

# ANNUAL REPORT 2017



**FIDELITY  
LEASING**

## **FIRST FIDELITY LEASING MODARABA**

Managed by:  
Fidelity Capital Management (Private) Limited



## CONTENTS

<b>CORPORATE INFORMATION</b>	<b>02</b>
<b>VISION AND MISSION STATEMENT</b>	<b>03</b>
<b>KEY OPERATING DATA FOR LAST SIX YEARS</b>	<b>04</b>
<b>NOTICE OF ANNUAL REVIEW MEETING</b>	<b>05</b>
<b>DIRECTORS' REPORT</b>	<b>06</b>
<b>STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE</b>	<b>12</b>
<b>REVIEW REPORT TO THE CERTIFICATE HOLDERS ON CODE OF CORPORATE GOVERNANCE</b>	<b>14</b>
<b>AUDITORS' REPORT TO THE CERTIFICATE HOLDERS</b>	<b>15</b>
<b>SHARI'AH ADVISOR'S REPORT</b>	<b>16</b>
<b>BALANCE SHEET</b>	<b>17</b>
<b>PROFIT AND LOSS ACCOUNT</b>	<b>18</b>
<b>PROFIT OR LOSS ACCOUNT/STATEMENT OF OTHER COMPREHENSIVE INCOME</b>	<b>19</b>
<b>CASH FLOW STATEMENT</b>	<b>20</b>
<b>STATEMENT OF CHANGES IN EQUITY</b>	<b>21</b>
<b>NOTES TO THE ACCOUNTS</b>	<b>22</b>
<b>PATTERN OF CERTIFICATE HOLDINGS</b>	<b>49</b>



## CORPORATE INFORMATION

### Board of Directors

Fidelity Capital Management (Private) Limited.

Chairman	Siyyid Tahir Nawazish
Chief Executive	Mr. Wasim-ul-Haq Osmani
Directors	Sheikh Muhammad Nasim Mr. Abdul Hameed Kiayani

### Company Secretary / CFO

Mr. Ijaz Fazal

### Auditors of Modaraba

Rahman Sarfaraz Rahim Iqbal Rafiq  
Chartered Accountants

### Audit Committee

Chairman	Mr. Abdul Hameed Kiyani
Members	Siyyid Tahir Nawazish Sheikh Muhammad Nasim
Secretary	Mr. Muhammad Arshad

### Credit Committee

Chairman	Siyyid Tahir Nawazish
Members	Mr. Wasim-ul-Haq Osmani Mr. Muhammad Younas Chaudhry

### Human Resource & Remuneration Committee

Chairman	Sheikh Muhammad Nasim
Members	Siyyid Tahir Nawazish Mr. Abdul Hameed Kiyani
Secretary	Mr. Muhammad Younas Chaudhry

### Legal Advisor

Salim & Baig (Advocates)

### Bankers

Samba Bank Limited  
MCB Bank Limited  
Faysal Bank Limited  
Meezan Bank Limited

### Registered Office

Ground Floor, 90, A-1  
Canal Bank Gulberg -II, Lahore  
Tel: 0 4 2 – 3 5 7 1 3 4 6 1 – 6 4  
Fax: 0 4 2 – 3 5 7 5 9 1 2 2  
Email: [info@fidelitymodaraba.com](mailto:info@fidelitymodaraba.com)  
**Website: [www.fidelitymodaraba.com](http://www.fidelitymodaraba.com)**

### Registrars

Corptec Associates (Private) Limited  
503-E, Johar Town Lahore.  
Tel: 0 4 2 – 3 5 1 7 0 3 3 6 - 7  
Fax: 0 4 2 – 3 5 1 7 0 3 3 8  
Email: [corptecassociates@gmail.com](mailto:corptecassociates@gmail.com)



## **Vision**

To excel in providing innovative Islamic financial Services to customers in the best possible manner.

## **Mission**

- To achieve a unique position in the Modaraba sector by developing products, foreseeing upcoming changes, endeavoring value addition, focusing economic and industrial growth of the country and seeking expansion in business activity.
- To offer attractive returns to stakeholders as per their expectations.

To actively participate and support transformation of our mercantile and financial sector in accordance with Sharia.

- To build our institution with attributes of flexibility, innovation and foresight keeping intact prudence level and corporate discipline supported by dedicated management mindful of corporate and social obligation, maintaining high professional and ethical standards with eyes on the future.

**KEY OPERATING DATA FOR LAST SIX YEARS**

(Rupees in Millions)

	June 2017 Rupees	June 2016 Rupees	June 2015 Rupees	June 2014 Rupees	June 2013 Rupees	June 2012 Rupees
<b>Operating results</b>						
Revenues	3.57	5.35	11.57	40.72	21.89	45.36
Operating profit/(loos) before taxation and management fee	(8.15)	(9.74)	(7.30)	3.78	7.18	16.96
<b>Financial position</b>						
Fixed assets (owned and leased out)	228.58	233.52	242.32	250.94	242.60	249.34
Total assets	349.43	357.02	367.18	375.801	374.280	420.93
Certificateholders equity	323.66	331.81	341.61	348.84	344.99	352.80
Paid up capital	264.13	264.13	264.13	264.13	264.13	264.13
Earning (Loss) per certificate	(0.31)	(0.37)	(0.28)	(0.14)	0.27	0.64
Profit distribution (%)	0.00	0.00	0.00	0.00	0.00	5.00
Break-up value per certificate	12.25	12.56	12.93	13.21	13.06	13.36



**NOTICE TO CERTIFICATEHOLDERS  
ANNUAL REVIEW MEETING AND BOOK CLOSURE**

Notice is hereby given that the Annual Review Meeting of First Fidelity Leasing Modaraba to review the performance of Modaraba for the year ended June 30, 2017 will be held on Tuesday October 31, 2017 at 12:30 P.M. at Ground Floor, 90-A-1, Canal Bank, Gulberg-II, Lahore. The Certificate transfer books of the Modaraba remain closed from October 25, 2017 to October 31, 2017 (both days inclusive) for the determination of names of certificate holders for attendance of Annual Review Meeting. Certificate holders whose names are entered in the Register of Certificate holders as on October 24, 2017 shall be entitled to attend the meeting.

October 09, 2017  
Lahore

  
**Ijaz Fazal**  
(CFO/Company Secretary)



## Director's Report

The Board of Directors of Fidelity Capital Management (Private) Limited, the Management company of First Fidelity Leasing Modaraba, are pleased to present the 26th Annual Report of First Fidelity Leasing Modaraba along with the audited financial statements and the auditors' report thereon for the year ended June 30, 2017.

### Financial Results

The financial results of the Modaraba are summarized as follows.

	Rupees in '000'	
	2017	2016
Income	3,573	5,352
Expenses	(11,901)	(17,425)
Operating (loss)/profit before provision and taxation	(8,329)	(12,072)
Impairment allowance for non-performing assets	181	2,329
Modaraba Company's management fee		
(Loss)/profit before taxation	(8,147)	(9,743)
Taxation		
(Loss)/Profit after tax	(8,147)	(9,743)
<b>Appropriations</b>		
Appropriated as follows:		
Transferred to statutory reserves	-	-
<b>Profit distribution</b>		
	Nil	Nil
Earnings per Certificate:		
(Loss)/profit per certificate stood at	Re. (0.31)	Re. (0.37)

### Review of Operations

As referred to in note 17.3.1 to the financial statements and as highlighted by auditors' report Modaraba's major portfolio at present is in the corporate tower and to some extent in Murree Villas. The management is anxious to get Modaraba's funds back so that we may revert back to our core business. During the year under reference, the investment in these properties could not be liquidated at profitable terms due to which new investments for generation of regular stream of income could not be undertaken and the income reported is from the core business of brought forward investments in leasing and morabaha, etc. The management is stressing the owner of the corporate tower to complete it with the help of finances from other sources so that it is completed; at least, to the extent we are able to liquidate the investment. As regards Murree Villas, the management has geared up efforts either to sell the property as such or to complete it by construction through a contractor and hopefully in the financial year ending 30 June 2018 the investment will be liquidated. The Modaraba in the ensuing period has also embarked to sell room it has in ISE Towers, Islamabad and shares of REIT Management Company Limited it held. Proceeds from sale of room, shares, and divestment of investments properties shall bring much needed liquidity to build recurring income base of the Modaraba.

### Corporate Governance Compliance

As required by the Code of Corporate Governance, directors are pleased to report that:

- (a) The financial statements prepared by the management of the Modaraba present fairly its true state of affairs, the results of its operations, cash flows and changes in equity.
- (b) Proper books of account of the Modaraba have been maintained.



- (c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- (d) International accounting standards, as applicable in Pakistan have been followed in preparation of financial statements.
- (e) The system of internal control is sound and has been effectively implemented and monitored.
- (f) There are no significant doubts upon the Moradabad's ability to continue as a going concern.
- (g) There has been no material departure from the best practices of corporate governance as detailed in the listing regulations of the stock exchanges.
- (h) A statement setting out status of the compliance with the best practices of corporate governance is attached.
- (i) There are no statutory payments on account of taxes, duties, levies and charges, which are outstanding as on June 30, 2017 except those disclosed in the financial statements, (if any).

### Key Operating and Financial Data

A statement summarizing key operating and financial data for the last six years is attached.

### Trading in Modaraba certificates by Directors etc.

None of the directors, chief executive, executives, auditors of the Modaraba or their spouses and minor children carried out any trade in the certificates of the Modaraba during the year under report.

### Board Meetings

During the year under review four meetings of the Board of Fidelity Capital Management (Pvt.) Limited were held, which were attended by the directors as follows:

Name of Director	Meetings Attended
Siyyid Tahir Nawazish	4
Mr. Wasim-ul-Haq Osmani	4
Mr. S.M. Nasim	4
Mr. Abdul Hameed Kiyani	3

### Audit Committee Meetings

During the year under review five audit committee meetings were held, which were attended by the directors as follows:

Name of Director	Meetings Attended
Mr. Abdul Hameed Kiyani (chairman)	4
Siyyid Tahir Nawazish	5
Mr. S.M. Nasim	5

### Human Resource Committee Meetings

During the year under review one human resource and remuneration committee meeting was held, which was attended by the directors as follows:

Name of Director	Meetings Attended
Mr. S.M. Nasim	1
Siyyid Tahir Nawazish	1
Mr. Abdul Hameed Kiyani	1

Leave of absence was granted to directors who could not manage to attend some Board meetings.





### Entity Rating

PACRA has assigned Moradabad's long term rating as "BBB+" and short term rating as "A2". The ratings denote low expectation of credit risk and an adequate capacity for timely payment of financial commitments.

### Value of Provident Fund

The Modaraba operates a contributory recognized provident fund for all its permanent employees. Equal monthly contributions are made, both by the Modaraba and the employee to the fund @ 10% of basic salary. The value of the fund as at June 30, 2017 works out to Rs. 1,469,948.

### Pattern of Certificate holdings

The pattern of certificate holdings is annexed to this report.

### Auditors

M/s Rahman Sarfraz Rahim Iqbal Rafiq, Chartered Accountants, auditors of the Modaraba retired and being eligible have offered themselves for reappointment for the year ending June 30, 2018. The Audit Committee has recommended their appointment subject to the approval of the Registrar Modaraba.

### Future Outlook and Strategy

The Management visualizes Modaraba's future prospects bright on realization of funds out of investments in the current real estate projects so as to invest in business modes to generate regular stream of income for the benefit of the certificate holders.

### Acknowledgement

The Board wishes to place on record its appreciation for the continued support, guidance and necessary measures taken pointed by the Registrar Modaraba, Securities and Exchange Commission of Pakistan, Modaraba Association of Pakistan and other Regulators. At the same time the Board appreciates the commitment, dedication and hard work put in by the management and staff members of the Modaraba and looks forward to their continued commitment in the coming years. Finally the Board extends its gratitude and appreciation to the certificate holders who remained committed to the Modaraba.

For and on behalf of the  
Board of Directors

Wasim ul Haq Osmani  
Chief Executive

Lahore  
October 09, 2017



## ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز فیڈیلیٹی ہیٹل منجمنٹ (پرائیویٹ) لمیٹڈ (FCML) منتظم فرسٹ فیڈیلیٹی لیزنگ مضاربہ کی 26 ویں سالانہ مالیاتی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ یہ مالیاتی نتائج رپورٹ فرسٹ فیڈیلیٹی لیزنگ مضاربہ کی قانونی محاسب کی رپورٹ بابت مالیاتی سال 2016-17 کے ساتھ پیش کئے گئے ہیں۔

مالی نتائج سال ہذا

	Rupees in '000'	
	2017	2016
Income	3,573	5,352
Expeses	(11,901)	(17,425)
Opetating (Loss)/profit before provision and taxation	(8,329)	(12,072)
Impairment allowance for non-performing assets	181	2,329
(Loss)/profit before taxation	(8,147)	(9,743)
Taxation	-	-
(Loss)/ Profit after Tax	(8,147)	(9,743)
Appropriations		
Appropriated as follows:		
Transferred to statutory reserves		
Profit distribution	Nil	Nil
Earning per Certificate:		
(Loss)/profit per certificate stood at	Re.(0.31)	Re.(0.37)

کارکردگی کا جائزہ

جیسا کہ نوٹ نمبر 17.3.1 میں مالی بیانات میں محاسب نے اجاگر کیا ہے۔ کہ مضاربہ ہذا کی زیادہ تر سرمایہ کاری کارپوریٹ ٹاور اور کچھ حد تک مری و لاز میں ہے۔ یہاں پر یہ بات واضح کرنے کی ضرورت ہے کہ انتظامیہ کی یہ خواہش ہے کہ مضاربہ کی یہ سرمایہ کاری واپس آجائے۔ سال ہذا میں مذکورہ بالا سرمایہ کاری کچھ مشکلات کی وجہ سے بچی نہیں جاسکی۔ اس لئے نئی سرمایہ کاری نہ ہو سکی اور نڈ آمدنی کا کوئی مستقل ذریعہ پیدا ہو سکا۔ سال ہذا کی آمدنی مضاربہ کے اصل کاروبار جو کہ اجارہ اور مورابا وغیرہ پر مشتمل ہے، سے حاصل کی گئی ہے۔ یہ سرمایہ کاری مضاربہ نے پچھلے سالوں میں کی تھی۔

انتظامیہ ہذا کارپوریٹ ٹاور کے مالک جس کے ساتھ مل کر یہ ٹاور بنایا جا رہا ہے، اس کو زور دے کر اس بات پر قائل کر رہی ہے کہ اس ٹاور کو کسی اور ذرائع سے مالیات حاصل کر کے کم از کم اتنا حصہ ضرور مکمل کرے کہ ہم اس مکمل شدہ حصے کو بیچ کر اس میں سے اپنا سرمایہ واپس نکال سکیں۔ جہاں تک مری و لاز کا تعلق ہے اس میں انتظامیہ نے اپنی کوششیں تیز تر کر دیں ہیں کہ یا تو اس کو اسی حالت میں فروخت کر دیا جائے یا اس کو کسی کنٹریکٹر کے ذریعے بنا کر فروخت کیا جائے۔

امید ہے کہ یہ کام سال 2018 میں مکمل ہو جائے گا۔ مضاربہ نے جاری اگلے مالی سال میں، ISE اور اسلام آباد میں موجود اپنا کمرہ اور ISE REIT Management Company Limited کے حصص کی فروخت کے لئے عملی اقدام شروع کر دیئے ہیں۔ امید ہے کہ کمرہ، حصص اور انویسٹمنٹ پراپرٹیز کی فروخت سے ہمیں کافی سرمایہ کاری میسر ہو جائے گی۔ جو کہ ہمیں ایک مستقل سالانہ آمدنی مہیا کرنے کا ذریعہ بنے گی۔



## کوڈ آف کارپوریٹ گورننس کی تعمیل

کوڈ آف کارپوریٹ گورننس کے تحت ڈائریکٹرز یہ رپورٹ پیش کرتے ہیں کہ:

- (ا) مضاربہ کی انتظامیہ کی جانب سے تیار کردہ مالی گوشوارے اس کے معاملات کو، عوامل کے نتائج کو کیش فلو اور ایکویٹی میں تبدیلیوں کو جائز طور پر پیش کرتے ہیں۔  
(ب) مضاربہ کے باقاعدہ کھاتے برقرار رکھے گئے ہیں۔

(پ) مالی اسٹیٹمنٹس کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیاں مسلسل لاگو کی گئی ہیں اور اکاؤنٹنگ کے تخمینہ جات معقول اور محتاط فیصلوں پر مبنی ہیں۔

(ت) مالی اسٹیٹمنٹس کی تیاری میں پاکستان میں مضاربہ پر لاگو بین الاقوامی مالی رپورٹنگ اور اسلامی اکاؤنٹنگ کے معیار کی پیروی کی گئی ہے۔

(ث) مضاربہ کا اندرونی کنٹرول اپنے ڈھانچے میں درست ہے اور اس کا اطلاق اور نگرانی موثر طریقے سے کی گئی ہے۔

(ج) مضاربہ کی مسلسل کاروبار جاری رکھنے کی صلاحیت میں کوئی شبہ نہ ہے۔

(چ) پاکستان اسٹاک ایکچینج لمیٹڈ کے لسٹنگ قوانین میں بیان کردہ کاروبار کی دیکھ بھال کے بہترین عمل میں کوئی قابل ذکر تبدیلی نہ ہوئی ہے۔

(ح) وہ بیانات جو کہ دیکھ بھال کے اعلیٰ اور اچھے نظام کے تحت ہیں وہ اس کتاب میں درج ہیں۔

(خ) میکسیز، ڈیویٹیز، لیویز اور چارج کی مد میں 30 جون 2017 تک کی آئینی ادائیگیوں میں کوئی واجب الادا مطالبات نہ ہیں

ماسوائے ان کے جو مالی گوشوارے میں بیان کیے گئے ہیں۔ (اگر ہیں تو)

مضاربہ کے حصص میں ڈائریکٹران کا کاروبار

سال ہذا میں مضاربہ کے حصص میں کسی ڈائریکٹر، چیف ایگزیکٹو، کسی افسر، آڈیٹر آف دی مضاربہ یا ان کے عزیز واقارب نے تجارت نہ کی۔

پچھلے چھ سالوں کا مالی موازنہ اس کتاب میں درج ہے۔

بورڈ مینٹلز

30 جون 2017 کو اختتام پزیر ہونے والے سال میں ہونے والی مینٹلز کی تفصیلات درج ذیل ہیں۔

تعداد حاضری			نام
ایچ آر کمیٹی	آڈٹ کمیٹی	بورڈ	
1	5	4	جناب سید طاہر نواش
-	5	4	جناب وسیم الحق عثمانی
1	5	4	جناب ایس۔ ایم نسیم
1	4	3	جناب عبدالحمید کیانی



وہ ڈائریکٹرز جو کچھ میٹنگز میں نہ آسکے انہیں غیر حاضری کی چھٹی دی گئی۔

## انٹی ریٹنگ

جون 2017 جاری کردہ اپنی رپورٹ میں PACRA کریڈٹ ریٹنگ کمپنی نے طویل دورانیے کی ریٹنگ BBB+ اور مختصر دورانیے کی کریڈٹ ریٹنگ A2 مختص کی ہے۔

## پراویڈنٹ فنڈ

مضاربہ اپنے مستقل ملازمین کے لیے ایک منظور شدہ پراویڈنٹ فنڈ ہے۔ اس فنڈ کی مالیت 30-06-2017 کو 1,469,948/- روپے ہے۔

## پٹرین آف سرٹیفکیٹ ہولڈنگ

سرٹیفکیٹ ہولڈرز 30.06.2017 کی ترتیب لف ہذا ہے۔

## آڈیٹرز

آڈٹ کمیٹی نے دوبارہ اپنی خدمات سال 2018 06 30 پیش کرنے رضاربہ کے آڈیٹر میسرز رحمان سرفراز رحیم اقبال رفیق چارٹرڈ اکاؤنٹنٹس جو کہ اس کے اہل ہیں، منظوری دی ہے جو کہ رجسٹر آف مضاربہ کمپنیز کی منظوری سے مشروط ہے۔

## مستقبل کا جائزہ

مضاربہ ہذا کی انتظامیہ کو اس بات کا ادراک ہے کہ مضاربہ کا مستقبل بہت تابناک ہے۔ ریکل اسٹیٹ میں کی جانے والی سرمایہ کاری جب واپس آجائے گی تو مضاربہ کے لئے یہ بہت آسان ہوگا کہ وہ اس سرمایہ کاری کو اجارہ، موراباھا وغیرہ اور دوسرے منافع بخش کاموں میں لگا کر مستقل بنیادوں پر بہت اچھا منافع کما سکے اور اپنے سرٹیفکیٹ ہولڈرز کو مستقل بنیادوں پر فائدہ باہم پہنچائے۔

## اعتراف

بورڈ آف مضاربہ اس موقع پر رجسٹرار مضاربہ، سیکرٹری اینڈ ایگزیکٹو کمیشن آف پاکستان، پاکستان اسٹاک ایکسچینج لمیٹڈ، مضاربہ ایسوسی ایشن آف پاکستان کا ان کی مسلسل حمایت، رہنمائی اور سرپرستی کے لئے شکرگزار ہے۔ بورڈ اس موقع سرٹیفکیٹ ہولڈرز کا ان کے اعتماد اور بھروسے کے لیے شکرگزار ہے اور خراج تحسین پیش کرتا ہے۔ اور اس کے ساتھ ساتھ انتظامیہ اور تمام عملے کا ان کی پر عزم اور دل سے کی جانے والی خدمات کا خصوصی شکر یہ ادا کرتا ہے۔

برائے و بجانب بورڈ

وسیم الحق عثمانی

چیف ایگزیکٹو آفیسر

لاہور

اکتوبر 09، 2017



## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Name of company: **First Fidelity Leasing Modaraba**

Year ending: **June 30, 2017**

The statement is being presented to comply with the Code of Corporate Governance (CCG) as contained in the listing regulation No.5.19.23 of listing Regulations of Pakistan Stock Exchange for the purpose of establishing a frame work of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

Fidelity Capital Management (Private) Limited is the Management Company of First Fidelity Leasing Modaraba and is a private limited company. The Code of Corporate Governance is not applicable to the Management Company. However, First Fidelity Leasing Modaraba is listed at all Stock Exchanges, comes under the ambit of the Code. First Fidelity Leasing Modaraba being a Modaraba does not have its own Board. The Board of Directors of the Management Company manages the affairs of the Modaraba.

The Management Company has applied the principles contained in the CCG in the following manner:

1. The Management Company encourages representation of independent non-executive directors. At present the board includes:

Sr.No.	Category	Names
1	Independent Director	Mr. Abdul Hameed Kiyani
2	Executive Director	Mr. Wasim Ul Haq Osmani
3	Non Executive Directors	Siyyid Tahir Nawazish
4		Mr. S.M. Nasim

The independent director meets the criteria of independence as required under clause 5.19.1(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including the Management Company.
3. All the resident directors of the company are registered as tax payers and none of them has defaulted in payment of any loan to banking company, a DFI or an NBFC or being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the Board of Management Company during the year.
5. Management Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company and Modaraba along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Modaraba. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors are taken by the board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies.  
Three Directors of the Management Company are exempt from directors training program due to 14 years of education and 16 years of experience on the board of a listed company.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal audit, including their remuneration and terms and conditions of employment. The appointment of CFO, Company Secretary was made during the year.
11. The report of the directors of the Management Company on the financial statement of the Modaraba of this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.



12. The financial statements of the Modaraba were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the certificates of the Modaraba other than that disclosed in the pattern of certificates holding.
14. The Modaraba has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of 3 members, all of whom are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter for the review of interim and final results prior to the approval by the Board of Directors. The terms of reference of the committee have been approved by the Board and advised to the committee for compliance.
17. The Board has formed a Human Resource and Remuneration (HR&R) Committee. It comprises of 3 members, all of whom are non-executive directors.
18. The Board has set up an effective internal audit function that is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Modaraba and they are involved in the internal audit function on full time basis.
19. The statutory auditors of the Modaraba have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Modaraba's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The company has complied with requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

for and on behalf of the

Board of Directors  
**Wasim ul Haq Osmani**  
 Chief Executive

Lahore  
 October 09, 2017



## Review Report to the Certificate Holders on Statement of Compliance with Best practices of Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ('the Code') prepared by the Board of Directors of **FIDELITY CAPITAL MANAGEMENT (PRIVATE) LIMITED** ('the Management Company') in respect of **FIRST FIDELITY LEASING MODARABA** ('the Modaraba') for the year ended **June 30, 2017** to comply with the requirements of Regulation No 5.19 of the Rule Book of Pakistan Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Management Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

There were no related party transactions falling within the ambit of Regulation No. 5.19.6 of the Rule Book of Pakistan Stock Exchange Limited.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with best practices contained in the Code as applicable to the Management Company for the year ended **June 30, 2017**.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraph reference where these are stated in Statement of Compliance:

Reference	Description
Paragraph 9	No training program for the non-exempted director was held during the year
Paragraph 24	The Board is in the process of developing the mechanism for annual evaluation of its own performance

**RAHMAN SARFARAZ RAHIM IQBAL RAFIQ**  
**Chartered Accountants**  
**Engagement Partner: IRFAN RAHMAN MALIK**  
**Date: OCTOBER 07, 2017**  
**Place: LAHORE**



## AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of **FIRST FIDELITY LEASING MODARABA** ("the Modaraba") as at June 30, 2017 and the related profit and loss account, statement of profit or loss and other comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

These financial statements are the Modaraba Company's **[Fidelity Capital Management (Private) Limited]** responsibility who is also responsible to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by the Modaraba Company, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that-

- I. As referred to in note 17.3.1 to the financial statements, the construction of the Tower was due to be completed by December 28, 2013 as per the settlement agreement and agreement sell and buy back. However, the construction work has stalled at the plinth level. Settlement of the advance is dependent upon completion of the Tower through raising further funds or disposal of the tower in existing state to an interested party for which the management as well as the contractor are actively working upon. Pending the outcome of the aforesaid efforts, management has not measured the recoverable amount of the advance. Accordingly, impairment loss, if any, has not been recognized in these financial statements.
- II. Except for the effects, if any, of the matter described in paragraph (I) above:
  - a) in our opinion, proper books of account have been kept by the Modaraba Company in respect of the Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;
  - b) in our opinion-
    - i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of account and are further in agreement with accounting policies consistently applied;
    - ii. the expenditure incurred during the year was for the purpose of the Modaraba's business; and
    - iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;
  - c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of profit or loss and other comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2017 and of the loss, other comprehensive loss, its cash flows and changes in equity for the year then ended; and
- III. in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

**RAHMAN SARFARAZ RAHIM IQBAL RAFIQ**

*Chartered Accountants*

Engagement Partner: **IRFAN RAHMAN MALIK**

Lahore: **October 07, 2017**





## **Shari'ah Review Report of First Fidelity Leasing Modaraba For The Year Ended June 30, 2017**

I have conducted the Shari'ah review of M/s First Fidelity Leasing Modaraba managed by Fidelity Capital Management (Pvt.) Limited, the Modaraba Management Company for the yearended June 30, 2017 in accordance with the requirements of the Shari'ah Compliance and Shari'ah Audit Mechanism for Modarabas and report that in my opinion;

1. The Modaraba has introduced a mechanism which has strengthened the Shari'ah compliance, in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the Shari'ah principles;
2. The Modaraba primarily used Ijara and Morabaha for its financing activities, all these transactions are/were being executed under my supervision/review. The agreement(s) entered into by the Modaraba are Shari'ah compliant and the financing agreement(s) have been executed on the formats as approved by the Religious Board and all the related conditions have been met;
3. During the period the Modaraba has not extended any Ijara / Morabaha facility as major amounts are invested in infrastructure project, mainly Enplan and Murree Villas. Furthermore the management continued its efforts to recover the classified portfolio. However, subsequent to current financial year, Modaraba has sold its leasehold property/Room at ISE Tower and funds to be received from the sale will be invested in lease portfolio.
4. On liabilities side the Modaraba has not availed financing from any financial institution or a corporate entity during the year, furthermore there is not any brought forward figure, under this head, appearing in the book of accounts of the Modaraba.

To the best of my information and according to the explanations given to me, the business transactions undertaken by the Modaraba and all other matters incidental thereto are in conformity with Shari'ah requirements as well as the requirements of the Prospectus, Islamic Financial Accounting Standards as applicable in Pakistan and the Shari'ah Compliance and Shari'ah Audit Regulations for Modarabas.

There has been no earning that has been realized from the sources or by means prohibited by Shari'ah which could have been credited to charity accounts.

The amount kept under the head of charity was partially donated to two renowned approved charitable hospitals/institutions, management promised to donate the remaining amount to approved institutions shortly.

### **Recommendations**

The management should continue its endeavor to comply with the rulings of Shari'ah in its business operations and future transactions.

The Modaraba should focus on new innovations and explore possibility of entering into more specialized Shari'ah compliant business modes. The amounts already invested in development projects should be liquidated ASAP and be shifted towards core business of the Modaraba.

It has been recommended that remaining amount kept under the head of charity should be disbursed ASAP.

### **Conclusion:**

Based on the above mentioned facts, I am of the view that the business operations of First Fidelity Leasing Modaraba are Shari'ah Compliant, to the best of my knowledge.

May Allah make us successful in this world and hereafter and forgive our mistakes.

Mufti Muhammad Umar Ashraf  
Shari'ah Advisor  
Dated: October 7, 2017



## BALANCE SHEET AS AT JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and bank balances	6	24,406	127,069
Short term finances under murabahah arrangements - Secured	7	93,239,838	95,219,919
Ijarah rentals receivable - Secured	8	101,696	106,801
Profit receivable	9	43,820	133,867
Prepayments and other receivables	10	12,974,984	13,240,872
Advance income tax		1,392,323	1,267,311
Current portion of non-current assets	11	37,078	361,101
		<b>107,814,145</b>	<b>110,456,940</b>
<b>NON-CURRENT ASSETS</b>			
Long term finances under murabahah arrangements - Secured	12	-	-
Long term advances and deposits	13	1,000,550	1,010,903
Long term investment	14	5,750,000	5,750,000
Membership assets	15	6,280,000	6,280,000
Assets leased out under ijarah contracts	16	4,009,111	8,586,719
Property and equipment	17	224,571,593	224,938,783
		<b>241,611,254</b>	<b>246,566,405</b>
<b>TOTAL ASSETS</b>		<b>349,425,399</b>	<b>357,023,345</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accrued and other liabilities	18	23,162,113	20,188,768
Current portion of non-current liabilities	19	327,528	2,432,408
		<b>23,489,641</b>	<b>22,621,176</b>
<b>NON-CURRENT LIABILITIES</b>			
Security deposits	20	1,264,100	1,390,169
Employees retirement benefits	21	1,010,925	1,204,199
Deferred murabahah income	22	-	-
		<b>2,275,025</b>	<b>2,594,368</b>
Contingencies and commitments	23		
<b>TOTAL LIABILITIES</b>		<b>25,764,666</b>	<b>25,215,544</b>
<b>NET ASSETS</b>		<b>323,660,733</b>	<b>331,807,801</b>
<b>REPRESENTED BY</b>			
<b>Authorized certificate capital</b>			
62,500,000 (2016: 62,500,000) modaraba certificates of Rs. 10 each		<b>625,000,000</b>	<b>625,000,000</b>
Issued, subscribed and paid-up capital	24	264,138,040	264,138,040
Reserves	25	59,522,693	67,669,761
<b>TOTAL EQUITY</b>		<b>323,660,733</b>	<b>331,807,801</b>

The annexed notes 1 to 46 form an integral part of these financial statements.

For Fidelity Capital Management (Private) Limited  
[The Management Company]

  
**Chief Executive**  
 Fidelity Capital Management  
 (Private) Limited

  
**Director**  
 Fidelity Capital Management  
 (Private) Limited

  
**Director**  
 Fidelity Capital Management  
 (Private) Limited



**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2017**

	<i>Note</i>	2017 <i>Rupees</i>	2016 <i>Rupees</i>
<b>INCOME</b>			
Income from ijarah financing		2,206,594	4,493,948
Profit on murabahah financing		16,822	443,235
Net other income	26	1,349,717	415,718
		<b>3,573,133</b>	5,352,901
<b>EXPENSES</b>			
Amortization of assets leased out under ijarah contracts	16	(1,494,378)	(2,846,303)
Administrative and general expenses	27	(10,138,251)	(14,370,794)
Stock exchange and CDC charges		(263,167)	(199,545)
Financial charges	28	(6,194)	(8,481)
		<b>(11,901,990)</b>	(17,425,123)
Changes in impairment allowance for non-performing assets	29	181,789	2,329,052
<b>Loss before taxation</b>		<b>(8,147,068)</b>	(9,743,170)
Taxation	30	-	-
<b>Loss after taxation</b>		<b>(8,147,068)</b>	(9,743,170)
<b>Loss per certificate - basic and diluted</b>	31	<b>(0.31)</b>	(0.37)

*The annexed notes 1 to 46 form an integral part of these financial statements.*

For Fidelity Capital Management (Private) Limited  
[The Management Company]

  
**Chief Executive**  
Fidelity Capital Management  
(Private) Limited

  
**Director**  
Fidelity Capital Management  
(Private) Limited

  
**Director**  
Fidelity Capital Management  
(Private) Limited



**PROFIT AND LOSS ACCOUNT/STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2017**

	<i>Note</i>	2017 <i>Rupees</i>	2016 <i>Rupees</i>
Items that may be reclassified subsequently to profit or loss		-	-
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit obligation	21.1.2	-	(59,536)
<b>Other comprehensive loss</b>		-	(59,536)
<b>Loss after taxation</b>		<b>(8,147,068)</b>	(9,743,170)
<b>Total comprehensive loss</b>		<b>(8,147,068)</b>	<b>(9,802,706)</b>

*The annexed notes 1 to 46 form an integral part of these financial statements.*

For Fidelity Capital Management (Private) Limited  
[The Management Company]

  
**Chief Executive**  
 Fidelity Capital Management  
 (Private) Limited

  
**Director**  
 Fidelity Capital Management  
 (Private) Limited

  
**Director**  
 Fidelity Capital Management  
 (Private) Limited



## CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2017

	<i>Note</i>	2016 <i>Rupees</i>	2016 <i>Rupees</i>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash used in operations	33	(3,121,987)	(4,843,090)
(Payments)/receipts for:			
Employees retirement benefits		(1,500)	(967,911)
Income taxes		(125,012)	(46,253)
Proceeds from transfer of ljarah assets		3,083,230	4,681,575
Profit distribution		(9,394)	(39,808)
<b>Net cash used in operating activities</b>		<b>(174,663)</b>	<b>(1,215,487)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(28,000)	-
Proceeds from disposal of property and equipment		100,000	609,997
Proceeds from sale of short term investments		-	332,847
<b>Net cash generated from investing activities</b>		<b>72,000</b>	<b>942,844</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
		-	-
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(102,663)</b>	<b>(272,643)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>127,069</b>	<b>399,712</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	34	<b>24,406</b>	<b>127,069</b>

*The annexed notes 1 to 46 form an integral part of these financial statements.*

For Fidelity Capital Management (Private) Limited  
[The Management Company]

  
**Chief Executive**  
Fidelity Capital Management  
(Private) Limited

  
**Director**  
Fidelity Capital Management  
(Private) Limited

  
**Director**  
Fidelity Capital Management  
(Private) Limited



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2017

Note	Issued subscribed and paid-up capital  Rupees	Capital Reserves			Revenue Reserve		Total equity  Rupees
		Statutory reserve  Rupees	Available for sale financial assets  Rupees	Total  Rupees	Accumulated loss  Rupees		
Balance as at July 01, 2015	264,138,040	79,377,508	22,898	79,400,406	(1,905,041)	341,633,405	
<b>Comprehensive income</b>							
Loss after taxation	-	-	-	-	(9,743,170)	(9,743,170)	
Other comprehensive loss	-	-	(22,898)	(22,898)	(59,536)	(82,434)	
<b>Total comprehensive loss</b>	-	-	(22,898)	(22,898)	(9,802,706)	(9,825,604)	
<b>Transaction with owners</b>	-	-	-	-	-	-	
<b>Balance as at June 30, 2016</b>	264,138,040	79,377,508	-	79,377,508	(11,707,747)	331,807,801	
Balance as at July 01, 2016	264,138,040	79,377,508	-	79,377,508	(11,707,747)	331,807,801	
Loss after taxation	-	-	-	-	(8,147,068)	(8,147,068)	
Other comprehensive income	-	-	-	-	-	-	
<b>Total comprehensive loss</b>	-	-	-	-	(8,147,068)	(8,147,068)	
<b>Transaction with owners</b>	-	-	-	-	-	-	
<b>Balance as at June 30, 2017</b>	264,138,040	79,377,508	-	79,377,508	(19,854,815)	323,660,733	

The annexed notes 1 to 46 form an integral part of these financial statements.

For Fidelity Capital Management (Private) Limited  
[The Management Company]

  
**Chief Executive**  
 Fidelity Capital Management  
 (Private) Limited

  
**Director**  
 Fidelity Capital Management  
 (Private) Limited

  
**Director**  
 Fidelity Capital Management  
 (Private) Limited



## NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### 1 REPORTING ENTITY

First Fidelity Leasing Modaraba ("the Modaraba") is a perpetual, multi-purpose and multi-dimensional modaraba formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed there under and is managed by Fidelity Capital Management (Private) Limited ("the Management Company"), a company incorporated in Pakistan under the Companies Ordinance 1984. The registered office of the Modaraba is situated at Ground Floor 90, A-1 Canal Bank, Gulber-II, Lahore. The Modaraba was floated on December 05, 1991 and is listed on Pakistan Stock Exchange Limited. The Modaraba is primarily engaged in the business of ijarah, musharakah and murabahah financing, equity investment, brokerage and other related business.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 ("the Ordinance"), the Modaraba Companies and Modaraba Rules, 1981 ("the Rules"), Prudential Regulations for Modarabas ("the Regulations") and other directives ("the Directives") issued by the Securities and Exchange Commission of Pakistan together with approved accounting standards as applicable in Pakistan to Modarabas. Approved accounting standards comprise of such International Financial Reporting Standards ("IFRSs"), the International Accounting Standards ("IASs") and the Islamic Financial Accounting Standards ("IFASs") as notified under the provisions of the repealed Companies Ordinance, 1984 and made applicable to modarabas under the Ordinance, the Rules, the Regulations and the Directives. The requirements of the Ordinance, the Rules, the Regulations or the Directives take precedence wherever they differ from the requirements of approved standards. Further, where the requirements of IFAS differ from the requirements of other approved standards, the IFASs take precedence.

The Securities and Exchange Commission of Pakistan vide Circular No. 10 of 2004 date February 13, 2004 has deferred, till further orders, the applicability of the IAS 17 "Leases" with effect from July 01, 2003. Accordingly, this IAS has not been considered for the purpose of preparation of these financial statements.

#### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain financial instruments at fair value/amortized cost and employees retirement benefits at present value. In these financial statements, except for the cash flow statement, all transactions have been accounted for on accrual basis.

#### 2.3 Judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Subsequently, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. There are no estimation uncertainties as at the reporting date. Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

##### 2.3.1 Recoverable amount and impairment (see note 5.24)

The Modaraba reviews carrying amounts of its assets for possible impairment and makes formal estimates of recoverable amount if there is any such indication. Musharakah, Murabahah and Ijarah finances, and related other receivables are tested for impairment taking into account the borrowers' payment/credit history, adequacy of security and requirements of Prudential Regulations for Modarabas.

##### 2.3.2 Depreciation method, rates and useful lives of operating fixed assets (see note 5.7)

The Modaraba reassesses useful lives, depreciation method and rates for each item of operating fixed assets annually by considering expected pattern of economic benefits that the Company expects to derive from that item.

##### 2.3.3 Obligation under defined benefit plan (see note 5.9)

The Modaraba's obligation under the defined benefit plan is based on assumptions of future outcomes, the principal ones being in respect of increases in remuneration, remaining working lives of employees and discount rates to be used to determine present value of defined benefit obligation.



#### 2.3.4 Provisions (see note 6)

Provisions, other than allowances for impairment, are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Modaraba would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

#### 2.4 Functional currency

These financial statements are prepared in Pak Rupees which is the Modaraba's functional currency.

### 3 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE DURING THE YEAR.

The following new and revised standards, interpretations and amendments are effective in the current year but are either not relevant to the Modaraba or their application does not have any material impact on the financial statements of the Modaraba other than presentation and disclosures.

#### IFRS 14 – Regulatory Deferral Accounts (2014)

The standard permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.

#### Equity Method in Separate Financial Statements (Amendments to IAS 27 - Separate Financial Statements)

IAS 27 - Separate Financial Statements has been amended to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

#### Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11 – Joint Arrangements)

IFRS 11 - Joint Arrangements has been amended to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to:

- Apply all of the business combinations accounting principles in IFRS 3 - Business Combinations and other IFRSs, except for those principles that conflict with the guidance in IFRS 11.
- Disclose the information required by IFRS 3 - Business Combinations and other IFRSs for business combinations.

The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured).

#### Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets)

IAS 16 - Property, Plant and Equipment and IAS 38 - Intangible Assets have been amended to:

- Clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment.
- Introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.
- Add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

#### Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 - Consolidated Financial Statements, IFRS 12 - Disclosure of Interests in Other Entities, IAS 28 - Accounting for Investments in Associates and Joint Ventures)

The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities.

#### Agriculture: Bearer Plants (Amendments to IAS 16 – Property, Plant and Equipment and IAS 41 – Agriculture)

IAS 16 - Property, Plant and Equipment and IAS 41 - Agriculture have been amended to:

- Include 'bearer plants' within the scope of IAS 16 rather than IAS 41, allowing such assets to be accounted for a property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with IAS 16.
- Introduce a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.





- Clarify that produce growing on bearer plants remains within the scope of IAS 41.

#### Disclosure initiative (Amendments to IAS 1 - Presentation of Financial Statements)

IAS 1 Presentation of Financial Statements has been amended to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes:

- Clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;
- Clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss;
- Additional examples of possible ways of ordering the notes to clarify that understand ability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

#### 4 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE.

The following standards, interpretations and amendments are in issue which are not effective as at the reporting date and have not been early adopted by the Modaraba.

	<b>Effective date (annual periods beginning on or after)</b>
Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12 - Income Taxes)	January 01, 2017
Disclosure initiative (Amendments to IAS 7 - Statement of Cash Flows)	January 01, 2017
IFRS 9 – Financial Instruments (2014)	January 01, 2018
IFRS 15 – Revenue from Contracts with Customers (2014)	January 01, 2018
IFRS 16 – Leases (2016)	January 01, 2019
IFRS 17 – Insurance contracts (2017)	January 01, 2021
Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures).	Deferred Indefinitely
Clarifications to IFRS 15 - Revenue from Contracts with Customers	January 01, 2018
IFRIC 22 - Foreign Currency Transactions and Advances Consideration	January 01, 2018
IFRIC 23 - Uncertainty over Income Tax Treatments	January 01, 2019
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2 - Share-based Payment)	January 01, 2018
Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4 - Insurance Contracts)	January 01, 2018
Transfers of Investment Property (Amendments to IAS 40 - Investment Property)	January 01, 2018
Annual Improvements to IFRS 2014–2016 Cycle	January 01, 2018
Companies Act, 2017	July 01, 2017

The Modaraba intends to adopt these new and revised standards, interpretations and amendments on their effective dates, subject to, where required, notification by Securities and Exchange Commission of Pakistan regarding their adoption. The management anticipates that, except as stated below, the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the Modaraba's financial statements other than in presentation/disclosures.

#### IFRS 9 – Financial Instruments: Classification and Measurement (2014)

IFRS 9 replaces IAS 39 - Financial Instruments: *Recognition and Measurement*. The standard contains requirements in the following areas:



- **Classification and measurement:** Financial assets are classified by reference to the business model within which they are held and their cash flow characteristics. The standard introduces a 'fair value through comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to measurement of entity's own credit risk.
- **Impairment:** IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit loss to have occurred before a credit loss is recognized.
- **Hedge accounting:** IFRS 9 introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposure.
- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Adoption of this IFRS 9 may result in material adjustment to carrying amounts of financial assets and liabilities. However, the financial impact of the same cannot be estimated with reasonable certainty at this stage.

#### **IFRS 15 – Revenue from Contracts with Customers (2014)**

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customer.

- Identify the contract with customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contracts.
- Recognized revenue when or as the entity satisfies a performance obligation.

Adoption of this IFRS 15 may result in material adjustment to carrying amounts of contract revenue, expenses, assets and liabilities. However, the financial impact of the same cannot be estimated with reasonable certainty at this stage.

## **5 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

### **5.1 Cash and cash equivalents**

Cash and cash equivalents comprise of cash in hand and deposits maintained with banks. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

### **5.2 Foreign currency transactions and balances**

Transactions in foreign currency are translated to the functional currency of the Modaraba using exchange rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at exchange rate prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to the functional currency at exchange rate prevailing at the date the fair value is determined. Non-monetary assets and liabilities denominated in foreign currency that are measured at historical cost are translated to functional currency at exchange rate prevailing at the date of initial recognition. Any gain or loss arising on translation of foreign currency transactions and balances is recognized in profit or loss.

### **5.3 Financial instruments**

#### **5.3.1 Recognition**

A financial instrument is recognized when the Modaraba becomes a party to the contractual provisions of the instrument.

#### **5.3.2 Classification**

The Modaraba classifies its financial instruments into following classes depending on the purpose for which the financial assets and liabilities are acquired or incurred. The Modaraba determines the classification of its financial assets and liabilities at initial recognition.



**(a) Loans and receivables**

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Assets in this category are presented as current assets except for maturities greater than twelve months from the reporting date, where these are presented as non-current assets.

**(b) Available for sale financial assets**

Available for sale financial assets are non-derivative financial assets that are designated as such on initial recognition or are not classified as (a) loans and receivables (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss. These are intended to be held for an indefinite period of time, which may be sold in response to the needs for liquidity or change in price.

**(c) Financial liabilities at amortized cost**

Non-derivative financial liabilities that are not financial liabilities at fair value through profit or loss are classified as financial liabilities at amortized cost. Financial liabilities in this category are presented as current liabilities except for maturities greater than twelve months from the reporting date where these are presented as non-current liabilities.

**5.3.3 Measurement**

The particular measurement methods adopted are disclosed in the individual policy statements associated with each instrument.

**5.3.4 De-recognition**

Financial assets are de-recognized if the Modaraba's contractual rights to the cash flows from the financial assets expire or if the Modaraba transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Any gain or loss on de-recognition of financial assets is recognized in profit or loss.

**5.3.5 Off-setting**

A financial asset and a financial liability is offset and the net amount reported in the balance sheet if the Modaraba has legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

**5.3.6 'Regular way' purchases and sales of financial assets**

'Regular way' purchases and sales of financial assets are those contracts which require delivery of assets within the time frame generally established by the regulation or convention in the market. 'Regular way' purchases and sales of financial assets are recognized and derecognized on trade dates.

**5.4 Membership assets**

These are stated at cost less accumulated impairment losses, if any.

**5.5 Assets leased out under ijarah contracts**

Assets leased out are stated at cost less accumulated depreciation. Depreciation is recognized in profit or loss over shorter of ijarah (lease) term or useful life by applying straight line method. In respect of additions and sales/transfers during the year, depreciation is charged proportionately to the period of ijarah (lease).

**5.6 Ijarah rentals and murabahah finance receivables**

Ijarah rentals and murabahah finance receivables are classified as 'loans and receivables' and are stated net off provision and suspense income. Provision is recognised in accordance with the Prudential Regulations for Modarbas.

**5.7 Property and equipment**

These comprise operating fixed assets of the Modaraba.

Property and equipment except for the land and capital work-in-progress are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation. Land and capital work-in-progress are stated at cost less any identified impairment loss.



Major renewals and improvements to fixed assets are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Modaraba and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of fixed assets are recognized in profit or loss as incurred.

The Modaraba recognizes depreciation in profit or loss by applying straight line method after taking into account residual value over the useful life of each operating fixed asset using rates specified in note 17.1 to the financial statements. Depreciation on additions to operating fixed assets is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

An operating fixed asset is de-recognized when permanently retired from use. Any gain or loss on disposal of fixed assets is recognized in profit or loss.

## **5.8 Accrued and other liabilities**

### **5.8.1 Financial liabilities**

These are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being their fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

### **5.8.2 Non-financial liabilities**

These, both on initial recognition and subsequently, are measured at fair value, which is normally the transaction cost.

## **5.9 Employees retirement benefits**

### **5.9.1 Short term employee benefits**

The Modaraba recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

### **5.9.2 Post employment benefits**

#### **(a) Defined benefit plan**

The Modaraba operates an approved funded gratuity scheme for all its employees who have completed the minimum qualifying service period. Liability is adjusted on each reporting date to cover the obligation and the adjustment is charged to profit or loss with the exception of remeasurements which are recognized in other comprehensive income. The amount recognized on balance sheet represents the present value of defined benefit obligation. The details of the scheme are referred to in note 21.1 to the financial statements.

The Modaraba operates a leave encashment facility, a defined benefit plan, for all of its employees. Under the scheme, the Modaraba pays a lump-sum benefit as leave encashment for unutilized privilege leaves accrued upto the end of service, subject to the maximum permissible accumulation of 90 days. The scheme is administered by the management of the Modaraba under the supervision and directions of the Board of Directors of the Management Company. The amount recognized on balance sheet represents present value of defined benefit obligation. The details of the scheme are referred to in note 21.2 to the financial statements.

#### **(b) Defined contribution plan**

The Modaraba operates a provident fund scheme for all its employees. Equal monthly contributions are made both by the Modaraba and the employees at the rate of 10% of basic salary. Contributions are recognized in profit or loss. The fund is administered by the Trustees.

## **6.0 Provisions and contingencies**

Provisions are recognized when the Modaraba has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provision is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.



## 5.20 Certificate capital

Certificate capital is recognized as equity. Incremental costs directly attributable to the issue of certificates are recognized as deduction from the equity.

## 5.21 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of returns allowances, trade discounts and rebates, and represents amounts received or receivable for goods and services provided and other operating income earned in the normal course of business. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Modaraba, and the amount of revenue and the associated costs incurred or to be incurred can be measured reliably.

Revenue from different sources is recognized as follows:

- 5.21.1 Ijarah rentals are recognized over the period of lease as and when the related rentals become due.
- 5.21.2 Profit on murabahah finances is recognized on time proportion basis as and when accrued.
- 5.21.3 Income from Murabaha is accounted for consumation of Murabaha transaction. However, profit on that portion of revenue not due for payment (deferred Murabaha income) is deferred and recognised on a time propotionate basis.
- 5.21.4 Return on saving accounts is recognized on time proportion basis as and when accrued.
- 5.21.5 Brokerage commission is recognized when such services are provided.
- 5.21.6 Dividend income is recognized when right to receive payment is established.

## 5.22 Taxation

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income.

### 5.22.1 Current taxation

Current tax is the amount of tax payable on taxable income for the year and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

### 5.22.2 Deferred taxation

Deferred tax is accounted for using the balance sheet approach providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by the Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

## 5.23 Earnings per certificate ('EPC')

Basic EPC is calculated by dividing the profit or loss attributable to certificate holders of the Modaraba by the weighted average number of certificates outstanding during the year.

Diluted EPC is calculated by adjusting basic EPC by the weighted average number of certificates that would be issued on conversion of all dilutive potential certificates into certificates and post-tax effect of changes in profit or loss attributable to certificate holders of the Modaraba that would result from conversion of all dilutive potential certificates into certificates.



## 5.24 Impairment

### 5.24.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit or loss. Impairment losses in respect of Musharakah, Murabahah and Ijarah finances are determined by reference to the borrowers' payment/credit history, adequacy of security and requirements of the Prudential Regulations for Modarabas. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

### 5.24.2 Non-financial assets

The carrying amount of the Modaraba's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used in determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

## 5.25 Profit distribution to certificate holders

Profit distribution to certificate holders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability, to the extent it is unclaimed/unpaid, in the Modaraba's financial statements in the year in which the dividends are approved by the Board of Directors of the Management Company.

	Note	2017	2016
		Rupees	Rupees
<b>6 CASH AND BANK BALANCES</b>			
Cash in hand		389	3,074
Cash at bank			
current accounts in local currency	6.1	6,372	7,445
deposit/saving accounts in local currency	6.2	17,645	116,550
		24,017	123,995
		<b>24,406</b>	<b>127,069</b>

6.1 This represents deposit maintained with State Bank of Pakistan.

6.2 Effective markup rate in respect of deposit/saving accounts, for the year is 6% to 7% (2016: 6% to 7%) per annum.

	Note	2017	2016
		Rupees	Rupees
<b>7 SHORT TERM FINANCES UNDER MURABAHAH ARRANGEMENTS - SECURED</b>			
Considered good		-	-
Considered doubtful	7.2	293,484,231	294,484,231
		293,484,231	294,484,231
		293,484,231	294,484,231
Accumulated impairment	7.3 & 7.4	(200,244,393)	(199,264,312)
		<b>93,239,838</b>	<b>95,219,919</b>



- 7.1 These represent receivables against murbahaha transactions on deferred payment basis at a specified margin. These are secured against mortgage of property, demand promissory notes and personal guarantees. Profit margin on murabahah transactions ranges from 12.98% to 19% (2016: 12.98% to 19%) per annum.
- 7.2 These include an amount of Rs. 35 million (2016: Rs. 35 million) advanced to Enplan (Private) Limited against Murabaha facility under the terms of settlement agreement dated April 01, 2011. It is secured against equitable as well as registered mortgage over land and building thereon measuring 4 kanals and 1 marla. It carries mark up at the rate of one year 12.98% per annum. Principal as well as profit is receivable in one bullet payment on expiry of the facility (see note 17.3.1).
- 7.3 This includes provision of Rs. 192 million (2016: 192 million) in respect of classified facilities of First Hajveri Modaraba. Certain recovery suits in this respect are pending adjudication in the Honourable Lahore High Court and Banking Court, which are likely to be decided in the Modaraba's favour. However, due to inadequate securities, chances of substantial recoveries are slim.

	<i>Note</i>	2017	2016
		<i>Rupees</i>	<i>Rupees</i>
7.4 Movement in accumulated impairment is as follows:			
As at beginning of the year		199,264,312	208,284,231
Recognized during the year		980,081	980,081
Reversed during the year		-	(10,000,000)
As at end of the year		<u>200,244,393</u>	<u>199,264,312</u>
<b>8 IJARAH RENTALS RECEIVABLE - SECURED</b>			
Considered good		101,696	106,801
Considered doubtful		36,168,780	37,065,650
		36,270,476	37,172,451
Accumulated impairment	8.2	(36,168,780)	(37,065,650)
		<u>101,696</u>	<u>106,801</u>
	<i>Note</i>	2017	2016
		<i>Rupees</i>	<i>Rupees</i>

8.1 These are secured against assets leased out under ijarah contracts.

8.2 Movement in accumulated impairment is as follows:

As at the beginning of the year		37,065,650	36,910,678
Recognized during the year		255,728	524,185
Reversed during the year		(1,152,598)	(369,213)
As at the end of the year		<u>36,168,780</u>	<u>37,065,650</u>

**9 PROFIT RECEIVABLE**

Considered good		43,820	133,867
Considered doubtful		19,945,295	20,210,295
		19,989,115	20,344,162
Accumulated impairment	9.1	(19,945,295)	(20,210,295)
		<u>43,820</u>	<u>133,867</u>



**9.1** Movement in accumulated impairment is as follows:

As at the beginning of the year		<b>20,210,295</b>	13,674,400
Recognized during the year		-	6,734,795
Reversed during the year		<b>(265,000)</b>	(198,900)
As at the end of the year		<b>19,945,295</b>	<b>20,210,295</b>

**10 PREPAYMENTS AND OTHER RECEIVABLES**

Prepayments		<b>77,336</b>	139,200
Receivable from clients - <i>secured</i>	10.1	<b>9,156,059</b>	9,372,842
Receivable from Hajveri Modaraba Management Company (Private) Limited - <i>secured</i>	10.2	<b>3,206,064</b>	3,206,064
Other receivables		<b>535,525</b>	522,766
		<b>12,974,984</b>	<b>13,240,872</b>

**10.1** These represent receivables from brokerage clients. These are secured against respective listed shares of the clients.

	2017	2016
	<i>Rupees</i>	<i>Rupees</i>
<b>10.1.1 Receivable from clients - secured</b>		
Considered good	<b>9,156,059</b>	9,372,842
Considered doubtful	<b>7,126,181</b>	7,126,181
	<b>16,282,240</b>	16,499,023
Accumulated impairment	<b>(7,126,181)</b>	(7,126,181)
	<b>9,156,059</b>	<b>9,372,842</b>

**10.2** This represents amount withdrawn by Hajveri Modaraba Management Company (Private) Limited ('the Previous management Company') of First Hajveri Modaraba ('the Modaraba') from time to time during prior years out of the Modaraba's fund on account of remuneration in violation of the section 18 of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980.

The present Management Company has filed a civil law suit against the previous Management Company for recovery of the amount which has been returned for want of jurisdiction. The Modaraba has filed an appeal in the Lahore High Court against the decision of the civil court. The appeal has been adjourned with a date in office.

The present Management Company came in possession of 2,053,200 certificates of Erstwhile First Hajveri Modaraba subsequently converted into 578,041 certificates of First Fidelity Leasing Modaraba on amalgamation. The present Management Company has prayed to the Court that these certificates be attached and sold for adjustment of claim of the Modaraba. The suit was returned by the civil court with the objection that the same should be filed with the Modaraba Tribunal. The present Management Company has filed an appeal against this order in the Honourable Lahore High Court which is pending adjudication.

	<i>Note</i>	2017	2016
		<i>Rupees</i>	<i>Rupees</i>
<b>11 CURRENT PORTION OF NON-CURRENT ASSETS</b>			
Long term finances under morabaha arrangements	12	-	235,535
Long term receivables	13	<b>37,078</b>	125,566
		<b>37,078</b>	<b>361,101</b>
<b>12 LONG TERM FINANCES UNDER MURABAHAH ARRANGEMENTS - SECURED</b>			
Murabahah investment	12.1	-	218,847
Deferred/unearned murabahah income		-	16,688
		-	235,535
Current portion presented under current assets	12.2 & 11	-	(235,535)
		-	-





- 12.1 These represent receivable against murabahah transactions on deferred payment basis at a specified margin. These are secured against mortgage of property, demand promissory notes and personal guarantees. Profit margin on murabahah transactions ranges from 17% to 18% (2015: 17% to 18%) per annum.

	<i>Note</i>	2017	2016
		<i>Rupees</i>	<i>Rupees</i>
<b>12.2 Current portion presented under current assets</b>			
Deferred/unearned murabahah income		-	16,688
		<u>-</u>	<u>16,688</u>

**13 LONG TERM ADVANCES AND DEPOSITS**

Long term loans to employees - <i>secured</i>	13.1	180,128	275,969
Security deposits		857,500	860,500
		1,037,628	1,136,469
Current portion presented under current assets	13.2 & 11	(37,078)	(125,566)
		<u>1,000,550</u>	<u>1,010,903</u>

- 13.1 These represent loans to employees for personal purposes as per the Modaraba's policy. These carry profit rate of 5% per annum. These loans are repayable in 36 equal installments.

	<i>Note</i>	2017	2016
		<i>Rupees</i>	<i>Rupees</i>
<b>13.2 Current portion presented under current assets comprises the following:</b>			
Long term loans to employees		37,078	125,566
		<u>37,078</u>	<u>125,566</u>

	<i>Note</i>	2017	2016
		<i>Rupees</i>	<i>Rupees</i>
<b>14 LONG TERM INVESTMENT</b>			
Islamabad Stock Exchange - <i>unquoted</i> (3,034,603 ordinary shares of Rs. 10 each)	14.1	5,750,000	5,750,000

- 14.1 Pursuant to the promulgation of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 ('the Act'), the ownership rights in a stock exchange were segregated from right to trade on the stock exchange. This arrangement resulted in allocation of 3,034,603 ordinary shares of Rs. 10 each and Trading Right Entitlement Certificate ('TREC') to the Company by the Islamabad Stock Exchange Limited ('ISE') against cancellation/surrender of membership of ISE. Out of total 3,034,603 ordinary shares allocated to the Modaraba 1,820,762 ordinary shares are transferred to Central Depository Company Limited ('the CDC') sub-account in the Company's name under the exchange's participant IDs with the CDC which will remain blocked until these are divested/sold to strategic investor(s), general public and financial institutions and proceeds are paid to the Company. These ordinary shares are classified 'as available for sale'. However, as the active market for such shares is not available, the investment has been recognized at the carrying value of membership cancelled/surrendered.

	<i>Note</i>	2017	2016
		<i>Rupees</i>	<i>Rupees</i>
<b>15 MEMBERSHIP ASSETS</b>			
Trading right entitlement certificate	15.1 & 14.1	-	-
Membership of Pakistan Mercantile Exchange Limited		1,010,000	1,010,000
Room at Islamabad Stock Exchange		2,770,000	2,770,000
Room at Pakistan Mercantile Exchange Limited		2,500,000	2,500,000
		<u>6,280,000</u>	<u>6,280,000</u>

- 15.1 The Trading Right Entitlement Certificate ('TREC') of Islamabad Stock Exchange Limited (now Pakistan Stock Exchange Limited) is recognized as an intangible asset at Rs. nil. Any subsequent measurement of the TREC would only be possible when their fair values can be measured reliably.



The Act restricts TREC only to companies as defined in Repealed Companies Ordinance, 1984 ('the Ordinance'), therefore, trading rights of the Modaraba have been suspended on the order of Securities and Exchange Commission of Pakistan ('the SECP') dated May 07, 2013 by the stock exchange. The Modaraba's submission to the SECP that Modaraba is a corporate legal entity, has not been accepted. Being aggrieved, the Modaraba has filed a writ petition before the Islamabad High Court ('IHC') to declare the said order of the SECP illegal on the grounds that the Modaraba is a listed company and every listed company is a public limited company under the Ordinance. The case is still pending before the IHC, however, SECP allowed Modaraba to transfer the TREC to a wholly owned subsidiary to be formed for the brokerage business and the matter is still under process. As the TREC is recognized at Rs. nil, no impairment is required in this regard.

**16 ASSETS LEASED OUT UNDER IJARAH CONTRACTS**

	2017								
	COST			AMORTIZATION					Carrying value as at June 30
	As at July 01 Rupees	Additions Rupees	Disposals Rupees	As at June 30 Rupees	As at July 01 Rupees	For the year Rupees	Adjustment Rupees	As at June 30 Rupees	
Vehicles	11,723,798	-	(5,718,186)	6,005,612	5,463,350	834,787	(3,051,446)	3,246,691	2,758,921
Office equipment	187,900	-	(123,900)	64,000	150,429	20,213	(113,500)	57,142	6,858
Machinery	5,062,771	-	(794,749)	4,268,022	2,773,971	639,378	(388,659)	3,024,690	1,243,332
	<u>16,974,469</u>	<u>-</u>	<u>(6,636,835)</u>	<u>10,337,634</u>	<u>8,387,750</u>	<u>1,494,378</u>	<u>(3,553,605)</u>	<u>6,328,523</u>	<u>4,009,111</u>

  

	2016								
	COST			AMORTIZATION					Carrying value as at June 30
	As at July 01 Rupees	Additions Rupees	Disposals Rupees	As at June 30 Rupees	As at July 01 Rupees	For the year Rupees	Adjustment Rupees	As at June 30 Rupees	
Vehicles	17,152,059	-	(5,428,261)	11,723,798	5,760,144	1,716,463	(2,013,257)	5,463,350	6,260,448
Office equipment	202,900	-	(15,000)	187,900	103,382	47,047	-	150,429	37,471
Machinery	7,630,658	-	(2,567,887)	5,062,771	3,007,494	1,082,793	(1,316,316)	2,773,971	2,288,800
	<u>24,985,617</u>	<u>-</u>	<u>(8,011,148)</u>	<u>16,974,469</u>	<u>8,871,020</u>	<u>2,846,303</u>	<u>(3,329,573)</u>	<u>8,387,750</u>	<u>8,586,719</u>

16.1 Disposals represent assets disposed through negotiation after expiry/termination of ijarah contracts. However, in view of large number of disposals, detail of each disposal have not been presented.

	Note	2017 Rupees	2016 Rupees
<b>17 PROPERTY AND EQUIPMENT</b>			
Operating fixed assets			
Capital work in progress	17.1	571,593	938,783
	17.3	224,000,000	224,000,000
<b>17.1 Operating fixed assets</b>		<u>224,571,593</u>	<u>224,938,783</u>

	2017									
	COST				Rate %	DEPRECIATION/IMPAIRMENT				Net book value as at June 30
	As at July 01 Rupees	Additions Rupees	Disposals Rupees	As at June 30 Rupees		As at July 01 Rupees	For the year Rupees	Disposal Rupees	As at June 30 Rupees	
Furniture and fixtures	760,979	-	-	760,979	10	643,501	51,573	-	695,074	65,905
Computers and office equipment	5,646,186	28,000	-	5,674,186	20, 10	5,208,382	188,924	-	5,397,306	276,880
Vehicles	3,026,412	-	(350,000)	2,676,412	20	2,642,911	154,693	(350,000)	2,447,604	228,808
	<u>9,433,577</u>	<u>28,000</u>	<u>(350,000)</u>	<u>9,111,577</u>		<u>8,494,794</u>	<u>395,190</u>	<u>(350,000)</u>	<u>8,539,984</u>	<u>571,593</u>

  

	2016									
	COST				Rate %	DEPRECIATION/IMPAIRMENT				Net book value as at June 30
	As at July 01 Rupees	Additions Rupees	Disposals Rupees	As at June 30 Rupees		As at July 01 Rupees	For the year Rupees	Adjustment Rupees	As at June 30 Rupees	
Furniture and fixtures	760,979	-	-	760,979	10	591,159	52,342	-	643,501	117,478
Computers and office equipment	5,646,186	-	-	5,646,186	20, 10	5,012,210	196,172	-	5,208,382	437,804
Vehicles	6,002,612	-	(2,976,200)	3,026,412	20	4,599,594	478,017	(2,434,700)	2,642,911	383,501
	<u>12,409,777</u>	<u>-</u>	<u>(2,976,200)</u>	<u>9,433,577</u>		<u>10,202,963</u>	<u>726,531</u>	<u>(2,434,700)</u>	<u>8,494,794</u>	<u>938,783</u>

17.1.1 The cost of operating fixed assets includes fully depreciated assets of Rs. 6,018,368 (2016: Rs. 5,471,668) which are still in use of the Modaraba.



## 17.2 Disposal of operating fixed assets

Particulars	2017					Mode of disposal	Particulars of buyer
	Cost Rupees	Accumulated depreciation Rupees	Net book value Rupees	Disposal proceeds Rupees	Gain disposal Rupees		
<b>Vehicles</b>							
Diahatsu Cuore	350,000	350,000	-	100,000	100,000	Negotiation	Mr. Adeel Ahmed (Employee)
	<u>350,000</u>	<u>350,000</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>		
Particulars	2016					Mode of disposal	Particulars of buyer
	Cost Rupees	Accumulated depreciation Rupees	Net book value Rupees	Disposal proceeds Rupees	Loss on disposal Rupees		
<b>Vehicles</b>							
Honda City	1,263,000	1,263,000	-	-	-	Company policy	Mr. Muhammad Waheed (Employee)
Toyota Corolla	1,624,500	1,083,000	541,500	589,297	47,797	Company policy	Mr. Younas Choudhry (Employee)
Motorcycle	46,700	46,700	-	12,700	12,700	Negotiation	Adil Motors
Motorcycle	42,000	42,000	-	8,000	8,000	Negotiation	Mr. Farooq Macleod
	<u>2,976,200</u>	<u>2,434,700</u>	<u>541,500</u>	<u>609,997</u>	<u>68,497</u>		

	Note	2017 Rupees	2016 Rupees
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## 17.3 Capital work in progress

Corporate Tower, Lahore	17.3.1	<b>204,000,000</b>	204,000,000
Villas at Murree	17.3.2	<b>20,000,000</b>	20,000,000
Advance against purchase of property	17.3.3	<b>4,500,000</b>	4,500,000
		<b>228,500,000</b>	228,500,000
Impairment allowance		<b>(4,500,000)</b>	(4,500,000)
		<b>224,000,000</b>	224,000,000

**17.3.1** This includes an advance against purchase of ground floor, measuring 10,221 square feet, in Corporate Tower ('the tower'), Garden Town, Lahore by settlement of total share of Musharika Investment of Rs. 99 million to Enplan (Private) Limited and takeover of exposure of Trust Investment Bank Limited to Enplan (Private) Limited of Rs. 105 million through settlement agreement dated June 28, 2012. On June 29, 2012, the Modaraba entered into an agreement to sell and buy back the ground floor of the tower with Enplan (Private) Limited. According to the terms of agreement, Enplan (Private) Limited shall complete the tower within 18 months of the date of agreement. The Modaraba is also entitled to have the sale deed of the floor executed in its name and it has constructive possession of the property.

The Modaraba has also extended murabahah facilities to Enplan (Private) Limited as per agreed terms for completion of the tower (see note 7.2). If the floor is not purchased by Enplan (Private) Limited within required time, the Modaraba has a right to sell the floor to any third party. Enplan (Private) Limited also has an option to repurchase the floor after the said period of 18 months at an agreed price of Rs. 204 million plus profit of 15% per annum for the period from the date of the agreement till the actual settlement. The Modaraba has registered an equitable mortgage over the property of the tower.

Due to economic situation and non-availability of credit facilities, the construction of the property could not commence and the work has stalled at plinth level. However, after the structural improvement of road network the value of the property has appreciated due to its location and accessibility. Further, the managements of Enplan (Private) Limited and the Modaraba are actively seeking and negotiating with buyers for sale of further floors to generate funds for completion of the tower. Possibilities are also being explored by the management of Enplan (Private) Limited to wholly and substantially sell the tower to some interested party. In this case the proceeds will be adjusted towards the purchase of first floor from Modaraba before vacation of charge by the Modaraba. Based on the situation, the management is hopeful that sale of further floors may be made in the ensuing year to generate funds to complete the tower.

**17.3.2** This represents property under construction comprising land measuring 1 kanal and 8 marlas acquired for Rs. 20 million. Valuation by independent valuer Messers Star Tech Consultants of the property is carried out at Rs. 24 million as on May 19, 2017. Therefore no allowance for impairment has been made.



- 17.3.3** This represents an advance to Rahman Construction company against purchase and construction of property amounting to Rs. 4.5 million which has been fully provided by the management during the previous periods as the chances of recovery of these advance are slim.

	<i>Note</i>	<b>2017</b>	2016
		<i>Rupees</i>	<i>Rupees</i>
<b>18 ACCRUED AND OTHER LIABILITIES</b>			
Due to customers	18.1	<b>1,308,419</b>	1,214,400
Advance ijarah rentals and security deposits		<b>102,588</b>	676,596
Advances from customers		-	1,100,000
Accrued liabilities		<b>9,932,594</b>	6,324,234
Unclaimed profit distribution		<b>10,673,516</b>	10,682,910
Workers' welfare fund payable		<b>177,149</b>	177,149
Others		<b>967,847</b>	13,479
		<b>23,162,113</b>	20,188,768

- 18.1** These represent payable to brokerage clients.

	<i>Note</i>	<b>2017</b>	2016
		<i>Rupees</i>	<i>Rupees</i>
<b>19 CURRENT PORTION OF NON-CURRENT LIABILITIES</b>			
Security deposits under ijarah contracts	20	<b>327,528</b>	2,415,720
Deferred/unearned murabahah income	22	-	16,688
		<b>327,528</b>	2,432,408
<b>20 SECURITY DEPOSITS</b>			
Security deposits under ijarah contracts		<b>1,591,628</b>	3,805,889
Current maturity presented under current liabilities	19	<b>(327,528)</b>	(2,415,720)
		<b>1,264,100</b>	1,390,169
<b>21 EMPLOYEES RETIREMENT BENEFITS</b>			
Defined benefit obligation	21.1.1	-	-
Employees compensated absences	21.2	<b>1,010,925</b>	1,204,199
		<b>1,010,925</b>	1,204,199

- 21.1** The Modaraba operated a funded gratuity scheme, a defined benefit plan, for all its employees who completed the minimum qualifying service period. Under the scheme, the Modaraba offered a lump-sum benefit equal to last drawn monthly gross salary for each year of service to scheme members whereas the members of the scheme were not required to make any contributions to the scheme. The scheme was administered by the management of the Modaraba under the supervision and directions of the Board of Directors of the Management Company. The scheme has been wound-up during the year and all benefits have been paid. The amount recognized on balance sheet represents present value of defined benefit obligation.

	<i>Note</i>	<b>2017</b>	2016
		<i>Rupees</i>	<i>Rupees</i>
<b>21.1.1</b> The amounts recognized on balance sheet are as follows:			
Present value of defined benefit obligation	21.1.5	-	-
Fair value of plan assets	21.1.6	-	-
		-	-



	<i>Note</i>	<b>2017</b>	2016
		<i>Rupees</i>	<i>Rupees</i>
<b>21.1.2 Movement in net recognized defined benefit obligation</b>			
As at beginning of the year		-	264,233
Charged to profit or loss for the year	21.1.3	-	684,749
Remeasurements recognized in other comprehensive income	21.1.4	-	59,536
Contribution made during the year		-	(1,008,518)
As at end of the year		-	-
<b>21.1.3 Charged to profit or loss for the year</b>			
Current service cost		-	174,497
Interest cost on defined benefit obligation		-	111,672
Interest income on plan assets		-	(123,373)
Gains and losses arising from plan settlements		-	521,953
		-	684,749
<b>21.1.4 Remeasurements recognized in other comprehensive income</b>			
Actuarial gain	21.1.5	-	(371,069)
Return on plan assets excluding interest income	21.1.6	-	430,605
		-	59,536
<b>21.1.5 Movement in present value of defined benefit obligation</b>			
As at beginning of the year		-	5,018,461
Current service cost		-	174,497
Interest cost on defined benefit obligation		-	111,672
Benefits paid during the year		-	(5,455,514)
Gains and losses arising on plan settlements		-	521,953
Actuarial gain	21.1.4	-	(371,069)
As at end of the year		-	-
<b>21.1.6 Movement in fair value of plan assets</b>			
As at beginning of the year		-	4,754,228
Interest income on plan assets		-	123,373
Contributions during the year		-	1,008,518
Benefits paid during the year		-	(5,455,514)
Return on plan assets excluding interest income	21.1.4	-	(430,605)
As at end of the year		-	-
<b>21.1.7 Plan assets consist of:</b>			
Investments in units of mutual fund		-	-
Cash at bank		-	-
		-	-



**21.1.8** The objective of the Modaraba's in managing the funds cashflows is to match plan assets by investing in securities that mature closely to the period when payments of defined benefit obligation fall due. The Modaraba actively monitors the relationship between duration and expected yield of the investments. The Modaraba does not use derivatives to manage its risk. A large portion of plan assets comprise of investment in units of mutual funds. The Modaraba believes that mutual funds offer the best returns over the term with an acceptable level of risk under islamic mode of investment.

**21.1.9 Principal actuarial assumptions**

Present value of defined benefit obligation has been determined using projected unit credit method. The liability as at the reporting date is based on actuarial valuation carried out by independent actuaries. The principal assumptions used in determining present value of defined benefit obligation are:

	2017	2016
	<i>Rupees</i>	<i>Rupees</i>
Discount rate	N/A	N/A
Expected rates of increase in salary	N/A	6.25%
Expected average remaining working lives	N/A	10 years

The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the plan assets at the beginning of the period.

**21.1.10 Sensitivity analysis and risk factors**

Due to discontinuation of scheme, sensitivity analysis and disclosure of risk factors is not relevant.

**21.2** The Modaraba operates a leave encashment facility, a defined benefit plan, for all of its employees. Under the scheme, the Modaraba pays a lump-sum benefit as leave encashment for unutilized privilege leaves accrued upto the end of service, subject to the maximum permissible accumulation of 90 days. The scheme is administered by the management of the Modaraba under the supervision and directions of the Board of Directors of the Management Company. The amount recognized on balance sheet represents present value of defined benefit obligation.

	<i>Note</i>	2017	2016
		<i>Rupees</i>	<i>Rupees</i>
<b>21.2.1 Movement in present value of defined benefit obligation</b>			
As at beginning of the year		1,204,199	1,111,345
(Credit)/charged to profit or loss for the year	21.2.2	(191,774)	134,604
Paid during the year		(1,500)	(41,750)
As at end of the year		<u>1,010,925</u>	<u>1,204,199</u>
<b>21.2.2 Charged to profit or loss for the year</b>			
Current service cost		72,580	146,360
Interest cost		87,250	114,499
Actuarial gain		(351,604)	(126,255)
		<u>(191,774)</u>	<u>134,604</u>

**21.2.4 Principal actuarial assumptions**

Present value of defined benefit obligation has been determined using projected unit credit method. The liability as at the reporting date is based on actuarial valuation carried out by independent actuaries. The principal assumptions used in determining present value of defined benefit obligation are:

	2017	2016
	<i>Rupees</i>	<i>Rupees</i>
Discount rate	7.75%	7.25%
Expected rates of increase in salary	6.75%	6.25%
Average number of leaves (in days) un-utilized per annum	10 days	10 days
Expected average remaining working lives	9.5 years	10 years

**21.2.5 Sensitivity analysis**

An analysis of sensitivity for discount rate and expected rate of increase in salary used to determine the present value of defined benefit obligations as at the reporting date showing how the defined benefit obligation would have been affected by changes in relevant actuarial assumption that were reasonably possible at that date is as follows:



	2017		2016	
	Change in actuarial assumption	Defined benefit obligation	Change in actuarial assumption	Defined benefit obligation
	Rupees		Rupees	
Discount rate	+ 1%	921,638	+ 1%	(1,095,341)
	- 1%	1,113,242	- 1%	1,328,801
Expected rates of increase in salary	+ 1%	1,112,239	+ 1%	1,327,566
	- 1%	920,963	- 1%	(1,094,519)

A change in expected remaining working lives of employees and average number of leaves un-utilized per annum is not expected to have a material impact on the present value of defined benefit obligations. Accordingly, the sensitivity analysis for the same has not been carried out.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of defined benefit obligations as at the reporting date has been calculated using projected unit credit method, which is the same as that applied in calculating the defined benefit obligations to be recognized in these financial statements.

	Note	2017	2016
		Rupees	Rupees
<b>22 DEFERRED/UNEARNED MORABAHA INCOME</b>			
Deferred morabaha income	19	-	16,688
Current portion presented under current liabilities	19	-	(16,688)
		-	-

**23 CONTINGENCIES AND COMMITMENTS**

**23.1 Contingencies**

There are no significant contingencies as at the reporting date except those as disclosed in note 17.3 to these financial statements.

**23.2 Commitments**

There are no significant commitments as at the reporting date except for those under ijarah contracts regarding use by lessees of assets leased out under ijarah contracts against future rentals, which are as follows:

	Note	2017	2016
		Rupees	Rupees
<b>Future Ijarah rentals receivable</b>			
Not later than one year		1,874,065	2,859,226
Later than one year but not later than five years		1,594,707	3,891,886
Later than five years		-	-
		3,468,772	6,751,112

**24 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**

Modaraba certificates of Rs. 10 each			
16,656,491 (2016: 16,656,491) certificates issued for cash		166,564,910	166,564,910
3,976,908 (2016: 3,976,908) certificates issued as full paid bonus certificates		39,769,080	39,769,080
5,780,405 (2016: 5,780,405) certificates issued on amalgamation of First Hajveri Modaraba		57,804,050	57,804,050
		264,138,040	264,138,040

**25 RESERVES**

**Capital reserves**

Statutory reserve	25.1	79,377,508	79,377,508
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**Revenue reserve**

Accumulated loss		(19,854,815)	(11,707,747)
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**59,522,693**      **67,669,761**

**25.1** This represents special reserve created in compliance with the Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan.



	Note	2017 Rupees	2016 Rupees
<b>26 OTHER INCOME</b>			
<b>Gain on financial instruments</b>			
Return on bank deposits		168	331
Markup on loans to employees		2,990	11,368
Gain on sale of investments		-	332,847
		<b>3,158</b>	<b>344,546</b>
<b>Other income</b>			
Fees, commission and other incomes		1,246,559	2,675
Gain on sale of property and equipment		100,000	68,497
		<b>1,346,559</b>	<b>71,172</b>
		<b>1,349,717</b>	<b>415,718</b>
<b>27 ADMINISTRATIVE AND GENERAL EXPENSES</b>			
Salaries and benefits	27.1	6,694,966	9,398,602
Rent, rates and taxes		162,170	154,160
Utilities		353,099	441,634
Repair and maintenance		32,310	106,985
Printing and stationery		249,876	305,496
Communication		76,223	86,712
Travelling and conveyance		24,400	109,510
Insurance		-	147,015
Advertisement		39,552	15,875
Fee and subscription		327,999	346,853
Entertainment		131,754	170,465
Auditors' remuneration	27.2	592,300	592,300
Legal and professional charges		589,530	635,130
Depreciation		395,190	726,531
Others		468,882	1,133,526
		<b>10,138,251</b>	<b>14,370,794</b>
<b>27.1</b>			
These include charges in respect of employees retirement benefits amounting to Rs. nil (Rs. 2016: 684,749) and contribution to provident fund amounting to Rs. 717,056 (2016: Rs. 873,110).			
		2017 Rupees	2016 Rupees
<b>27.2 Auditors' remuneration</b>			
Annual statutory Audit		315,000	315,000
Half yearly review		132,300	132,300
Review report under Code of Corporate Governance		105,000	105,000
Out of pocket expenses		40,000	40,000
		<b>592,300</b>	<b>592,300</b>
<b>28 FINANCIAL CHARGES</b>			
Bank charges		6,194	8,481
		<b>6,194</b>	<b>8,481</b>





	<i>Note</i>	<b>2017</b>	2016
		<i>Rupees</i>	<i>Rupees</i>
<b>29 CHANGES IN IMPAIRMENT ALLOWANCE FOR NON-PERFORMING ASSETS</b>			
As at the beginning of the year		<b>263,666,438</b>	265,995,490
Impairment recognised during the year		<b>1,235,809</b>	8,239,061
Impairment reversed during the year		<b>(1,417,598)</b>	(10,568,113)
Net change in impairment allowance during the year		<b>(181,789)</b>	(2,329,052)
As at the end of the year		<b>263,484,649</b>	263,666,438
<b>29.1 Break-up of impairment allowance as at end of the year</b>			
Short term finances under murabahah arrangements	7.4	<b>200,244,393</b>	199,264,312
Ijarah rentals receivable	8.2	<b>36,168,780</b>	37,065,650
Receivables from clients	10.1.1	<b>7,126,181</b>	7,126,181
Profit receivable		<b>19,945,295</b>	20,210,295
		<b>263,484,649</b>	263,666,438
<b>29.2 Break-up of impairment recognised during the year</b>			
Short term finances under murabahah arrangements	7.4	<b>980,081</b>	980,081
Ijarah rentals receivable	8.2	<b>255,728</b>	524,185
Profit receivable	9.1	-	6,734,795
		<b>1,235,809</b>	8,239,061
<b>29.3 Break-up of impairment reversed during the year</b>			
Short term finances under murabahah arrangements	7.4	-	10,000,000
Ijarah rentals receivable	8.2	<b>1,152,598</b>	369,213
Profit receivable	9.1	<b>265,000</b>	198,900
		<b>1,417,598</b>	10,568,113
<b>30 TAXATION</b>			
Current taxation	30.1	-	-
Deferred taxation			
attributable to change in tax rates		-	-
attributable to origination and reversal of temporary differences		-	-
		-	-
		-	-

**30.1** No provision for current taxation has been recognized as the provisions of minimum tax under section 113 and 113C are not applicable to the Modaraba as per sub clause (xiii) of clause 11A of part IV of the second schedule to the Income Tax Ordinance, 2001.



- 30.2** The Modaraba has carry forward losses against which a deferred tax asset amounting to Rs. 37.45 million (2016: Rs. 29.1 million) may be created. However, the Modaraba has not recognized the deferred tax asset as the temporary differences are not expected to be reversed in foreseeable future due to non-availability of taxable profits against which the temporary differences may be utilized

	<i>Unit</i>	<b>2017</b>	<b>2016</b>
		<i>Rupees</i>	<i>Rupees</i>
<b>31</b>	<b>LOSS PER CERTIFICATE - BASIC AND DILUTED</b>		
Loss attributable to certificate holders	<i>Rupees</i>	<b>(8,147,068)</b>	(9,743,170)
Weighted average number of certificates outstanding during the year	<i>No. of shares</i>	<b>26,413,804</b>	26,413,804
Loss per certificate - <i>basic</i>	<i>Rupees</i>	<b>(0.31)</b>	(0.37)

There is no anti-dilutive effect on the basic loss per certificate as the Modaraba has not issued any instrument which would have an impact on its earnings per certificate.

### **32** TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Modaraba's perspective comprise the Management Company, Key Management Personnel, Gratuity Scheme and Provident Fund Trust. Transactions and balances with related parties other than remuneration and benefits to key management personnel under the terms of employment and employee retirement benefits as disclosed in 39 and 21 respectively are as follows:

Details of transactions and balances with related parties is as follows:

		<b>2017</b>	<b>2016</b>
		<i>Rupees</i>	<i>Rupees</i>
<b>32.1</b>	<b>Transactions with related parties</b>		
	<b>Nature of relationship</b>		
	<b>Nature of balances</b>		
	Provident Fund Trust	<b>717,056</b>	873,110
	Gratuity Scheme	-	684,749
	Officers and employees	<b>682,897</b>	1,114,852
<b>32.2</b>	<b>Balances with related parties</b>		
	Officers and employees	<b>107,447</b>	116,109
		<b>107,447</b>	116,109
	Provident Fund Trust	<b>1,463,708</b>	524,868



	Note	2017	2016
		<i>Rupees</i>	<i>Rupees</i>
<b>33 CASH GENERATED FROM OPERATIONS</b>			
<b>Loss before taxation</b>		<b>(8,147,068)</b>	(9,743,170)
<b>Adjustments for non-cash and other items</b>			
Depreciation		395,190	726,531
Amortization of assets leased out under ijarah contracts		1,494,378	2,846,303
Gain on disposal of property and equipment		(100,000)	(68,497)
Gain on sale of short term investments		-	(332,847)
Changes in fair value of non-performing receivables		(181,789)	(2,329,052)
(Credit)/provision for employees retirement benefits		(191,774)	736,996
		<b>1,416,005</b>	1,579,434
<b>Operating loss before changes in working capital</b>		<b>(6,731,063)</b>	(8,163,736)
<b>Changes in working capital</b>			
Finances under murabahah arrangements		1,218,847	1,627,262
Ijarah rentals receivable		901,975	118,381
Profit receivable on murabahah finances		355,047	(184,064)
Advances, deposits, prepayments and other receivables		265,888	744,031
Long term advances and deposits		98,841	642,099
Accrued and other liabilities		2,982,739	2,585,287
Security deposits		(2,214,261)	(2,212,350)
		<b>3,609,076</b>	3,320,646
<b>Cash used in operations</b>		<b>(3,121,987)</b>	(4,843,090)
<b>34 CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	6	24,406	127,069
		<b>24,406</b>	127,069
<b>35 FINANCIAL INSTRUMENTS</b>			
The carrying amounts of the Modaraba's financial instruments by class and category are as follows:			
	Note	2017	2016
		<i>Rupees</i>	<i>Rupees</i>
<b>35.1 Financial assets</b>			
<b>Cash in hand</b>	6	389	3,074
<b>Loans and receivables</b>			
Cash at bank	6	24,017	123,995
Finances under murabahah arrangements	7 & 12	93,239,838	95,438,766
Ijarah rentals receivable	8	101,696	106,801
Profit receivable	9	43,820	133,867
Security deposits	13	857,500	860,500
Receivable from clients	10	9,156,059	9,372,842
Other receivables	10	535,525	522,766
<b>Available for sale financial assets</b>			
Investments in unquoted securities	14	5,750,000	5,750,000
		<b>109,708,844</b>	112,312,611
<b>35.2 Financial liabilities</b>			
<b>Financial liabilities at amortized cost</b>			
Due to customers	18	1,308,419	1,214,400
Accrued and other payables	18	9,932,594	6,324,234
Unclaimed profit distribution	18	10,673,516	10,682,910
		<b>21,914,529</b>	18,221,544



## 36 FINANCIAL RISK EXPOSURE AND MANAGEMENT

The Modaraba's objective in managing risks is creation and protection of certificate holders' value. Risk is inherent in the Modaraba's activities, but it is managed through a process of ongoing identification, measurement and monitoring subject to risk limits and other controls. The process of risk management is critical to Modaraba's continuing profitability. The Modaraba is exposed to credit risk, liquidity risk and market risk arising from the financial instruments it holds.

The Modaraba primarily invests in ijarah assets, murabahah and money market securities. These are subject to varying degrees of risks. The way these risks affect revenues, expenses, assets, liabilities and forecast transactions of the Modaraba and the manner in which these risks are managed is as follows:

### 36.1 Credit risk

Credit risk is the risk of financial loss to the Modaraba, if the counterparty to a financial instrument fails to meet its obligations.

#### 36.1.1 Maximum exposure to credit risk

Credit risk principally arises from the Modaraba's loans and receivables. The maximum exposure to credit risk as at the reporting date is as follows:

	2017	2016
	<i>Rupees</i>	<i>Rupees</i>
<b><i>Loans and receivables</i></b>		
Cash at bank	24,017	123,995
Finances under murabahah arrangements	93,239,838	95,438,766
Ijarah rentals receivable	101,696	106,801
Profit receivable on murabahah finances	43,820	133,867
Security deposits	857,500	860,500
Receivable from clients	9,156,059	9,372,842
Other receivables	535,525	522,766
	<b>103,958,455</b>	<b>106,559,537</b>

#### 36.1.2 Concentration of credit risk

The Modaraba identifies concentrations of credit risk by reference to type of counter party and balances with customers are further analyzed by reference to industry distribution. Maximum exposure to credit risk by type of counterparty is as follows:

	2017	2016
	<i>Rupees</i>	<i>Rupees</i>
Customers	103,076,938	105,575,042
Utility companies and regulatory authorities	857,500	860,500
Banking companies and financial institutions	24,017	123,995
	<b>103,958,455</b>	<b>106,559,537</b>

Concentration of credit risk in respect of balances with customers by industry distribution is as follows:

	2017				Total <i>Rupees</i>
	Ijarah Finances under rentals receivable <i>Rupees</i>	Murabahah arrangements <i>Rupees</i>	Profit receivable <i>Rupees</i>	Others receivables <i>Rupees</i>	
Transport and communication	-	5,000,000	-	-	5,000,000
Services	-	35,000,000	-	-	35,000,000
Power	-	-	-	3,206,060	3,206,060
Textile	-	9,000,000	-	-	9,000,000
Construction	-	-	-	-	-
Individuals	101,696	41,033,778	43,820	9,691,584	50,870,878
	<b>101,696</b>	<b>90,033,778</b>	<b>43,820</b>	<b>12,897,644</b>	<b>103,076,938</b>



	2016				Total Rupees
	Ijarah rentals receivable Rupees	Finances under Murabahah arrangements Rupees	Profit receivable Rupees	Others receivables Rupees	
Transport and communication	-	5,000,000	-	-	5,000,000
Services	-	35,000,000	-	-	35,000,000
Power	-	-	-	3,206,060	3,206,060
Textile	-	10,000,000	-	-	10,000,000
Construction	-	-	-	170,000	170,000
Individuals	106,801	42,232,702	133,867	9,725,612	52,198,982
	<u>106,801</u>	<u>92,232,702</u>	<u>133,867</u>	<u>13,101,672</u>	<u>105,575,042</u>

### 36.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, except for balances with customers where credit quality is assessed by reference to historical information about counterparty default rates and present ages.

#### (a) Counterparties with external credit ratings

These include banking companies, which are counterparties to cash deposits. These counterparties have reasonably high credit ratings as determined by various credit rating agencies and management does not expect non-performance by these counterparties on their obligations to the Modaraba.

#### (b) Counterparties without external credit ratings

These include customers which are counter parties to finances under murabahah and ijara arrangements, profit receivable and other amounts receivable in connection therewith, and utility companies and regulatory authorities which are counter parties to security deposits. Credit risk in respect of security deposits is considered to be insignificant as non-performance by these parties is not expected. The Modaraba is exposed to credit risk in respect of balances with customers. The analysis of ages of customer balances as at the reporting date is as follows:

	2017		2016	
	Gross carrying amount Rupees	Accumulated Impairment Rupees	Gross carrying amount Rupees	Accumulated Impairment Rupees
Neither past due nor impaired	-	-	218,847	-
Past due by upto 90 days	101,696	-	106,801	-
Past due by 90 to 180 days	139,191	139,191	990,153	990,153
Past due by 180 days to 1 year	113,212	113,212	35,748,879	7,714,876
Past due by 1 to 2 years	35,472,115	8,429,957	39,050	39,050
Past due by 2 to 3 years	771,564	236,039	50,787,601	12,467,818
Past due by 3 years or more	329,963,809	254,566,250	281,350,149	242,454,541
	<u>366,561,587</u>	<u>263,484,649</u>	<u>369,241,480</u>	<u>263,666,438</u>

The Management believes that the existing impairment allowance is adequate and no further allowance is necessary.

### 36.1.4 Collateral held

The Modaraba's investments in ijarah assets are secured by registration of title to the underlying assets in the name of Modaraba. Particulars of collateral held against financing under murabahah arrangements and profit receivable thereon is referred to in relevant notes to the financial statements.



### 36.1.5 Credit risk management

The Modaraba's portfolio of loans and receivables is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk. The Modaraba does not have significant concentration of credit risk with a single counterparty. Formal policies and procedures of credit management and administration of receivables are established and executed. In monitoring customer credit risk, the ageing profile of total receivable balances and individually significant balances, along with collection activities are reported to the Management Company on a monthly basis. High risk customers are identified and restrictions are placed on future financing and credit period extensions.

### 36.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

#### 36.2.1 Exposure to liquidity risk

The followings is the analysis of contractual maturities of financial liabilities, including estimated interest payments.

	2017				
	Carrying amount Rupees	Contractual cash flows Rupees	Six months or less Rupees	Six months to one year Rupees	More than one year Rupees
Due to customers	1,308,419	1,308,419	1,308,419	-	-
Accrued and other payables	9,932,594	9,932,594	9,932,594	-	-
Unclaimed profit distribution	10,673,516	10,673,516	10,673,516	-	-
	<b>21,914,529</b>	<b>21,914,529</b>	<b>21,914,529</b>	<b>-</b>	<b>-</b>
	2016				
	Carrying amount Rupees	Contractual cash flows Rupees	Six months or less Rupees	Six months to one year Rupees	More than one year Rupees
Due to customers	1,214,400	1,214,400	1,214,400	-	-
Accrued and other payables	6,324,234	6,324,234	6,324,234	-	-
Unclaimed profit distribution	10,682,910	10,682,910	10,682,910	-	-
	<b>18,221,544</b>	<b>18,221,544</b>	<b>18,221,544</b>	<b>-</b>	<b>-</b>

#### 36.2.2 Liquidity risk management

The Modaraba manages the liquidity risk by investing the fund to ensure, as far as possible, that it will always have sufficient resources to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the Modaraba's reputation.

### 36.3 Market risk

#### 36.3.1 Currency risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Modaraba is not exposed to Currency risk.

#### 36.3.2 Profit rate risk

Profit rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in profit/interest rates. The Modaraba's exposure to profit rate risk is limited as all of its investments in ijarah assets, murabahah are fixed rate instruments.

##### (a) Interest/profit bearing financial instruments

The effective interest/profit rates for interest/profit bearing financial instruments are mentioned in relevant notes to the financial statements. The Modaraba's interest/profit bearing financial instruments as at the reporting date are as follows:



	2017	2016
	Rupees	Rupees
<b>Fixed rate instruments</b>		
Financial assets	93,239,838	95,438,766
Financial liabilities	-	-
<b>Variable rate instruments</b>		
Financial assets	24,017	123,995
Financial liabilities	-	-

**(b) Fair value sensitivity analysis for fixed rate instruments**

The Modaraba does not account for fixed rate financial instruments at fair value through profit or loss.

**(c) Cash flow sensitivity analysis for variable rate instruments**

An increase of 100 basis points in profit/interest rates as at the reporting date would have increased net income for the year by Rs. 240 (2016: Rs. 1,240). A decrease of 100 basis points would have had an equal but opposite effect on net income for the year. The analysis assumes that all other variables remain constant and ignores the impact, if any, on provision for taxation for the year.

**(d) Interest rate risk management**

The Modaraba manages profit/interest rate risk by analyzing its interest rate exposure on a dynamic basis. Cash flow interest rate risk is managed by simulating various scenarios taking into consideration various modes of investments. Based on these scenarios, the Modaraba calculates impact on profit after taxation and equity of defined profit/interest rate shift, mostly 100 basis points.

**36.3.3 Price risk**

Price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from profit rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments. The Modaraba is not exposed to price risk.

**37 CAPITAL MANAGEMENT**

The Modaraba's policy is to maintain a strong capital base so as to maintain investor confidence and to sustain future development of the business. The Management Company monitors the return on assets of the Modaraba, including finances under ijarah, murabahah and musharakah arrangements and investments in capital and money market which are managed through appropriate risk management policies. For major aspects of capital management, the Modaraba adheres to the requirements of the Ordinance, Rules and Regulations including the requirements of statutory reserve. There were no changes in the Modaraba's approach to capital management during the year.

**38 FAIR VALUE MEASUREMENTS**

**38.1 Financial Instruments**

**38.1.1 Financial instruments measured at fair value**

The Modaraba measures some of its assets at fair value at the end of each reporting period. Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements and has the following levels.

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value hierarchy of assets measured at fair value and the information about how the fair values of these financial instruments are determined are as follows:



**a) Recurring fair value measurements**

There are no recurring fair value measurements as at the reporting date.

**b) Non-recurring fair value measurements**

There are no non-recurring fair value measurements as at the reporting date.

**38.1.2 Financial instruments not measured at fair value**

The management considers the carrying amount of all financial instruments not measured at fair value to approximate their carrying values.

**38.2 Assets and liabilities other than financial instruments.**

None of the assets and liabilities other than financial instruments are measured at fair value.

**39 REMUNERATION OF OFFICERS AND OTHER EMPLOYEES**

The aggregate amount charged to profit or loss in respect of officers and other employees on account of managerial remuneration, allowances and perquisites, post employment benefits and the number of such executives and other officers are as follows:

	2017		
	Officers Rupees	Other employees Rupees	Total Rupees
Remuneration	3,431,600	1,663,467	5,095,067
Allowances and perquisites	1,639,306	152,367	1,791,673
Post employment benefits	-	-	-
	<b>5,070,906</b>	<b>1,815,834</b>	<b>6,886,740</b>
Number of persons	<b>3</b>	<b>7</b>	<b>10</b>
	2016		
	Officers Rupees	Other employees Rupees	Total Rupees
Managerial remuneration	3,717,120	1,819,760	5,536,880
Allowances and perquisites	1,851,418	520,837	2,372,255
Post employment benefits	1,056,881	432,586	1,489,467
	<b>6,625,419</b>	<b>2,773,183</b>	<b>9,398,602</b>
Number of persons	<b>8</b>	<b>10</b>	<b>18</b>

**40 SEGMENT INFORMATION**

**40.1** The Modaraba is a single reportable segment.

**40.2** All non-current assets of the Modaraba are situated in Pakistan.

**40.3** All incomes of the Modaraba have originated from Pakistan.

**41 EMPLOYEES PROVIDENT FUND TRUST**

The following information is based on the latest un-audited financial statements of the First Fidelity Leasing Modaraba Employees Provident Fund for the year ended June 30, 2017.





		2017	2016
		<i>Rupees</i>	<i>Rupees</i>
Size of the fund - <i>total assets</i>	<i>Rupees</i>	1,470,162	1,113,802
Cost/fair value of investments	<i>Rupees</i>	1,468,710	1,091,526
Percentage of investments made	<i>% age</i>	99.90%	98.00%

The break-up of investments is as follows:

	2017		2016	
	<i>Rupees</i>	<i>% age</i>	<i>Rupees</i>	<i>% age</i>
Deposit accounts with commercial banks	1,452	0.10	22,276	2.00
Mutual funds	1,468,710	99.90	1,091,526	98.00
	<u>1,470,162</u>	<u>100.00</u>	<u>1,113,802</u>	<u>100.00</u>

**42 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on October 09, 2017 by the Board of Directors of the Management Company.

**43 NUMBER OF EMPLOYEES**

Total number of employees of the Modaraba as at the reporting date are 10 (2016: 18). Average number of persons employed by the Modaraba during the year are 14 (2016: 20).

**44 EVENTS AFTER THE REPORTING PERIOD**

There are no significant events after the reporting period which may require adjustment of and/or disclosure in these financial statements

**45 RECOVERABLE AMOUNTS AND IMPAIRMENT**

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these financial statements.

**46 GENERAL**

46.1 Figures have been rounded off to the nearest rupee.

46.2 Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison. However, there were no significant reclassifications during the year.

**For Fidelity Capital Management (Private) Limited  
[The Management Company]**

  
**Chief Executive**  
Fidelity Capital Management  
(Private) Limited

  
**Director**  
Fidelity Capital Management  
(Private) Limited

  
**Director**  
Fidelity Capital Management  
(Private) Limited



The Companies Ordinance 1984  
(Section 236(1) and 464)  
Pattern Of Shareholding

Form - 34

1. Incorporation Number
2. Name of The Company **First Fidelity Leasing Modaraba**
3. Pattern of Holding of the Shares held by the Shareholders as at :June 30, 2017
- 4.

No. of Shareholders	Shareholding		Total Shares held
	From	To	
3,354	1	100	135,784
2,222	101	500	537,980
846	501	1,000	652,617
974	1,001	5,000	2,039,424
119	5,001	10,000	890,445
55	10,001	15,000	663,286
25	15,001	20,000	440,105
27	20,001	25,000	610,067
6	25,001	30,000	173,550
10	30,001	35,000	326,972
6	35,001	40,000	227,829
4	40,001	45,000	170,440
7	45,001	50,000	342,500
5	50,001	55,000	263,362
2	55,001	60,000	116,427
1	60,001	65,000	64,000
3	65,001	70,000	204,000
3	70,001	75,000	216,700
2	75,001	80,000	155,296
1	80,001	85,000	83,500
2	85,001	90,000	174,100
2	90,001	95,000	188,991
6	95,001	100,000	600,000
1	105,001	110,000	105,254
1	130,001	135,000	131,651
1	165,001	170,000	170,000
1	185,001	190,000	190,000
1	200,001	205,000	200,153
1	230,001	235,000	234,000
1	245,001	250,000	248,230
1	255,001	260,000	260,000
1	265,001	270,000	266,792
1	280,001	285,000	281,500
1	295,001	300,000	300,000
1	350,001	355,000	350,804
1	410,001	415,000	413,000
1	470,001	475,000	472,500
1	495,001	500,000	495,078
1	575,001	580,000	578,041
1	580,001	585,000	582,170
1	770,001	775,000	775,000
1	1,000,001	1,005,000	1,005,000
1	1,030,001	1,035,000	1,034,931
1	1,170,001	1,175,000	1,175,000
1	1,995,001	2,000,000	1,997,711
1	2,640,001	2,645,000	2,641,380
1	3,225,001	3,230,000	3,228,234
<b>7,706</b>			<b>26,413,804</b>



## CATEGORIES OF CERTIFICATE HOLDING

As On: June 30, 2017

First Fidelity Leasing Modaraba

As On: June 30, 2017

Categories of Shareholder	Physical	CDC	Total	% age
<b>Directors, Chief Executive Officer, Their Spouses and Minor Children</b>				
<b>Directors</b>				
Siyid Tahir Nawazish	-	54,552	54,552	0.21
	-	<b>54,552</b>	<b>54,552</b>	<b>0.21</b>
<b>Associated Companies, Undertakings &amp; Related Parties</b>				
Fidelity Capital Management (Pvt) Ltd.	-	5,869,614	5,869,614	22.22
	-	<b>5,869,614</b>	<b>5,869,614</b>	<b>22.22</b>
<b>NIT &amp; ICP (Name Wise Detail)</b>				
Investment Corporation Of Pakistan	2,145	-	2,145	0.01
	<b>2,145</b>	-	<b>2,145</b>	<b>0.01</b>
<b>Banks, NBFCs, DFIs, Takaful, Pension Funds</b>	<b>29,582</b>	<b>96,463</b>	<b>126,045</b>	<b>0.48</b>
<b>Modarabas</b>	<b>437</b>	<b>20,630</b>	<b>21,067</b>	<b>0.08</b>
<b>Insurance Companies</b>	<b>40</b>	<b>1,034,931</b>	<b>1,034,971</b>	<b>3.92</b>
<b>Other Companies, Corporate Bodies, Trust etc.</b>	<b>665,560</b>	<b>684,377</b>	<b>1,349,937</b>	<b>5.11</b>
<b>General Public</b>	<b>3,222,487</b>	<b>14,732,986</b>	<b>17,955,473</b>	<b>67.98</b>
	<b>3,920,251</b>	<b>22,493,553</b>	<b>26,413,804</b>	<b>100.00</b>
<b>Shareholders More Than 5.00%</b>				
Fidelity Capital Management (Pvt) Ltd.			5,869,614	22.22
Muhammad Iqbal			1,997,711	7.56



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CorpTec/GOC/0001146/1  
September 22, 2017

**Most Urgent**

To All Shareholder(s)

**Re: Mandatory Requirement of IBAN for Credit Dividend into Bank Electronically**

This is to inform you that under second proviso to Section 242 of the Companies Act 2017, listed companies are required to pay declared cash dividends only through electronic mode directly into the bank accounts designated by the entitled shareholders. Accordingly, you being registered shareholder of the company under folio No. \_\_\_\_\_, in **(Company Name)** are requested to provide the following information for payment of cash dividend declared / to be declared by the company through electronic mode directly into bank account designated by you.

Yours faithfully,

For **CorpTec Associates (Pvt) Limited**  
Share Registrar: (Company Name)

**Muhammad Imran Bhatti**  
Head - Share Registrar Affairs

IBAN - [36 Digits] <i>Including Country Code and Bank Identifier</i>	
CNIC Number (For Individuals) (Please attach photocopy)	
National Tax Number <i>(For Companies)</i>	
Title of Bank Account	
Bank Account Number	
Bank's Name	
Branch Name and Address	
Cell Number of Shareholder	
Landline Number of Shareholder	
Email of Shareholder	

It is stated that the above-mentioned information is correct and I will intimate the changes, if any in the above-mentioned information to the Share Registrar, i.e. **CorpTec Associates (Pvt) Limited, 503 - E, Johar Town, Lahore.** as soon as these occur.

\_\_\_\_\_  
**Signature of Shareholder**

\_\_\_\_\_  
**Share Registrar & Corporate Consultants**  
503 - E, Johar Town, Lahore.  
Ph: 042-35170335-7, Fax: 042-35170338, Email: info@corptec.com.pk