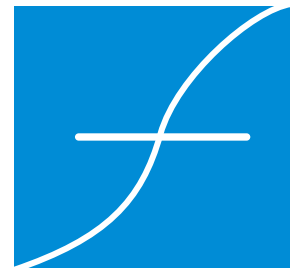




# **ANNUAL REPORT** 2018



**FIDELITY  
LEASING**

## **FIRST FIDELITY LEASING MODARABA**

Managed by:  
Fidelity Capital Management (Private) Limited



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**CORPORATE INFORMATION****Board of Directors**

Fidelity Capital Management (Private) Limited.

Chairman	Siyyid Tahir Nawazish
Chief Executive	Mr. Wasim-ul-Haq Osmani
Directors (Retired)	Sheikh Muhammad Nasim Mr. Abdul Hameed Kiayani
Directors (New)	Mr. Noor-ud-Din Ahmed Mr. Muhammad Farooq Abid Tung

**Company Secretary / CFO**Mr. Ijaz Fazal  
hi\_ij@hotmail.com**Auditors of Modaraba**Rahman Sarfaraz Rahim Iqbal Rafiq  
Chartered Accountants**Audit Committee (Old)**

Chairman Mr. Abdul Hameed Kiyani

Members Siyyid Tahir Nawazish  
Sheikh Muhammad Nasim

Secretary Mr. Muhammad Ilyas Shafiq

**Audit Committee (New)**

Chairman Mr. Muhammad Farooq Abid Tung

Members Siyyid Tahir Nawazish  
Mr. Noor ud Din Ahmed

Secretary Mr. Muhammad Ilyas Shafiq

**Credit Committee**

Chairman Siyyid Tahir Nawazish

Members Mr. Wasim-ul-Haq Osmani  
Mr. Muhammad Younas Chaudhry**Human Resource & Remuneration Committee (Old)**

Chairman Sheikh Muhammad Nasim

Members Siyyid Tahir Nawazish  
Mr. Abdul Hameed Kiyani

Secretary Mr. Muhammad Younas Chaudhry

**Human Resource & Remuneration Committee (New)**

Chairman Mr. Noor ud Din Ahmed

Members Mr. Muhammad Farooq Abid Tung  
Siyyid Tahir Nawazish

Secretary Mr. Muhammad Younas Chaudhry

**Legal Advisor**

Salim &amp; Baig (Advocates)

**Bankers**MCB Bank Limited  
Meezan Bank Limited**Registered Office**93, B-1 Canal Park, 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  
**Website: 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



## **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 2018 Rupees	June 2017 Rupees	June 2016 Rupees	June 2015 Rupees	June 2014 Rupees	June 2013 Rupees
Operating results						
Revenues	50.53	3.57	5.35	11.57	40.72	21.89
Operating profit before taxation and management fee	33.36	(8.15)	(9.74)	(7.30)	3.78	7.18
Financial position						
Fixed assets (owned and leased out)	301.75	228.58	233.52	242.32	250.94	242.60
Total assets	399.03	349.43	357.02	367.18	375.801	374.280
Certificateholders equity	357.02	323.66	331.81	341.61	348.84	344.99
Paid up capital	264.13	264.13	264.13	264.13	264.13	264.13
Earning Profit/ (Loss) per certificate	1.26	(0.31)	(0.37)	(0.28)	(0.14)	0.27
Profit distribution (%)	6.5	0.00	0.00	0.00	0.00	0.00
Break-up value per certificate	13.52	12.25	12.56	12.93	13.21	13.06



**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, 2018 will be held on Saturday October 27, 2018 at 11:30 A.M. at 93-B-1, Canal Bank, Gulberg-II, Lahore. The Certificate transfer books of the Modaraba remain closed from October 21, 2018 to October 27, 2018 (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 20, 2018 shall be entitled to attend the meeting.

It is further informed that the Board of Directors of Fidelity Capital Management (Private) Limited in its meeting held on October 05, 2018 has approved cash dividend for the year ended June 30, 2018 @ Rupee. 0.65 per certificate i.e 6.5% to the Certificate holders of First Fidelity Leasing Modaraba. The Certificate Transfer Books of the Modaraba will remain closed from October 28, 2018 to November 10, 2018 (both days inclusive). Transfers received in our Registrar's office at Corptec Associates (Private) Limited 503-E, Johar Town Lahore, till the close of business on October 27, 2018 will be treated in time for the purpose of above dividend entitlement to the transferees.

October 05, 2018  
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 27th Annual Report of First Fidelity Leasing Modaraba along with the audited financial statements and the auditors' report thereon for the year ended June 30, 2018.

### Financial Results

The financial results of the Modaraba are summarized as follows.

	Rupees in '000'	
	2018	2017
Income	<b>50,533</b>	3,573
Expenses	(16,600)	(11,901)
Operating (loss)/profit before provision and taxation	33,933	(8,329)
Impairment allowance for non-performing assets	3,135	181
Modaraba Company's management fee	3,706	-
(Loss)/profit before taxation	33,361	(8,147)
Taxation	-	-
(Loss)/Profit after tax	<b>33,361</b>	<b>(8,147)</b>
Appropriations		
Appropriated as follows:		
Transferred to statutory reserves	<b>15,013</b>	-
Profit distribution	17,168	Nil
Earnings per Certificate:		
(Loss)/profit per certificate stood at	<b>Re.1.26</b>	<b>Re. (0.31)</b>

### Review of Financial Performance

Alhamdulillah, the turnover of the Modaraba for the year ended June 30, 2018 increased to Rs. 50.533 million as compared to of Rs. 3.573 million of last year.

The Gross profit also increased to Rs. 33.933 million as against Loss of Rs. (8.329) million of last year.

Resultantly, the Modaraba's net profit increased to Rs. 33.361 million as compared to loss of Rs. (8.147) million of last year.

After considering these results, the Board of Directors have decided to transfer 45% of the profit amounting to Rs. 15.013 million to the statutory reserves and to pay a final profit distribution @ 6.5% amounting to Rs. 17.169 million (Rs. 0.65 per certificate) to the certificate holders.

### 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 being constructed by Enplan (Pvt) Limited. The management is anxious to get Modaraba's funds back so as to utilize those in its core business. The management therefore was stressing upon the sponsors of the tower to complete it with the help of finances from other sources, enabling Modaraba to liquidate its investment.

However, sponsors unwillingness to sell the building floors at market rates and to seek abnormal higher rates remained a barrier in resolving the matter. On persistent failure of sponsors' commitment, legal cases have been instituted against Enplan and its sponsors which are pending in courts of law. Modaraba has meritorious grounds to have the cases decided in its favor.



The Modaraba during the year has disposed off room in ISE Towers, Islamabad and shares of REIT Management Company Limited. Agreement for sale of Muree Villas has also been entered. Proceeds from sale of room, shares, and part recovery from divestment of Murree Villas have been brought in and utilized towards core business of ijara

The Modaraba has earned a profit of Rs 33.36 million during the year as compared to a loss of Rs 8.1 million sustained during last year. The bulk of the profit is from gain on disposal of above referred assets. However, redeployment of proceeds will provide regular stream of income in coming period. The ultimate resolution of Corporate Tower shall bring principal amount along with lost opportunity cost of funds which shall provide substantial funds for deployment in regular recurring business activities on realization.

#### 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, 2018 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.

#### Changes in Board of Directors

##### Retiring Directors

The following directors have retired on 29.06.2018 after completion of tenor specified in the companies ordinance.

1. Mr. S. M. Nasim
2. Mr. Abdul Hameed Kiyani





### Incoming Directors

The following directors have elected with the approval of Registrar Modaraba as from June 29, 2018.

1. Mr. Noor Ud Din Ahmed
2. Mr. Muhammad Farooq Abid Tung

### Board Meetings

During the year under review five 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
Siyid Tahir Nawazish	4
Mr. Wasim-ul-Haq Osmani	4
Mr. S.M. Nasim	4
Mr. Abdul Hameed Kiyani	2
Mr. Noor Ud Din Ahmed	1
Mr. Muhammad Farooq Abid Tung	1

### 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
Siyid Tahir Nawazish	4
Mr. S.M. Nasim	4
Mr. Noor Ud Din Ahmed	1
Mr. Muhammad Farooq Abid Tung	1

### 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
Siyid 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, 2018 works out to Rs. 310,038/.



#### Pattern of Certificate holdings

The pattern of certificate holdings is annexed to this report.

#### Auditors

M/s RahmanSarfraz Rahim IqbalRafiq, Chartered Accountants, auditors of the Modaraba retire 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

WasimulHaqOsmani  
Chief Executive

Lahore  
October 05, 2018



## ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز فیڈیلیٹی کیپیٹل مینجمنٹ (پرائیویٹ) لمیٹڈ (FCML) منتظم فرسٹ فیڈیلیٹی لیزنگ مضاربہ کی 27 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 2017-18 کے ساتھ پیش کئے گئے ہیں۔

مالی نتائج سال ہذا

Rupees in '000'

	2018	2017
Income	<b>50,533</b>	3,573
Expenses	(16,600)	(11,901)
Operating (loss)/profit before provision and taxation	33,933	(8,329)
Impairment allowance for non-performing assets	3,135	181
Modaraba Company's management fee	3,706	-
(Loss)/profit before taxation	33,361	(8,147)
Taxation	-	-
(Loss)/Profit after tax	<b>33,361</b>	<b>(8,147)</b>
Appropriations		
Appropriated as follows:		
Transferred to statutory reserves	<b>15,013</b>	-
Profit distribution	17,168	Nil
Earnings per Certificate:		
(Loss)/profit per certificate stood at	<b>Re.1.26</b>	<b>Re. (0.31)</b>

### مالیاتی کارکردگی کا جائزہ

الحمد للہ زیر غور حالیہ سال کے دوران مضاربہ کی فروخت 50.533 ملین روپے تک رہی جبکہ اس کے مقابلے میں گزشتہ سال میں 3.573 ملین روپے تھی۔

اس کی مناسبت سے کل منافع 33.933 ملین روپے تک رہا جبکہ اس کے مقابلے میں پچھلے سال کے دوران نقصان (8.329) ملین روپے تھا۔

سال کے اختتام پر مضاربہ کا منافع 33.361 ملین روپے رہا جبکہ گزشتہ سال یہ (8.147) ملین روپے نقصان تھا۔ حالیہ نتائج کو مد نظر رکھتے ہوئے بورڈ آف ڈائریکٹرز نے فیصلہ کیا ہے کہ منافع کا 45% منافع 15.013 ملین روپے کی ریزرو میں منتقلی کے بعد منافع فی سرٹیفکیٹ 0.65 روپے یعنی 6.5% کے حساب سے سرٹیفکیٹ مالکان میں تقسیم کیا جائے۔



## 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 ENPLAN تعمیر کر رہا ہے۔ یہاں پر یہ بات واضح کرنے کی ضرورت ہے کہ انتظامیہ کی یہ خواہش ہے کہ مضاربہ کی یہ سرمایہ کاری واپس آجائے۔ تاکہ اس کو بنیادی کاروبار میں استعمال کریں۔ انتظامیہ ہذا کارپوریٹ ٹاور کے مالک جس کے ساتھ 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۔ تاہم مارکیٹ میں عمارت کے فلور کو فروخت کرنے کے لئے ناپسندیدگی کا اظہار کیا جاتا ہے۔ لیکن اعلیٰ شرح کا ریٹ کے معاملے میں مارکیٹ میں مشکلات درپیش ہیں۔ سپانسرز کے مکمل مسلسل ناکامی پر ENPLAN اور اس کے سپانسر کے خلاف قانونی کارروائی کی گئی ہے جو کے زیر التواء ہیں۔ جیسا کہ نوٹ میں بیان کیا گیا ہے کہ مضاربہ کے حق میں ہی فیصلہ ہوگا۔

اس سال کے دوران مضاربہ TOWER ISE میں کمرہ اور REIT MANAGEMENT COMPANY LTD

کے شیرز بھی فروخت کر دیا ہے۔ اور مری ولاز کی فروخت کا معاہدہ بھی ہو گیا ہے۔ کمرہ اور حصص کی فروخت سے حاصل ہونے والی آمدنی کو اپنے بنیادی کاروبار میں استعمال کیا گیا ہے۔

مضاربہ نے موجودہ سال کے دوران 33.36 ملین کا منافع حاصل کیا ہے جبکہ گزشتہ سال کے دوران 8.1 ملین روپے کا نقصان ہوا۔ منافع کا بڑا حصہ مندرجہ بالا اثاثوں کو فروخت کرنے سے ہے۔ تاہم آنے والی مدت میں آمدنی سے مزید آمدنی کا اضافہ ہوگا۔ کارپوریٹ کا حتمی حل نہ ہونے کی وجہ سے ٹاور کی تعمیرات کے لئے مزید سرمایہ مہیا کرنا ہوگا۔

## 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 فلور اور ایکویٹی میں تبدیلیوں کو مکمل طور پر پیش کرتے ہیں۔

(ب) مضاربہ کے باقاعدہ ہاتے برقرار رکھے گئے ہیں۔

(پ) لی 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 ایکسچینج 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) ناکسز، ڈیویڈنڈ، لیویز اور چارج کی مد میں 30 جون 2018 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 انفر، آڈیٹرز آف دی مضاربہ یا ان کے عزیز واقارب نے تجارت نہ کی۔

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

بورڈ مینٹنز

30 جون 2018 کو اختتام پزیر ہونے والے سال میں ہونے والی مینٹنز کی تفصیلات درج ذیل ہیں۔

نام	تعداد حاضری		
	بورڈ	آڈٹ کمیٹی	ایچ آر کمیٹی
جناب سید طاہر نواش	4		1
جناب وسیم الحق عثمانی	4	4	-
جناب ایس۔ ایم نسیم	4	4	1
جناب عبدالحمید کیانی	2	4	1
جناب نور الدین احمد	1	1	-
جناب محمد فاروق عابد	1	1	-

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



## انٹی ریٹنگ

جون 2018 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 کا اپنے مستقل ملازمین کے لیے ایک منظور شدہ پراویڈنٹ فنڈ ہے۔ اس فنڈ کی مالیت 30-06-2018 کو 310,038/- روپے ہے۔

## پیٹرن آف سرٹیفیکیٹ ہولڈنگ

سرٹیفیکیٹ ہولڈرز 30.06.2018 کی ترتیب لف ہذا ہے۔

## آڈیٹرز

آڈٹ کمیٹی نے دوبارہ اپنی خدمات سال 30.06.2018 پیش کرنے پر مضاربہ کے آڈیٹرز 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۔ ریل 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، مورابا ہا وغیرہ اور دوسرے منافع بخش کاموں میں لگا کر مستقل بنیادوں پر بہت اچھا منافع کما سکے اور اپنے سٹوکیٹ ہولڈرز کو مستقل بنیادوں پر فائدہ باہم پہنچائے۔

## اعتراف

بورڈ آف مضاربہ اس موقع پر رجسٹر آف مضاربہ، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان اسٹاک ایکسچینج لمیٹڈ، مضاربہ ایسوسی ایشن آف پاکستان کا ان کی مسلسل حمایت، رہنمائی اور سرپرستی کے لئے شکریہ ادا کرتا ہے۔

بورڈ اس موقع پر سرٹیفیکیٹ ہولڈرز کا ان کے اعتماد اور بھروسے کے لیے شکر گزار 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 شکریہ ادا کرتا ہے۔

برائے و بجانب بورڈ

وسیم الحق عثمانی

چیف ایگزیکٹو آفیسر

لاہور

اکتوبر 2018,05



STATEMENT OF COMPLIANCE WITH LISTED COMPANIES  
(CODE OF CORPORATE GOVERNANCE) REGULATION, 2017 FOR THE YEAR ENDED JUNE 30, 2018

Name of company: First Fidelity Leasing Modaraba

Year ending: June 30, 2018

Fidelity Capital Management (Private) Limited (The Company) has applied the principles contained in the CCG in the following manner:

1. The total number of Directors are as per the following:

- a. Male: 04
- b. Female: Nil

2. The composition of board is as follow:

- a) Independent Directors 02
- b) Other Non-executive Director 01
- c) Executive Director 01

3. The directors have confirmed that none of them is serving as director on more than five listed companies, including this Modaraba Management Company (excluding the listed subsidiaries of listed holding companies where applicable)

4. 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.

5. 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.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board / shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. 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. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board

8. The Board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The Board has not arranged Directors Training Program during the year for non-exempted directors.

The board has approved appointment of Financial Controller, including his remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.



12. The board has formed committees comprising of members given below:

a) Audit Committee comprising of three members:

**Old Members**

Abdul Hameed Kiyani  
Siyyid Tahir Nawazish  
Sheikh Muhammad Nasim

**New Members**

Mr. Muhammad Farooq Abid Tung  
Siyyid Tahir Nawazish  
Mr Noor ud Din Ahmed

b) HR and Remuneration Committee (Name of members and Chairman)

**Old Members**

Sheikh Muhammad Nasim  
Siyyid Tahir Nawazish  
Abdul Hameed Kiyani

**New Members**

Mr. Noor ud Din Ahmed (Chairman)  
Siyyid Tahir Nawazish  
Mr. Muhammad Farooq Abid Tung

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

a) Audit Committee	Quarterly
b) HR and Remuneration Committee	Yearly

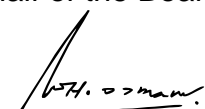
15. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, 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

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with, except that the Board has not yet put in place a mechanism for annual evaluation of its performance.

For and on behalf of the Board of Directors

  
**Wasim ul Haq Osmani**  
 Chief Executive

Lahore  
October 05, 2018





## INDEPENDENT AUDITOR'S REVIEW REPORT

### To the certificate holders of FIRST FIDELITY LEASING MODARABA Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 [the Regulations] 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, 2018** in accordance with the requirements of regulation 40 of the Regulation.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Management Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Management Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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.

The Regulations require the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Management Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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 Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Management Company for the year ended **June 30, 2018**.

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 the Statement of Compliance:

Reference	Description
Paragraph 9	The Board has not arranged any training program for its directors during the year.
Paragraph 18	The Board has not yet put in place a mechanism for annual evaluation of its performance.

**RAHMAN SARFARAZ RAHIM IQBAL RAFIQ**  
*Chartered Accountants*  
Lahore: *October 05, 2018*



## AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of **FIRST FIDELITY LEASING MODARABA** ("the Modaraba") as at June 30, 2018 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. Further the Modaraba has also filed various recovery suits against Enplan (Private) Limited. Pending the outcome of the aforesaid, 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, 2018 and of the profit, other comprehensive income, 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: ZUBAIR IRFAN MALIK

Lahore: October 05, 2018



## Shari'ah Review Report of First Fidelity Leasing Modaraba For The Year Ended June 30, 2018

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 period ended June 30, 2018 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's financing portfolio mainly consist on Ijara and Morabahafinancing, all the 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 Modaraba has reduced its Morabaha financing portfolio and diverted these sources to car Ijarafinancing. Modaraba has also entered into an Agreement to Sell regarding its property "Murree Villas" and proceeds received so far has been invested in car Ijara. Modaraba has also initiated legal proceedings against Enplan (Pvt.) Limited one of its stuck-up investment in infrastructure project, positive outcome of which will strengthen its financial position.
4. On liabilities side the Modaraba has not availed financing from any financial institution or a corporate entity during the period, 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 accelerate its efforts for early liquidation of its investment with Enplan and should focus on new innovations and explore possibility of entering into more specialized Shari'ah compliant business modes in addition to its core business activities.

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 Altaf Ahmed**

Shari'ah Advisor

Dated: October 01, 2018



## BALANCE SHEET AS AT JUNE 30, 2018

	<i>Note</i>	2018 <i>Rupees</i>	2017 <i>Rupees</i>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and bank balances	7	10,040,527	24,406
Short term finances under murabahah arrangements - <i>Secured</i>	8	67,883,348	93,239,838
Ijarah rentals receivable - <i>Secured</i>	9	1,225,740	101,696
Profit receivable	10	437,500	43,820
Prepayments and other receivables	11	12,229,197	12,974,984
Advance income tax		1,591,335	1,392,323
Current portion of non-current assets	12	106,951	37,078
		<b>93,514,598</b>	<b>107,814,145</b>
<b>NON-CURRENT ASSETS</b>			
Long term advances and deposits	13	256,016	1,000,550
Long term investment	14	-	5,750,000
Membership assets	15	3,510,000	6,280,000
Assets leased out under ijarah contracts	16	77,273,418	4,009,111
Property and equipment	17	224,480,051	224,571,593
		<b>305,519,485</b>	<b>241,611,254</b>
<b>TOTAL ASSETS</b>		<b>399,034,083</b>	<b>349,425,399</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accrued and other liabilities	18	11,218,633	12,488,597
Unclaimed profit distribution		10,652,112	10,673,516
Current portion of non-current liabilities	19	1,187,208	327,528
		<b>23,057,953</b>	<b>23,489,641</b>
<b>NON-CURRENT LIABILITIES</b>			
Security deposits	20	18,384,950	1,264,100
Employees retirement benefits	21	568,852	1,010,925
		<b>18,953,802</b>	<b>2,275,025</b>
Contingencies and commitments	22		
<b>TOTAL LIABILITIES</b>		<b>42,011,755</b>	<b>25,764,666</b>
<b>NET ASSETS</b>		<b>357,022,328</b>	<b>323,660,733</b>
<b>REPRESENTED BY</b>			
<b>Authorized certificate capital</b>			
62,500,000 (2017: 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	23	264,138,040	264,138,040
Reserves	24	92,884,288	59,522,693
<b>TOTAL EQUITY</b>		<b>357,022,328</b>	<b>323,660,733</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, 2018

	<i>Note</i>	2018 <i>Rupees</i>	2017 <i>Rupees</i>
<b>INCOME</b>			
Income from ijarah financing		6,289,690	2,206,594
Profit on murabahah financing		437,500	16,822
Other income	25	43,806,633	1,349,717
		<b>50,533,823</b>	<b>3,573,133</b>
<b>EXPENSES</b>			
Amortization of assets leased out under ijarah contracts	16	(3,805,707)	(1,494,378)
Administrative and general expenses	26	(12,344,427)	(10,138,251)
Stock exchange and CDC charges		(344,717)	(263,167)
Financial charges	28	(36,942)	(6,194)
Other expenses	27	(68,777)	-
		<b>(16,600,570)</b>	<b>(11,901,990)</b>
Changes in impairment allowance for non-performing assets	29	<b>3,135,186</b>	181,789
<b>Operating profit after impairment allowance</b>		<b>37,068,439</b>	<b>(8,147,068)</b>
Management Company's remuneration		<b>(3,706,844)</b>	-
<b>Profit/(loss) before taxation</b>		<b>33,361,595</b>	<b>(8,147,068)</b>
Taxation	30	-	-
<b>Profit/(loss) after taxation</b>		<b>33,361,595</b>	<b>(8,147,068)</b>
<b>Earning/(loss) per certificate - basic and diluted</b>	31	<b>1.26</b>	<b>(0.31)</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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2018**

	2018	2017
	<i>Rupees</i>	<i>Rupees</i>
Other comprehensive income	-	-
Profit/(loss) after taxation	33,361,595	(8,147,068)
Total comprehensive income/(loss)	<u>33,361,595</u>	<u>(8,147,068)</u>

*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, 2018

	<i>Note</i>	<b>2018</b>	2017
		<i>Rupees</i>	<i>Rupees</i>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from/(used in) operations	33	<b>36,635,746</b>	(3,121,987)
(Payments)/receipts for:			
Employees retirement benefits		<b>(741,999)</b>	(1,500)
Income taxes		<b>(199,012)</b>	(125,012)
Proceeds from transfer of Ijarah assets		<b>578,986</b>	3,083,230
Profit distribution		<b>(21,404)</b>	(9,394)
<b>Net cash generated from/(used in) operating activities</b>		<b>36,252,317</b>	(174,663)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment		<b>(354,000)</b>	(28,000)
Purchase of ijara assets		<b>(77,649,000)</b>	-
Proceeds from disposal of property and equipment		<b>53,493</b>	100,000
Proceeds from disposal of long term investment		<b>15,931,665</b>	-
Proceeds from disposal of membership assets		<b>35,478,186</b>	-
Dividend received		<b>303,460</b>	-
<b>Net cash (used in)/generated from investing activities</b>		<b>(26,236,196)</b>	72,000
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
		-	-
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>10,016,121</b>	(102,663)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>24,406</b>	127,069
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	34	<b>10,040,527</b>	24,406

*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, 2018

Note	Share capital Issued subscribed and paid-up capital <i>Rupees</i>	Capital Reserves Statutory reserve <i>Rupees</i>	Revenue Reserve Accumulated loss <i>Rupees</i>	Total equity <i>Rupees</i>
<b>Balance as at July 01, 2016</b>	264,138,040	79,377,508	(11,707,747)	331,807,801
<b>Comprehensive income</b>				
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>	<u>264,138,040</u>	<u>79,377,508</u>	<u>(19,854,815)</u>	<u>323,660,733</u>
<b>Balance as at July 01, 2017</b>	<b>264,138,040</b>	<b>79,377,508</b>	<b>(19,854,815)</b>	<b>323,660,733</b>
Profit after taxation	-	-	<b>33,361,595</b>	<b>33,361,595</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	-	-	<b>33,361,595</b>	<b>33,361,595</b>
<b>Transaction with owners</b>				
Transfer to statutory reserve		<b>15,012,718</b>	<b>(15,012,718)</b>	
<b>Balance as at June 30, 2018</b>	<u><b>264,138,040</b></u>	<u><b>94,390,226</b></u>	<u><b>(1,505,938)</b></u>	<u><b>357,022,328</b></u>

*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, 2018

### 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 repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the Modaraba is situated at Ground Floor 93, B-1 Canal Park, 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 accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards ['IFRS'] issued by the International Accounting Standards Board [IASB] as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards ['IFAS'] issued by Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- The requirements of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 ['the Ordinance'], the Modaraba Companies and Modaraba Rules, 1981 ['the Rules'] and Prudential Regulations for Modarabas [herein after referred to as the relevant laws]; and
- Provisions of and directives issued under the Companies Act, 2017.

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

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 employees retirement benefits liabilities measured at present value and certain financial instruments measured at fair value/amortized cost. In these financial statements, except for the amounts reflected in 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.

## 2.5 **Date of authorization for issue**

These financial statements were authorized for issue on October 05, 2018 by the Board of Directors of the Company.

## 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.

### **Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12 - Income Taxes)**

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

- Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

### **Disclosure initiative (Amendments to IAS 7 - Statement of Cash Flows)**

IAS 7 - Statement of Cash Flows have been amended to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

### **Annual Improvements to IFRS Standards 2014–2016 Cycle (IFRS 12 - Disclosure of Interests in Other Entities)**

IFRS 12 - Disclosure of Interests in Other Entities have been amended to clarify the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations

### **Companies Act, 2017**

The Companies Act 2017 [the Act] was enacted on May 30, 2017. The Act has brought certain changes with regard to the preparation and presentation of these financial statements. The disclosure requirements contained in the fourth schedule of the Act have been revised, resulting in elimination of duplicative disclosure with the IFRS disclosure requirements and incorporation of additional/amended disclosures including, but not limited to, management assessment of sufficiency of tax provision in the financial statements (see note 30.1), additional disclosure requirements for related parties (see note 32), disclosure of significant events and transactions affecting the financial position and performance of the Company (see note 6) etc.

## 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>
IFRS 9 – Financial Instruments (2014)	July 01, 2018
IFRS 15 – Revenue from Contracts with Customers (2014)	July 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)	July 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
Prepayment Features with Negative Compensation (Amendments to IFRS 9 - Financial Instruments)	January 01, 2019
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28 - Investments in Associates and Joint Ventures)	January 01, 2019
Annual Improvements to IFRS Standards 2015 – 2017 Cycle	January 01, 2019
Plan Amendment, Curtailment or Settlement (Amendments to IAS 19 - Employee Benefits)	January 01, 2019
Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020

Other than afore mentioned standards, interpretations and amendments, IABS has also issued the following standards which have not been notified by the Securities and Exchange Commission of Pakistan ['SECP']:

IFRS 1 - First Time Adoption of International Financial Reporting Standards  
IFRS 14 - Regulatory Defferal Accounts

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 under section 225 of the Companies Act, 2017 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 Company'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.

## 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 operating fixed assets are recognized in the carrying amount 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 operating fixed assets are recognized in profit or loss as incurred.

The Modaraba recognizes depreciation in profit or loss by applying reducing balance method 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 as permitted or required by the accounting and reporting standards as applicable in Pakistan. 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 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 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 and musharaka finances is recognized on time proportion basis as and when accrued.

5.21.3 Return on saving accounts is recognized on time proportion basis as and when accrued.

### 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.

## 6 SIGNIFICANT EVENTS AND TRANSACTIONS

The following significant events and transactions have affected the Company's financial position and performance during the year.

- During the year, the Modaraba sold its Islamabad Stock Exchange ['ISE'] membership assets including ordinary shares and room in ISE. A net gain of Rs 42.89 million was made on sale.



	<i>Note</i>	2018 <i>Rupees</i>	2017 <i>Rupees</i>
<b>7 CASH AND BANK BALANCES</b>			
Cash in hand		311,134	389
Cash at bank			
current accounts in local currency	7.1	10,196	6,372
deposit/saving accounts in local currency	7.2	9,719,197	17,645
		9,729,393	24,017
		10,040,527	24,406

7.1 This represents deposit maintained with State Bank of Pakistan.

7.2 Effective markup rate in respect of deposit/saving accounts, for the year is 6% to 7% (2017: 6% to 7%) per annum.

	<i>Note</i>	2018 <i>Rupees</i>	2017 <i>Rupees</i>
<b>8 SHORT TERM FINANCES UNDER MURABAHAH ARRANGEMENTS - SECURED</b>			
Considered good		10,100,000	-
Considered doubtful	8.2	251,754,232	293,484,231
		261,854,232	293,484,231
		261,854,232	293,484,231
Accumulated impairment	8.3 & 8.4	(193,970,884)	(200,244,393)
		67,883,348	93,239,838

8.1 These represent receivables 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 12.98% to 19% (2017: 12.98% to 19%) per annum.

8.2 These include an amount of Rs. 35 million (2017: Rs. 35 million) advanced to Enplan (Private) Limited against Murabahah 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).

8.3 This includes provision of Rs. 192 million (2017: 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>	2018 <i>Rupees</i>	2017 <i>Rupees</i>
<b>8.4</b>			
Movement in accumulated impairment is as follows:			
As at beginning of the year		200,244,393	199,264,312
Recognized during the year		1,216,652	980,081
Reversed during the year		(7,490,161)	-
As at end of the year		193,970,884	200,244,393

**9 IJARAH RENTALS RECEIVABLE - SECURED**

Considered good		1,225,740	101,696
Considered doubtful		36,125,495	36,168,780
		37,351,235	36,270,476
Accumulated impairment	9.2	(36,125,495)	(36,168,780)
		1,225,740	101,696





	Note	2018	2017
		Rupees	Rupees
<b>9.1</b>	These are secured against assets leased out under ijarah contracts.		
<b>9.2</b>	Movement in accumulated impairment is as follows:		
	As at the beginning of the year	36,168,780	37,065,650
	Recognized during the year	162,459	255,728
	Reversed during the year	(205,744)	(1,152,598)
	As at the end of the year	<u>36,125,495</u>	<u>36,168,780</u>
<b>10</b>	<b>PROFIT RECEIVABLE</b>		
	Considered good	437,500	43,820
	Considered doubtful	19,808,177	19,945,295
		20,245,677	19,989,115
	Accumulated impairment	10.1 (19,808,177)	(19,945,295)
		<u>437,500</u>	<u>43,820</u>
<b>10.1</b>	Movement in accumulated impairment is as follows:		
	As at the beginning of the year	19,945,295	20,210,295
	Reversed during the year	(137,118)	(265,000)
	As at the end of the year	<u>19,808,177</u>	<u>19,945,295</u>
<b>11</b>	<b>PREPAYMENTS AND OTHER RECEIVABLES</b>		
	Prepayments	-	77,336
	Receivable from clients - <i>secured</i>	11.1 7,244,723	9,156,059
	Receivable from Hajveri Modaraba Management Company (Private) Limited - <i>secured</i>	11.2 3,206,064	3,206,064
	Other receivables	1,778,410	535,525
		<u>12,229,197</u>	<u>12,974,984</u>
<b>11.1</b>	These represent receivables from brokerage clients. These are secured against respective listed shares of the clients.		
		2018	2017
		Rupees	Rupees
<b>11.1.1</b>	<b>Receivable from clients - secured</b>		
	Considered good	7,244,723	9,156,059
	Considered doubtful	9,624,907	7,126,181
		16,869,630	16,282,240
	Accumulated impairment	11.1.1.1 (9,624,907)	(7,126,181)
		<u>7,244,723</u>	<u>9,156,059</u>
<b>11.1.1.1</b>	Movement in accumulated impairment is as follows:		
	As at the beginning of the year	7,126,181	7,126,181
	Recognized during the year	2,498,726	-
	As at the end of the year	<u>9,624,907</u>	<u>7,126,181</u>
<b>11.2</b>	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>	<b>2018</b>	<b>2017</b>
		<i>Rupees</i>	<i>Rupees</i>
<b>12</b>			
<b>CURRENT PORTION OF NON-CURRENT ASSETS</b>			
Long term loans to employees - <i>secured</i>	13	<b>106,951</b>	37,078
		<b>106,951</b>	<b>37,078</b>
<b>13</b>			
<b>LONG TERM ADVANCES AND DEPOSITS</b>			
Long term loans to employees - <i>secured</i>	13.1	<b>325,467</b>	180,128
Security deposits	13.2	<b>37,500</b>	857,500
		<b>362,967</b>	1,037,628
Current portion presented under current assets	13.1.1 & 12	<b>(106,951)</b>	(37,078)
		<b>256,016</b>	<b>1,000,550</b>

**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>	<b>2018</b>	<b>2017</b>
		<i>Rupees</i>	<i>Rupees</i>
<b>13.1.1</b>			
Current portion presented under current assets comprises the following:			
Long term loans to employees		<b>106,951</b>	37,078
		<b>106,951</b>	<b>37,078</b>
<b>13.2</b>			
<b>Security deposits</b>			
Considered good		<b>37,500</b>	857,500
Considered doubtful		<b>820,000</b>	-
		<b>857,500</b>	857,500
Accumulated impairment	13.2.1	<b>(820,000)</b>	-
		<b>37,500</b>	<b>857,500</b>
<b>13.2.1</b>			
Movement in accumulated impairment is as follows:			
As at the beginning of the year		-	-
Recognized during the year		<b>820,000</b>	-
As at the end of the year		<b>820,000</b>	-
<b>14</b>			
<b>LONG TERM INVESTMENT</b>			
Islamabad Stock Exchange - <i>unquoted</i> (3,034,603 ordinary shares of Rs. 10 each)	14.1	-	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. These shares have been sold during the year to a third party for Rs. 15,931,665.

	<i>Note</i>	<b>2018</b>	<b>2017</b>
		<i>Rupees</i>	<i>Rupees</i>
<b>15</b>			
<b>MEMBERSHIP ASSETS</b>			
Membership of Pakistan Mercantile Exchange Limited		<b>1,010,000</b>	1,010,000
Room at Islamabad Stock Exchange		-	2,770,000
Room at Pakistan Mercantile Exchange Limited		<b>2,500,000</b>	2,500,000
		<b>3,510,000</b>	<b>6,280,000</b>

**15.1** During the year, the Modaraba has sold its rights to the Room at Islamabad Stock Exchange to a third party for Rs. 35,961,988.



16 ASSETS LEASED OUT UNDER IJARAH CONTRACTS

	2018								
	COST				AMORTIZATION				Carrying value as at June 30 Rupees
	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	6,005,612	72,529,000	(675,452)	77,859,160	3,246,691	3,171,606	(133,024)	6,285,273	71,573,887
Office equipment	64,000	-	-	64,000	57,142	-	-	57,142	6,858
Machinery	4,268,022	5,120,000	(200,000)	9,188,022	3,024,690	634,101	(163,442)	3,495,349	5,692,673
	<u>10,337,634</u>	<u>77,649,000</u>	<u>(875,452)</u>	<u>87,111,182</u>	<u>6,328,523</u>	<u>3,805,707</u>	<u>(296,466)</u>	<u>9,837,764</u>	<u>77,273,418</u>

	2017								
	COST				AMORTIZATION				Carrying value as at June 30 Rupees
	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>

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	2018 Rupees	2017 Rupees
<b>17 PROPERTY AND EQUIPMENT</b>			
Operating fixed assets	17.1	480,051	571,593
Capital work in progress	17.3	224,000,000	224,000,000
		<u>224,480,051</u>	<u>224,571,593</u>

17.1 Operating fixed assets

	2018									
	COST					DEPRECIATION/IMPAIRMENT				Net book value as at June 30 Rupees
	As at July 01 Rupees	Additions Rupees	Disposals Rupees	As at June 30 Rupees	Rate %age	As at July 01 Rupees	For the year Rupees	Adjustment Rupees	As at June 30 Rupees	
Furniture and fixtures	760,979	-	(481,281)	279,698	10	695,074	40,352	(481,281)	254,145	25,553
Computers and office equipment	5,674,186	354,000	(5,538,237)	489,949	20, 10	5,397,306	128,238	(5,415,967)	109,577	380,372
Vehicles	2,676,412	-	(1,903,000)	773,412	20	2,447,604	154,682	(1,903,000)	699,286	74,126
	<u>9,111,577</u>	<u>354,000</u>	<u>(7,922,518)</u>	<u>1,543,059</u>		<u>8,539,984</u>	<u>323,272</u>	<u>(7,800,248)</u>	<u>1,063,008</u>	<u>480,051</u>

	2017									
	COST					DEPRECIATION/IMPAIRMENT				Net book value as at June 30 Rupees
	As at July 01 Rupees	Additions Rupees	Disposals Rupees	As at June 30 Rupees	Rate %age	As at July 01 Rupees	For the year Rupees	Adjustment 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>

17.1.1 The cost of operating fixed assets includes fully depreciated assets of Rs. 7,677,978 (2017: Rs. 6,018,368) which are still in use of the Modaraba.

17.2 Disposal of operating fixed assets

Particulars	2018						
	Cost Rupees	Accumulated depreciation Rupees	Net book value Rupees	Disposal proceeds Rupees	Loss on disposal Rupees	Mode of disposal	Particulars of buyer
<b>Office equipment</b>							
Miscellaneous items	244,540	122,270	122,270	53,493	68,777	Negotiation	Mr. Javed Ahmed 55 Gulberg II, Canal Bank, Lahore.
	<u>244,540</u>	<u>122,270</u>	<u>122,270</u>	<u>53,493</u>	<u>68,777</u>		

Particulars	2017						
	Cost Rupees	Accumulated depreciation Rupees	Net book value Rupees	Disposal proceeds Rupees	Gain on disposal Rupees	Mode of disposal	Particulars of buyer
<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>		



	<i>Note</i>	<b>2018</b>	2017
		<i>Rupees</i>	<i>Rupees</i>
<b>17.3 Capital work in progress</b>			
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 Musharaka 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 8.2). 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.

The Modaraba has filed recovery suits for amounts aggregating to Rs. 417 million before Banking Court/Modaraba Tribunal/Lahore High Court against Enplan (Private) Limited.

A criminal complaint has also been file against the directors of Enplan (Private) Limited for prosecution against criminal misrepresentation and breach of trust.

The above suits/complains are pending for hearing.

Enplan (Private) Limited has also filed a counter suit against the Modaraba for recovery of alleged losses and damages to the tune of Rs. 2.86 billion.

**17.3.2** This represents property under construction comprising land measuring 1 kanal and 8 marlas acquired for Rs. 20 million. During the year, the Modaraba has entered into a contract for sale of these villas to a third party for Rs. 24.5 million.

**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>2018</b>	2017
		<i>Rupees</i>	<i>Rupees</i>
<b>18 ACCRUED AND OTHER LIABILITIES</b>			
Due to customers	18.1	<b>30,178</b>	1,308,419
Advance ijarah rentals and security deposits		<b>1,056,025</b>	102,588
Advance against sale of Villas at Murree		<b>2,500,000</b>	-
Managment Company's remuneration payable		<b>3,706,844</b>	-
Accrued liabilities		<b>3,579,070</b>	9,932,594
Workers' welfare fund payable		<b>177,149</b>	177,149
Others		<b>169,367</b>	967,847
		<b>11,218,633</b>	12,488,597

**18.1** These represent payable to brokerage clients.



	<i>Note</i>	<b>2018</b>	2017
		<i>Rupees</i>	<i>Rupees</i>
<b>19 CURRENT PORTION OF NON-CURRENT LIABILITIES</b>			
Security deposits under ijarah contracts	20	<b>1,187,208</b>	327,528
		<b>1,187,208</b>	<b>327,528</b>
<b>20 SECURITY DEPOSITS</b>			
Security deposits under ijarah contracts		<b>19,572,158</b>	1,591,628
Current maturity presented under current liabilities	19	<b>(1,187,208)</b>	(327,528)
		<b>18,384,950</b>	<b>1,264,100</b>

**21 EMPLOYEES RETIREMENT BENEFITS**

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 in balance sheet represents present value of defined benefit obligation.

	<i>Note</i>	<b>2018</b>	2017
		<i>Rupees</i>	<i>Rupees</i>
<b>21.1 Movement in present value of defined benefit obligation</b>			
As at beginning of the year		<b>1,010,925</b>	1,204,199
Charged/(credited) to profit or loss for the year	21.2	<b>299,926</b>	(191,774)
Paid during the year		<b>(741,999)</b>	(1,500)
As at end of the year		<b>568,852</b>	<b>1,010,925</b>
<b>21.2 Charged/(credited) to profit or loss for the year</b>			
Current service cost		<b>65,518</b>	72,580
Interest cost		<b>49,594</b>	87,250
Actuarial gain		<b>184,814</b>	(351,604)
		<b>299,926</b>	<b>(191,774)</b>
<b>21.3 Principal actuarial assumptions</b>			

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:

	<b>2018</b>	2017
	<i>Rupees</i>	<i>Rupees</i>
Discount rate	<b>9.00%</b>	7.75%
Expected rates of increase in salary	<b>8.00%</b>	6.75%
Average number of leaves (in days) un-utilized per annum	<b>10 days</b>	10 days
Expected average remaining working lives	<b>9 years</b>	9.5 years

**21.4 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:



	2018		2017	
	Change in actuarial assumption	Defined benefit obligation	Change in actuarial assumption	Defined benefit obligation
		<i>Rupees</i>		<i>Rupees</i>
Discount rate	+ 1%	522,047	+ 1%	921,638
	- 1%	621,862	- 1%	1,113,242
Expected rates of increase in salary	+ 1%	621,317	+ 1%	1,112,239
	- 1%	521,720	- 1%	920,963

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.

## 22 CONTINGENCIES AND COMMITMENTS

### 22.1 Contingencies

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

### 22.2 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	2018	2017
		<i>Rupees</i>	<i>Rupees</i>
<b>Future Ijarah rentals receivable</b>			
Not later than one year		546,623	1,874,065
Later than one year but not later than five years		74,716,051	1,594,707
Later than five years		22,336,307	-
		<b>97,598,981</b>	<b>3,468,772</b>

## 23 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Modaraba certificates of Rs. 10 each			
16,656,491 (2017: 16,656,491) certificates issued for cash		166,564,910	166,564,910
3,976,908 (2017: 3,976,908) certificates issued as full paid bonus certificates		39,769,080	39,769,080
5,780,405 (2017: 5,780,405) certificates issued on amalgamation of First Hajveri Modaraba		57,804,050	57,804,050
		<b>264,138,040</b>	<b>264,138,040</b>



	<i>Note</i>	<b>2018</b>	2017
		<i>Rupees</i>	<i>Rupees</i>
<b>24 RESERVES</b>			
<b>Capital reserves</b>			
Statutory reserve	24.1	<b>94,390,226</b>	79,377,508
<b>Revenue reserve</b>			
Accumulated loss		<b>(1,505,938)</b>	(19,854,815)
		<b><u>92,884,288</u></b>	<b><u>59,522,693</u></b>

**24.1** This represents special reserve created in compliance with the Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan. During the year Mudaraba have transferred amount of Rs.15,012,718 which represents 45% of the profit after taxation for the year.

	<i>Note</i>	<b>2018</b>	2017
		<i>Rupees</i>	<i>Rupees</i>
<b>25 OTHER INCOME</b>			
<b>Gain on financial instruments</b>			
Return on bank deposits		<b>413,751</b>	168
Markup on loans to employees		<b>1,221</b>	2,990
		<b>414,972</b>	3,158
<b>Other income</b>			
Fees, commission and other incomes		<b>198,350</b>	1,246,559
Gain on sale of property and equipment		<b>-</b>	100,000
Gain on sale of long term investment	14	<b>10,181,665</b>	-
Gain on sale of membership assets	15	<b>32,708,186</b>	-
Dividend income		<b>303,460</b>	-
		<b>43,391,661</b>	1,346,559
		<b><u>43,806,633</u></b>	<b><u>1,349,717</u></b>

<b>26 ADMINISTRATIVE AND GENERAL EXPENSES</b>			
Salaries and benefits	26.1	<b>6,578,679</b>	6,694,966
Rent, rates and taxes		<b>204,246</b>	162,170
Utilities		<b>374,454</b>	353,099
Repair and maintenance		<b>404,852</b>	32,310
Printing and stationery		<b>343,845</b>	249,876
Communication		<b>124,158</b>	76,223
Travelling and conveyance		<b>314,062</b>	24,400
Advertisement		<b>132,410</b>	39,552
Fee and subscription		<b>280,106</b>	327,999
Entertainment		<b>158,427</b>	131,754
Auditors' remuneration	26.2	<b>592,300</b>	592,300
Legal and professional charges		<b>1,872,790</b>	589,530
Depreciation		<b>323,272</b>	395,190
Others		<b>640,826</b>	468,882
		<b><u>12,344,427</u></b>	<b><u>10,138,251</u></b>

**26.1** These include charges/(credit) in respect of employees retirement benefits amounting to Rs. 299,926 (Rs. 2017: 191,774) and contribution to provident fund amounting to Rs. 588,320 (2017: Rs. 717,056).



	<i>Note</i>	2018 <i>Rupees</i>	2017 <i>Rupees</i>
<b>26.2 Auditors' remuneration</b>			
Annual statutory Audit		315,000	315,000
Limited scope review		132,300	132,300
Review report under Code of Corporate Governance		105,000	105,000
Out of pocket expenses		40,000	40,000
		<u>592,300</u>	<u>592,300</u>
<b>27 OTHER EXPENSES</b>			
Loss on disposal of property and equipment	17.2	68,777	-
		<u>68,777</u>	<u>-</u>
<b>28 FINANCIAL CHARGES</b>			
Bank charges		36,942	6,194
		<u>36,942</u>	<u>6,194</u>
<b>29 CHANGES IN IMPAIRMENT ALLOWANCE FOR NON-PERFORMING ASSETS</b>			
As at the beginning of the year		263,484,649	263,666,438
Impairment recognised during the year		4,697,837	1,235,809
Impairment reversed during the year		(7,833,023)	(1,417,598)
Net change in impairment allowance during the year		(3,135,186)	(181,789)
As at the end of the year		<u>260,349,463</u>	<u>263,484,649</u>
<b>29.1 Break-up of impairment allowance as at end of the year</b>			
Short term finances under murabahah arrangements	8.4	193,970,884	200,244,393
Ijarah rentals receivable	9.2	36,125,495	36,168,780
Receivables from clients	11.1.1	9,624,907	7,126,181
Advances and deposits		820,000	-
Profit receivable		19,808,177	19,945,295
		<u>260,349,463</u>	<u>263,484,649</u>
<b>29.2 Break-up of impairment recognised during the year</b>			
Short term finances under murabahah arrangements	8.4	1,216,652	980,081
Ijarah rentals receivable	9.2	162,459	255,728
Receivables from clients		2,498,726	-
Advances and deposits		820,000	-
Profit receivable	10.1	-	-
		<u>4,697,837</u>	<u>1,235,809</u>
<b>29.3 Break-up of impairment reversed during the year</b>			
Short term finances under murabahah arrangements	8.4	7,490,161	-
Ijarah rentals receivable	9.2	205,744	1,152,598
Profit receivable	10.1	137,118	265,000
		<u>7,833,023</u>	<u>1,417,598</u>





	<i>Note</i>	<b>2018</b> <i>Rupees</i>	2017 <i>Rupees</i>
<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 tax has been made for the current year in these financial statements as the income of non-trading Modaraba is exempt from income tax under clause 100 of Part I of Second Schedule to the Income Tax Ordinance, 2001, if the Modaraba distributes atleast 90% of its profits, as reduced by the amount transferred to the statutory reserve, as cash dividends to the certificate holders. No provision for current taxation for the year ended June 30, 2017 was 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. According to management, the provision for current taxation made in the financial statements is sufficient to discharge tax liability. A comparison of last three years of provision for current taxation with tax assessed is presented below:

	2017 <i>Rupees</i>	2016 <i>Rupees</i>	2015 <i>Rupees</i>
Provision for current taxation as per financial statements	-	-	-
Tax assessment under the Ordinance	-	-	-

**30.2** The Modaraba has carry forward losses against which a deferred tax asset amounting to Rs. 27.351 million (2017: Rs. 37.45 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>2018</b> <i>Rupees</i>	2017 <i>Rupees</i>
<b>31 EARNINGS/(LOSS) PER CERTIFICATE - BASIC AND DILUTED</b>			
Earnings/(loss) attributable to certificate holders	<i>Rupees</i>	<b>33,361,595</b>	(8,147,068)
Weighted average number of certificates outstanding during the year	<i>No. of shares</i>	<b>26,413,804</b>	26,413,804
Earnings/(loss) per certificate - <i>basic</i>	<i>Rupees</i>	<b>1.26</b>	(0.31)

There is no dilutive/anti-dilutive effect on the basic earnings/(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 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 and respectively. The details of Modaraba's related parties, with whom the Modaraba had transactions during the year or has balances outstanding as at the reporting date are as follows:



Name of related party	Nature of relationship	Basis of relationship	Aggregate %age of shareholding in the Modaraba
Fidelity Capital Management (Private) Limited			
Employess Providend Fund Trust	Provident Fund Trust	Contribution to providend fund	N/A
Fidelity Capital Management (Private) Limited	Management Company	Share holding	22.22%
Younas Choudhary	Key management personnel	Employee	N/A
Ijaz Fazal	Key management personnel	Employee	N/A
Ilyas Shafique	Key management personnel	Employee	N/A

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

	Note	2018 Rupees	2017 Rupees
<b>32.1 Transactions with related parties</b>			
<b>Nature of relationship</b>	<b>Nature of balances</b>		
Provident Fund Trust	Contribution for the year	477,036	717,056
Officers and employees	Ijarah rentals received	728,830	682,897
Management Company	Managment Company's remuneration	3,706,844	-
<b>32.2 Balances with related parties</b>			
Officers and employees	Ijarah rentals receivables	97,402	107,447
	Ijarah rentals suspended	97,402	107,447
Provident Fund Trust	Contribution payable	163,284	1,463,708
Management Company	Managment Company's remuneration payable	3,706,844	-
<b>33 CASH GENERATED FROM OPERATIONS</b>			
<b>Loss before taxation</b>		<b>33,361,595</b>	<b>(8,147,068)</b>
<b>Adjustments for non-cash and other items</b>			
Depreciation		323,272	395,190
Amortization of assets leased out under ijarah contracts		3,805,707	1,494,378
Loss/(gain) on disposal of property and equipment		68,777	(100,000)
Gain on disposal of long term investment		(10,181,665)	-
Gain on disposal of membership assets		(32,708,186)	-
Changes in fair value of non-performing receivables		(3,135,186)	(181,789)
Provision/(credit) for employees retirement benefits		299,926	(191,774)
Dividend income		(303,460)	-
		<b>(41,830,815)</b>	<b>1,416,005</b>
<b>Operating loss before changes in working capital</b>		<b>(8,469,220)</b>	<b>(6,731,063)</b>
<b>Changes in working capital</b>			
Finances under murabahah arrangements		31,629,999	1,218,847
Ijarah rentals receivable		(1,080,759)	901,975
Profit receivable on murabahah finances		(256,562)	355,047
Advances, deposits, prepayments and other receivables		(1,752,939)	265,888
Long term advances and deposits		(145,339)	98,841
Accrued and other liabilities		(1,269,964)	2,982,739
Security deposits		17,980,530	(2,214,261)
		<b>45,104,966</b>	<b>3,609,076</b>
<b>Cash generated from/(used in) operations</b>		<b>36,635,746</b>	<b>(3,121,987)</b>
<b>34 CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	7	10,040,527	24,406
		<b>10,040,527</b>	<b>24,406</b>



	2018	2017
	<i>Rupees</i>	<i>Rupees</i>
<b>Loans and receivables</b>		
Cash at bank	9,729,393	24,017
Short term finances under murabahah arrangements	261,854,232	293,484,231
Ijarah rentals receivable	37,351,235	36,270,476
Profit receivable on murabahah finances	20,245,677	19,989,115
Security deposits	37,500	857,500
Receivable from clients	16,869,630	16,282,240
Other receivables	1,778,410	535,525
	<b>347,866,077</b>	<b>367,443,104</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:

	2018	2017
	<i>Rupees</i>	<i>Rupees</i>
Customers	338,099,184	366,561,587
Utility companies and regulatory authorities	37,500	857,500
Banking companies and financial institutions	9,729,393	24,017
	<b>347,866,077</b>	<b>367,443,104</b>

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

	2018				Total <i>Rupees</i>
	<i>Ijarah rentals receivable Rupees</i>	<i>Finances under Murabahah arrangements Rupees</i>	<i>Profit receivable Rupees</i>	<i>Others receivables Rupees</i>	
Services	-	217,404,232	-	-	217,404,232
Textile	-	9,000,000	-	-	9,000,000
Construction	-	9,800,000	-	-	9,800,000
Individuals	37,351,235	25,650,000	20,245,677	18,648,040	101,894,952
	<b>37,351,235</b>	<b>261,854,232</b>	<b>20,245,677</b>	<b>18,648,040</b>	<b>338,099,184</b>

	2017				Total <i>Rupees</i>
	<i>Ijarah rentals receivable Rupees</i>	<i>Finances under Murabahah arrangements Rupees</i>	<i>Profit receivable Rupees</i>	<i>Others receivables Rupees</i>	
Services	-	222,404,231	-	-	222,404,231
Textile	-	9,000,000	-	-	9,000,000
Construction	-	9,800,000	-	-	9,800,000
Individuals	36,270,476	52,280,000	19,989,115	16,817,765	125,357,356
	<b>36,270,476</b>	<b>293,484,231</b>	<b>19,989,115</b>	<b>16,817,765</b>	<b>366,561,587</b>

### 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.



## 35 FINANCIAL INSTRUMENTS

The carrying amounts of the Modaraba's financial instruments by class and category are as follows:

	<i>Note</i>	<b>2018</b>	<b>2017</b>
		<i>Rupees</i>	<i>Rupees</i>
<b>35.1 Financial assets</b>			
<b><i>Cash in hand</i></b>	7	<b>311,134</b>	389
<b><i>Loans and receivables</i></b>			
Cash at bank	7	<b>9,729,393</b>	24,017
Short term finances under murabahah arrangements	8	<b>67,883,348</b>	93,239,838
Ijarah rentals receivable	9	<b>1,225,740</b>	101,696
Profit receivable	10	<b>437,500</b>	43,820
Security deposits	13	<b>37,500</b>	857,500
Receivable from clients	11	<b>7,244,723</b>	9,156,059
Other receivables	11	<b>1,778,410</b>	535,525
<b><i>Available for sale financial assets</i></b>			
Investments in unquoted securities	14	-	5,750,000
		<b>88,647,748</b>	<b>109,708,844</b>
<b>35.2 Financial liabilities</b>			
<b><i>Financial liabilities at amortized cost</i></b>			
Due to customers	18	<b>30,178</b>	1,308,419
Accrued and other payables	18	<b>3,579,070</b>	9,932,594
Management Company's remuneration payable	18	<b>3,706,844</b>	-
Unclaimed profit distribution	18	<b>10,652,112</b>	10,673,516
		<b>17,968,204</b>	<b>21,914,529</b>

## 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:



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

These include banking companies, which are counterparties to 'cash at bank'. 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:

	2018		2017	
	Gross carrying amount Rupees	Accumulated Impairment Rupees	Gross carrying amount Rupees	Accumulated Impairment Rupees
Neither past due nor impaired	-	-	-	-
Past due by upto 90 days	1,225,740	-	101,696	-
Past due by 90 to 180 days	10,336,716	236,716	139,191	139,191
Past due by 180 days to 1 year	97,402	97,402	113,212	113,212
Past due by 1 to 2 years	-	-	35,472,115	8,429,957
Past due by 2 to 3 years	15,000,000	1,216,653	771,564	236,039
Past due by 3 years or more	311,439,326	257,978,692	329,963,809	254,566,250
	<b>338,099,184</b>	<b>259,529,463</b>	<b>366,561,587</b>	<b>263,484,649</b>

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 following is the analysis of contractual maturities of financial liabilities, including estimated interest/markup/profit payments.

	2018				
	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	30,178	30,178	30,178	-	-
Accrued and other payables	3,579,070	3,579,070	3,579,070	-	-
Management Company's remuneration payable	3,706,844	3,706,844	3,706,844	-	-
Unclaimed profit distribution	10,652,112	10,652,112	10,652,112	-	-
	<b>17,968,204</b>	<b>17,968,204</b>	<b>17,968,204</b>	<b>-</b>	<b>-</b>



	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	-	-
Management Company's remuneration payable	-	-	-	-	-
Unclaimed profit distribution	10,673,516	10,673,516	10,673,516	-	-
	<u>21,914,529</u>	<u>21,914,529</u>	<u>21,914,529</u>	<u>-</u>	<u>-</u>

### 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:

	2018 Rupees	2017 Rupees
<b>Fixed rate instruments</b>		
Financial assets	261,854,232	293,484,231
Financial liabilities	-	-
<b>Variable rate instruments</b>		
Financial assets	9,729,393	24,017
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. 97,294 (2017: Rs. 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

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:

#### 38.1.1 Financial instruments measured at fair value

There are no recurring or non-recurring fair value measurements as at the reporting date. The management considers the carrying amount of all the financial instruments to approximate their fair 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:

	2018		
	Officers	Other employees	Total
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Remuneration	3,667,800	1,168,600	4,836,400
Allowances and perquisites	1,639,307	102,972	1,742,279
Post employment benefits	-	-	-
	<u>5,307,107</u>	<u>1,271,572</u>	<u>6,578,679</u>
Number of persons	<u>6</u>	<u>7</u>	<u>13</u>



	2017		
	Officers <i>Rupees</i>	Other employees <i>Rupees</i>	Total <i>Rupees</i>
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
	<u>6,625,419</u>	<u>2,773,183</u>	<u>9,398,602</u>
Number of persons	<u>3</u>	<u>7</u>	<u>10</u>

#### 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, 2018.

		2018	2017
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Size of the fund - <i>total assets</i>	<i>Rupees</i>	310,038	1,470,162
Cost/fair value of investments	<i>Rupees</i>	309,086	1,468,710
Percentage of investments made	<i>% age</i>	99.69%	99.90%

The break-up of investments is as follows:

The break-up of investments is as follows:

	2018		2017	
	<i>Rupees</i>	<i>% age</i>	<i>Rupees</i>	<i>% age</i>
Deposit accounts with commercial banks	952	0.31	1,452	0.10
Mutual funds	309,086	99.69	1,468,710	99.90
	<u>310,038</u>	<u>100.00</u>	<u>1,470,162</u>	<u>100.00</u>

#### 42 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Management Company in their meeting held on October 05, 2018 has approved profit distribution to certificate holders at Rs. 0.65 per certificate of Rs. 10 each, amounting to total profit distribution of Rs. 17.169 million.

#### 43 NUMBER OF EMPLOYEES

	2018	2017
Total number of employees	<u>13</u>	<u>10</u>
Average number of employees	<u>12</u>	<u>14</u>



**44 RECLASSIFICATIONS**

The following have been reclassified for compliance with Fourth Schedule to the Companies Act, 2017.

Particulars	From	To	2018	2017
Unclaimed profit distribution	Accrued and other liabilities	Balance sheet	<b>10,652,112</b>	10,673,516

**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 other than those referred to in note 44.

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, 2018
- 4.

No. of Shareholders	Shareholding		Total Shares held
	From	To	
3,360	1	100	136,015
2,191	101	500	527,066
830	501	1,000	636,894
900	1,001	5,000	1,805,442
100	5,001	10,000	724,018
41	10,001	15,000	478,347
19	15,001	20,000	337,086
19	20,001	25,000	423,437
5	25,001	30,000	144,460
9	30,001	35,000	296,306
4	35,001	40,000	147,829
5	40,001	45,000	215,440
3	45,001	50,000	143,000
3	50,001	55,000	163,362
1	55,001	60,000	56,427
1	60,001	65,000	64,000
1	65,001	70,000	69,500
2	70,001	75,000	144,200
2	75,001	80,000	155,296
1	85,001	90,000	88,100
1	90,001	95,000	93,991
2	95,001	100,000	200,000
1	105,001	110,000	105,254
1	130,001	135,000	131,651
1	160,001	165,000	161,230
1	165,001	170,000	170,000
1	200,001	205,000	200,153
1	255,001	260,000	260,000
1	265,001	270,000	266,792
1	280,001	285,000	281,500
1	285,001	290,000	288,500
1	350,001	355,000	350,804
1	410,001	415,000	413,000
1	435,001	440,000	436,000
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	2,295,001	2,300,000	2,300,000
1	2,480,001	2,485,000	2,483,870
1	2,640,001	2,645,000	2,641,380
1	3,225,001	3,230,000	3,228,234
<b>7,523</b>			<b>26,413,804</b>



## CATEGORIES OF CERTIFICATE HOLDING

As On: June 30, 2018

First Fidelity Leasing Modaraba

As On: June 30, 2018

Categories of Shareholder	Physical	CDC	Total	% age
<b>Directors, Chief Executive Officer, Their Spouses and Minor Childern</b>				
<b>Directors</b>				
SIYYID 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>				
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	-	495,078	495,078	1.87
	-	<b>495,078</b>	<b>495,078</b>	<b>1.87</b>
<b>Banks, NBFCs, DFIs, Takaful, Pension Funds</b>	<b>31,417</b>	<b>96,463</b>	<b>127,880</b>	<b>0.48</b>
<b>Modarabas</b>	<b>437</b>	-	<b>437</b>	<b>0.00</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>664,597</b>	<b>487,158</b>	<b>1,151,755</b>	<b>4.36</b>
<b>General Public</b>				
A. Local	3,174,670	14,497,191	17,671,861	66.90
B. Foreign	-	7,656	7,656	0.03
	<b>3,174,670</b>	<b>14,504,847</b>	<b>17,679,517</b>	<b>66.93</b>
	<b>3,871,161</b>	<b>22,542,643</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			4,783,870	18.11



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\*Mobile app can also be used for download for android and ios devices



CorpTec/GOC/0001146/1  
September 22, 2018

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 (For Companies)	
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