no provision with respect to current and deferred taxation has been made in these interim financial statements.

14. EARNINGS PER CERTIFICATE - BASIC AND DILUTED

There is no dilutive effect on earnings per certificate which is based on:

	(Un-audited)			
	Half Year Ended		Quarter ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	Rupees			
Net profit for the period	149,137,100	152,217,756	83,262,017	70,417,290
Weighted average number of ordinary certificates	201,600,000	201,600,000	201,600,000	201,600,000
Basic earnings per certificate	0.74	0.76	0.41	0.35

15. 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 Metro Modaraba, Habib Metropolitan Financial Services Limited, Habib Management (Pvt.) Limited, Digital Payment Solutions Limited, First Habib Modaraba Employees' Provident Fund, First Habib Modaraba Employee Gratuity Fund and key management personnel. Transactions and balances outstanding with related parties and associated undertakings are as follows:

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

Related party	Related party relationship	Nature of balances / transactions	(Unaudited)		(Audited)
			December 31, 2018		June 30, 2018
			Rupees		
Habib Metropolitan Bank Limited	Holding Company	Bank Balances	151,787,267		299,220,335
		Certificates of investment (musharaka)	5,000,000,000		3,500,000,000
		Investment in Term Deposit Certificates	300,000,000		-
		Profit receivable	2,457,119		1,059,699
		Expenses payable	67,586,301		33,930,822
		Utility charges payable	-		448,000
		Security deposit	-		130,000
		Prepaid rent	-		313,236
		Prepaid Utility charges	-		1,447,200
		Lease financing assets*	10,383,631		22,713,700
Habib Bank AG Zurich	Ultimate Parent	Lease financing assets*	889,880		1,481,612
Habib Metropolitan Modaraba Management Company (Private) Limited	Management Company	Management fee payable	17,156,789		33,311,460
		Sale tax on management fee payable	11,116,256		8,885,873
Habib Metropolitan Financial Services Limited	Associate	Lease financing assets*	19,770		19,770
		Receivable against shares	12,113,032		11,716,341
Habib Management (Private) Ltd.	Associate	Sale tax on management fee payable	38,653,418		38,653,418
Staff Retirement Benefit Fund	Associate	Payable to staff gratuity fund	1,038,000		-
Provident Fund	Associate	Certificates of investment (musharaka)	2,300,000		25,422,654

Transactions during the period	Related party	Related party relationship	Nature of balances / transactions	Un-audited	
				December 31, 2018	December 31, 2017
				Rupees	
Habib Metropolitan Bank Limited	Holding Company	Profit on bank accounts	5,854,638		4,286,200
		Bank charges	240,387		131,169
		Utility charges	2,057,414		1,632,000
		Rent expense	208,824		-
		Financial charges	186,601,377		77,262,674
		Lease financing installments received*	13,433,477		21,026,701
Habib Bank AG Zurich	Ultimate Parent	Lease financing installments received*	723,822		905,259
Habib Metropolitan Modaraba Management Company (Pvt.) Limited	Management Company	Management fee	17,156,789		17,511,189
		Sale tax on management fee	2,230,383		2,276,455
		Management fee paid	33,311,460		35,041,406
		Dividend paid	25,200,000		20,160,000
Habib Metropolitan Financial Services Limited	Associate	Brokerage commission	26,794		165,843
		Purchase of securities	-		55,569,359
		Sale of securities	19,997,217		48,804,139
		Lease financing installments received*	-		752,055
Habib Management (Pvt.) Ltd.	Associate	Dividend paid	131,307,715		104,271,172
Staff Retirement Benefit Fund	Associate	Gratuity expense	1,038,000		1,287,143
		Contribution made	1,250,225		1,151,206
Provident Fund	Associate	Contribution made	2,500,450		2,302,412

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

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

* No new financing disbursements have been made to associated undertakings during the period ended December 31, 2018, further the lease financing outstanding was originally disbursed before March 31, 2017 when these were not associated undertakings (related parties) of the Modaraba.

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

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, 2018 (Un-audited)						
	Carrying amount				Fair value		
	Investments	Loans and other receivables	Cash and cash equivalents	Total	Level 1	Level 2	Level 3
			(Rupees)			(Rupees)	
Financial assets measured at fair value							
'Available for Sale'							
Shares of listed companies	253,120,841	-	-	253,120,841	253,120,841	-	-
Sukuk (note 16.1)	-	75,000,000	-	75,000,000	-	75,000,000	-
	<u>253,120,841</u>	<u>75,000,000</u>		<u>328,120,841</u>	<u>253,120,841</u>	<u>75,000,000</u>	<u>-</u>
Financial assets not measured at fair value							
(note 16.2)							
Investment in Term Deposit Musharaka (TDMs)	-	1,000,000,000	-	1,000,000,000			
Diminishing musharaka financing	-	6,563,515,336	-	6,563,515,336			
Long term deposits	-	1,146,850	-	1,146,850			
Lease financing installments receivables	-	328,027	-	328,027			
Diminishing musharaka financing installments receivables	-	1,153,356	-	1,153,356			
Advances	-	6,136,251	-	6,136,251			
Other receivables	-	34,290,649	-	34,290,649			
Cash and bank balances	-	-	253,301,278	253,301,278			
	<u>-</u>	<u>7,606,570,469</u>	<u>253,301,278</u>	<u>7,859,871,747</u>			

During the period ended December 31, 2018, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

	June 30, 2018 (Audited)						
	Carrying amount			Fair value			
	Investments	Loans and other receivables	Cash and cash equivalents	Total	Level 1	Level 2	Level 3
	(Rupees)			(Rupees)			
Financial assets measured at fair value							
'Available-for-sale'							
Listed equity securities	255,058,121	-	-	255,058,121	255,058,121	-	-
Ijarah GOP Sukuk bonds	1,003,800,000	-	-	1,003,800,000	-	1,003,800,000	-
	<u>1,258,858,121</u>	<u>-</u>	<u>-</u>	<u>1,258,858,121</u>	<u>255,058,121</u>	<u>1,003,800,000</u>	<u>-</u>
Financial assets not measured at fair value							
Diminishing musharaka financing	-	5,595,932,174	-	5,595,932,174			
Long term advances and deposits	-	1,215,850	-	1,215,850			
Lease financing installments receivables	-	2,139,247	-	2,139,247			
Diminishing musharaka financing installments receivables	-	3,834,285	-	3,834,285			
Advances, deposits and prepayments	-	5,811,801	-	5,811,801			
Other receivables	-	20,817,281	-	20,817,281			
Cash and bank balances	-	-	320,868,504	320,868,504			
	<u>-</u>	<u>5,629,750,638</u>	<u>320,868,504</u>	<u>5,950,619,142</u>			

	December 31, 2018 (Un-audited)			June 30, 2018 (Audited)		
	At fair value	Other financial liabilities	Total	At fair value	Other financial liabilities	Total
	(Rupees)			(Rupees)		
Financial liabilities (note 16.2)						
Security deposits against lease financing assets	-	445,779,914	445,779,914	-	476,169,474	476,169,474
Certificates of investment (musharaka)	-	6,411,392,872	6,411,392,872	-	5,593,061,023	5,593,061,023
Unearned lease financing and diminishing musharaka installments	-	57,333,176	57,333,176	-	63,489,472	63,489,472
Advance lease financing and diminishing musharaka installments	-	27,861,143	27,861,143	-	26,163,905	26,163,905
Trade and other payables	-	317,154,172	317,154,172	-	426,956,952	426,956,952
Profit payable on certificate of investments (musharaka)	-	99,542,567	99,542,567	-	74,332,870	74,332,870
Advance against Murabaha	-	250,000,000	250,000,000	-	25,000,000	25,000,000
Profit payable on murabaha financing	-	1,299,002	1,299,002	-	9,986	9,986
Unclaimed profit distributions	-	41,498,013	41,498,013	-	33,936,746	33,936,746
	<u>-</u>	<u>7,651,860,859</u>	<u>7,651,860,859</u>	<u>-</u>	<u>6,719,120,428</u>	<u>6,719,120,428</u>

16.1 Valuation techniques used in determination of fair values within level 2:

Investment in sukuk, issued by Meezan Bank Limited, for the purpose of raising funds in the form of redeemable capital, are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan (SECP).

16.2 The Modaraba has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are a reasonable approximation of fair value.

17. DATE OF AUTHORIZATION FOR ISSUE

These interim financial statements were authorized for issue on February 25, 2019 by the Board of Directors of the Modaraba Management Company.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

18. GENERAL

- 18.1** Corresponding figures have been reclassified / re-arranged wherever necessary to facilitate comparison in the presentation in the current period. However, there are no material reclassification / re-arrangement to report.
- 18.2** Figures for the quarters ended December 31, 2018 and December 31, 2017 as reported in these interim financial statements have not been subject to limited scope review by the external auditors.
- 18.3** Figures have been rounded off to the nearest rupee.

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER