

**CONDENSED INTERIM
FINANCIAL INFORMATION
(UN-AUDITED)
FOR THE HALF YEAR ENDED
31 DECEMBER**

2 0 1 3



FIRST FIDELITY LEASING MODARABA

Managed By:

Fidelity Capital Management (Private) Limited



CORPORATE INFORMATION

Board of Directors

Fidelity Capital Management (Private) Limited.

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

Company Secretary / CFO

Mr. Mohammed Waheed

Auditors of Modaraba

Riaz Ahmad & Company
Chartered Accountants

Audit Committee

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

Credit Committee

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

Human Resource & Remuneration Committee

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

Legal Advisor

Salim & Baig (Advocates)

Bankers

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

Registered Office

Ground Floor, 90, A-1
Canal Bank Gulberg-II, Lahore
Tel: 042 - 35713461-4
Fax: 042-35759122
Email: info@fidelitymodaraba.com
Website: www.fidelitymodaraba.com

Registrars

Corptec Associates (Private) Limited
503-E, Johar Town Lahore.
Tel: 042 – 35170336-7
Fax: 042 – 35170338
Email: corptecassociates@gmail.com

DIRECTORS' REPORT

Directors of Fidelity Capital Management (Pvt.) Limited, the management company of First Fidelity Leasing Modaraba are pleased to present second quarter un-audited condensed interim financial information of the Modaraba for the half year ended December 31, 2013, together with auditors' review report thereon.

The Modaraba during the half year ended December 31, 2013, earned profit of Rs. 5.380 million, as compared to a profit of Rs. 4.267 million earned in the corresponding six months period. The major reason for subdued income in the period is non-generation of recurring income on amount deployed against purchase of ground floor in Corporate Tower, Lahore. Auditors have qualified their review report on this matter. However as more fully explained in note 7.2.2 to the condensed interim financial information efforts are being made for recovery of amount invested against purchase of the ground floor, which is likely to be accomplished in the current year and the subsequent period results shall reflect effect of earning on cash generated on disposal.

The half yearly accounts can also be accessed at www.fidelitymodaraba.com.

The Directors wish to place on record their thanks to the certificate holders, regulatory authorities for their valuable support, guidance and cooperation extended to the Modaraba and look forward to their continued patronage in future. The dedication and hard work put in by the officers and staff of the Modaraba is also acknowledged.

For and behalf of the Board of Directors


Wasim ul Haq Osmani
(Chief Executive)

Lahore:
February 26, 2014



AUDITOR' REPORT TO CERTIFICATE HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of First Fidelity Leasing Modaraba ("the modaraba") as at 31 December 2013 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (herein after referred to as "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 December 2013 and 31 December 2012 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 31 December 2013.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

We refer to note 7.2.2 to the condensed interim financial information, which describes the matter regarding advance against purchase of ground floor in Corporate Tower, Lahore. According to the settlement agreement and agreement to sell and buy back, construction of the tower was due to be completed by 28 December 2013. However, the construction work has stalled at plinth level. Settlement of this advance is dependent upon completion of the tower through raising further funds or disposal of the tower in its existing state to an interested party for which the management of the Modaraba and its client are actively working upon. Pending the outcome of the aforesaid efforts, management of the Modaraba has not measured the recoverable amount of the aforesaid advance. Resultantly, impairment loss, if any, has not been recognized against this advance in this condensed interim financial information.

Qualified Conclusion

Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended 31 December 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Syed Mustafa Ali

Date: 26 February 2014.

LAHORE

SHARI'AH ADVISOR'S REPORT



I have conducted the Shari'ah review of First Fidelity Leasing Modaraba (FFLM) managed by Fidelity Capital Management {Private} Limited, for the half year ended December 31, 2013 in accordance with the requirements of Shari'ah Compliance and Shari'ah Audit Mechanism for Modarabas. According to my observations, followings are my opinion in this regard:

- i. The Modaraba's mechanism for Shariah Compliance is working in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the Shariah principles:
- ii. Following were the major development that took place during the year:
 - a) Research and new product developments.
Adopted new inducted Shariah Compliance and Shariah Audit Mechanism.
 - b) Followed Model Islamic Financing Agreements approved by Religious Board.
- iii. the agreements entered into by the Modaraba are Shariah compliant and the financing agreements have been executed on the formats as approved by the Religious Board and all the related conditions have been met.
- iv. to the best of my information and according to the explanation given to me, the business transactions undertaken by the Modaraba and all other matters incidental thereto are in conformity with the Shariah requirements as well as the requirements of the Prospectus, Islamic Financial Accounting Standards as applicable in Pakistan and Shariah Audit Regulations for Modarabas.
- v. profit sharing ratios, profits and charging of losses (if any) relating to any deposit raising product conform to the basis and principles of Shariah.
- vi. No earning have been realized by any means prohibited by Shariah.
- vii. the earning that have been realized from the sources or by means prohibited by Shariah have been credited to charity accounts, and is being disbursed to approved charitable organization.

In my opinion, the operations of First Fidelity Leasing Modaraba are in conformity with the Shariah Compliance and Audit Mechanism for Modarabas.

Mufti Muhammad Umar Ashraf.
Shariah Advisor FFLM

Date: 26 February 2014.

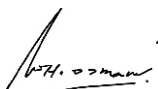
LAHORE



CONDENSED INTERIM BALANCE SHEET AS AT 31 DECEMBER 2013

		Un-audited 31 December 2013	Audited 30 June 2013
	Note	Rupees	Rupees
ASSETS			
CURRENT ASSETS			
Cash and bank balances		39,183,592	25,717,356
Investment in NAFA fund - available for sale		1,439	-
Short term morabaha investments - secured		60,023,338	73,010,433
Ijarah rentals receivable		545,350	268,892
Advances, deposits, prepayments and other receivables		15,370,930	14,491,170
Current portion of non-current assets	3	239,879	265,143
		115,364,528	113,752,994
NON-CURRENT ASSETS			
Long term receivables and deposits		1,291,018	1,282,891
Long term investment	4	5,750,000	5,750,000
Investment properties	5	-	4,554,035
Trading right entitlement certificate, card and room		6,280,000	6,280,000
Ijarah assets	6	20,100,547	14,665,565
Fixed assets	7	228,167,901	227,940,145
		261,589,466	260,472,636
TOTAL ASSETS		376,953,994	374,225,630
LIABILITIES			
CURRENT LIABILITIES			
Deferred morabaha income		1,545,838	4,340,433
Placement	8	1,000,000	1,000,000
Creditors, accrued and other liabilities		14,169,862	15,172,021
Current portion of non-current liabilities	9	3,652,390	3,570,632
		20,368,090	24,083,086
NON-CURRENT LIABILITIES			
Deferred income tax		144	-
Security deposits against ijarah assets		5,874,937	4,512,040
Employee benefits		1,503,122	1,795,245
		7,378,203	6,307,285
TOTAL LIABILITIES		27,746,293	30,390,371
NET ASSETS		349,207,701	343,835,259
FINANCED BY			
Certificate capital			
26,413,804 (30 June 2013: 26,413,804) modaraba certificates of Rupees 10 each		264,138,040	264,138,040
Reserves		85,069,661	79,697,219
TOTAL EQUITY AND RESERVES		349,207,701	343,835,259
CONTINGENCIES AND COMMITMENTS	10		

The annexed notes form an integral part of this condensed interim financial information.



Chief Executive
Fidelity Capital Management
(Private) Limited



Director
Fidelity Capital Management
(Private) Limited



Director
Fidelity Capital Management
(Private) Limited

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	Rupees	Rupees	Rupees	Rupees
INCOME				
Ijarah rentals	3,185,429	3,773,849	1,473,278	1,877,903
Profit on morabaha investments	4,199,144	3,273,601	3,965,680	1,874,176
Brokerage commission	-	424,454	-	239,984
Other income	14,137,102	2,132,231	14,112,079	856,208
	<u>21,521,675</u>	<u>9,604,135</u>	<u>19,551,037</u>	<u>4,848,271</u>
EXPENSES				
Depreciation on ijarah assets	(2,514,318)	(2,523,478)	(1,362,320)	(1,285,591)
Depreciation on investment properties	-	(18,379)	-	(9,189)
Administrative and general expenses	(9,156,728)	(9,644,804)	(5,590,872)	(5,545,389)
Stock exchange and CDC charges	(120,498)	(148,102)	(45,063)	(55,128)
Financial charges	(19,950)	(13,968)	(14,136)	(10,474)
	<u>(11,811,494)</u>	<u>(12,348,731)</u>	<u>(7,012,391)</u>	<u>(6,905,771)</u>
OPERATING PROFIT / (LOSS) BEFORE PROVISIONS AND TAXATION	<u>9,710,181</u>	<u>(2,744,596)</u>	<u>12,538,646</u>	<u>(2,057,500)</u>
Provision (charged) / reversed for non-performing receivables	(3,732,240)	5,025,155	(7,784,904)	3,487,031
	<u>5,977,941</u>	<u>2,280,559</u>	<u>4,753,742</u>	<u>1,429,531</u>
Modaraba management company fee	(597,794)	(228,056)	(486,503)	(150,690)
PROFIT BEFORE TAXATION	<u>5,380,147</u>	<u>2,052,503</u>	<u>4,267,239</u>	<u>1,278,841</u>
Taxation	(9,000)	-	(9,000)	-
PROFIT AFTER TAXATION	<u>5,371,147</u>	<u>2,052,503</u>	<u>4,258,239</u>	<u>1,278,841</u>
EARNINGS PER CERTIFICATE - BASIC AND DILUTED	<u>0.20</u>	<u>0.08</u>	<u>0.16</u>	<u>0.05</u>

The annexed notes form an integral part of this condensed interim financial information.


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**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	Rupees	Rupees	Rupees	Rupees
Profit after taxation	5,371,147	2,052,503	4,258,239	1,278,841
OTHER COMPREHENSIVE INCOME / (LOSS)				
Items that may not be reclassified to profit or loss	-	-	-	-
Item that may be reclassified subsequently to profit or loss:				
Surplus on remeasurement of available for sale investment	1,439	-	1,439	-
Reclassification adjustment relating to disposal of available for sale investments	-	(1,972,140)	-	(1,155,612)
Deferred income tax relating to surplus on available for sale investment	(144)	-	(144)	-
Other comprehensive income / (loss) for the period - net of tax	1,295	(1,972,140)	1,295	(1,155,612)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	5,372,442	80,363	4,259,534	123,229

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CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2013



	Note	HALF YEAR ENDED	
		31 December 2013	31 December 2012
		Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	11	(8,141,282)	7,281,034
Financial charges paid		(19,950)	(13,968)
Profit received on morabaha investments		4,098,876	2,851,987
Profit on bank deposits received		7,684	79,121
Employee benefits paid		(582,123)	(24,000)
Income tax		308,331	(27,084)
Net cash (used in) / generated from operating activities		(4,328,464)	10,147,090
CASH FLOWS FROM INVESTING ACTIVITIES			
Room in Islamabad Stock Exchange		-	(1,400,000)
Proceeds from disposal of fixed assets - own use		-	39,802
Fixed assets acquired - own use		(845,300)	(111,180)
Proceeds from disposal of investment property		18,550,000	-
Investment made in NAFA fund		(9,100,000)	-
Proceeds from sale of investment in NAFA fund		9,190,000	-
Short term investment made		-	(737,683)
Proceeds from sale of short term investment		-	3,490,642
Net cash from investing activities		17,794,700	1,281,581
CASH FLOWS FROM FINANCING ACTIVITIES			
Profit distribution		-	(10,215,360)
Net cash used in financing activities		-	(10,215,360)
Net increase in cash and cash equivalents		13,466,236	1,213,311
Cash and cash equivalents at the beginning of the period		25,717,356	11,724,191
Cash and cash equivalents at the end of the period		39,183,592	12,937,502

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**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

	RESERVES					TOTAL EQUITY
	CAPITAL RESERVES			UNAPPROPRIATED PROFIT / (ACCUMULATED LOSS)	TOTAL	
	STATUTORY RESERVE	FAIR VALUE RESERVE	SUB TOTAL			
	Rupees					
Balance as at 30 June 2012 - (Audited)	264,138,040	2,155,582	79,342,979	9,326,363	88,669,342	352,807,382
Transaction with owners:						
Final dividend for the year ended 30 June 2012 @ Rupees 0.50 per certificate	-	-	-	(13,206,902)	(13,206,902)	(13,206,902)
Profit for the half year ended 31 December 2012	-	-	-	2,052,503	2,052,503	2,052,503
Other comprehensive loss for the half year ended 31 December 2012	-	(1,972,140)	(1,972,140)	-	(1,972,140)	(1,972,140)
Total comprehensive income for the half year ended 31 December 2012	-	(1,972,140)	(1,972,140)	2,052,503	80,363	80,363
Transferred to statutory reserve	-	410,501	410,501	(410,501)	-	-
Balance as at 31 December 2012 - (Un-audited)	264,138,040	183,442	77,781,340	(2,238,537)	75,542,803	338,880,843
Profit for the half year ended 30 June 2013	-	-	-	4,337,858	4,337,858	4,337,858
Other comprehensive loss for the half year ended 30 June 2013	-	(183,442)	(183,442)	-	(183,442)	(183,442)
Total comprehensive income for the half year ended 30 June 2013	-	(183,442)	(183,442)	4,337,858	4,154,416	4,154,416
Transferred to statutory reserve	-	867,571	867,571	(867,571)	-	-
Balance as at 30 June 2013 - (Audited)	264,138,040	-	78,465,469	1,231,750	79,697,219	343,835,259
Profit for the half year ended 31 December 2013	-	-	-	5,371,147	5,371,147	5,371,147
Other comprehensive income for the half year ended 31 December 2013	-	1,295	1,295	-	1,295	1,295
Total comprehensive income for the half year ended 31 December 2013	-	1,295	1,295	5,371,147	5,372,442	5,372,442
Transferred to statutory reserve	-	1,074,229	1,074,229	(1,074,229)	-	-
Balance as at 31 December 2013 - (Un-audited)	264,138,040	79,539,698	79,540,993	5,528,668	85,069,661	349,207,011

The annexed notes form an integral part of this condensed interim financial information.


Chief Executive
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 (Private) Limited


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**SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**



1 LEGAL STATUS AND NATURE OF BUSINESS

First Fidelity Leasing Modaraba ("the Modaraba") was formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and Rules framed there under and is managed by Fidelity Capital Management (Private) Limited. The registered office of the Modaraba is situated at Ground Floor 90, A-1 Canal Bank, Gulberg-II, Lahore. The Modaraba commenced its business operations from 05 December 1991. The Modaraba is listed on all stock exchanges in Pakistan.

The Modaraba is a perpetual, multipurpose and multidimensional modaraba and is primarily engaged in the business of ijarah (leasing), musharika and morabaha financing, equity investment, brokerage and other related business. The Modaraba is a corporate member of the Islamabad Stock Exchange (Guarantee) Limited and Pakistan Mercantile Exchange Limited.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the Modaraba for the year ended 30 June 2013.

2.1 Basis of preparation

a) Statement of compliance

This condensed interim financial information is unaudited but subject to limited scope review by the statutory auditors and is being submitted to the certificate holders as required under Rule 10 of Modaraba Companies and Modaraba Rules, 1981. This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Islamic Financial Accounting Standards (IFAS), Modaraba Companies and Modaraba Rules, 1981 and directives issued by SECP differ with the requirements of IFRS, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Islamic Financial Accounting Standards (IFAS), Modaraba Companies and Modaraba Rules, 1981 or the directives issued by SECP shall prevail.

This condensed interim financial information has been prepared in accordance with the International Accounting Standard (IAS 34) "Interim Financial Reporting" as applicable in Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP). This condensed interim financial information does not include all information and disclosures made in the annual published financial statements and therefore should be read in conjunction with the audited annual published financial statements of the Modaraba for the year ended 30 June 2013.

b) Accounting convention

This condensed interim financial information has been prepared under the historical cost convention except for certain financial instruments which are carried at fair value and recognition of staff retirement benefits at present value.



**SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

c) Critical accounting estimates and judgments

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Modaraba's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. During the preparation of this condensed interim financial information, the significant judgments made by the management in applying the Modaraba's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in preceding audited annual published financial statements of the Modaraba for the year ended 30 June 2013.

	Un-audited 31 December 2013 Rupees	Audited 30 June 2013 Rupees
3 CURRENT PORTION OF NON-CURRENT ASSETS		
Long term receivables - loans to employees	<u>239,879</u>	<u>265,143</u>
4 LONG TERM INVESTMENT		
Unquoted shares - available for sale (Note 4.1)	<u>5,750,000</u>	<u>5,750,000</u>

- 4.1** In accordance with the requirements of The Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the Act), the Modaraba has received equity shares of Islamabad Stock Exchange Limited (ISE) and a Trading Right Entitlement (TRE) certificate in lieu of its membership card of ISE. The Modaraba's entitlement in respect of ISE's shares is determined on the basis of valuation of assets and liabilities of ISE as approved by the SECP and the Modaraba has been allotted 3,034,603 shares having face value of Rupees 10 each, out of which 1,820,762 shares are kept in a blocked account with CDC and divestment of the same will be made in accordance with the requirements of the Act. However, the proceeds of these shares and right to dividend / bonus is vested with the member whereas voting rights attached to these shares are suspended.

According to the opinion of Technical Advisory Committee (TAC) of Institute of Chartered Accountants of Pakistan (ICAP) the shares should be classified as 'Available for Sale' and the effect of any subsequent measurement of their fair value should be recognized in accordance with the requirements of International Accounting Standard 39 'Financial Instruments: Recognition and Measurement'. Further, the TRE certificate issued to the original membership cardholder should be separately identified as an intangible asset under the requirements of International Accounting Standard 38 'Intangible Assets'. Since the par value of shares received by the Modaraba is more than the carrying value of membership card, investment in ISE is recognized to the extent of the carrying value of membership card and TRE certificate in ISE is recognized at nil value. Any subsequent measurement of the shares and / or TRE certificate would only be possible when their reliable fair values can be measured. This would most likely happen when the divestment of blocked shares will be made in accordance with the requirements of the Act.

The Act restricts TRE certificates only to companies as defined in Companies Ordinance, 1984, therefore, trading rights of the Modaraba has been suspended on the order of SECP on 7 May 2013 by ISE. The Modaraba's submission to the SECP that Modaraba is a corporate legal entity, has not been accepted. Being aggrieved, the Modaraba has filed a writ petition before Islamabad High Court, Islamabad to declare the said order of SECP / ISE illegal on the grounds that the Modaraba is a listed company and every listed company is a public limited company under the Companies Ordinance, 1984. The case is still pending before the Honourable Islamabad High Court.

	Un-audited 31 December 2013 Rupees	Audited 30 June 2013 Rupees
5 INVESTMENT PROPERTIES		
Opening book value	4,554,035	9,813,787
Book value of building disposed of during the period / year (Note 5.1)	<u>(4,554,035)</u>	<u>(5,229,120)</u>
	-	4,584,667
Depreciation charged during the period / year	-	(30,632)
Closing book value	<u>-</u>	<u>4,554,035</u>

**SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**



5.1 Investment properties sold (land at Manawan, Lahore) are in the process of mutation in the name of buyer in revenue records.

	Un-audited 31 December 2013 Rupees	Audited 30 June 2013 Rupees
6 IJARAH ASSETS		
Opening book value	14,665,565	18,009,398
Cost of additions during the period / year (Note 6.1)	9,295,300	4,027,000
	<u>23,960,865</u>	<u>22,036,398</u>
Book value of deletions during the period / year (Note 6.2)	(1,346,000)	(2,644,786)
	<u>22,614,865</u>	<u>19,391,612</u>
Depreciation charged during the period / year	(2,514,318)	(4,726,047)
Closing book value	<u><u>20,100,547</u></u>	<u><u>14,665,565</u></u>
6.1 Cost of additions		
Plant and machinery	5,420,000	534,000
Office equipment	140,300	155,000
Vehicles	3,735,000	3,338,000
	<u>9,295,300</u>	<u>4,027,000</u>
6.2 Book value of deletions		
Plant and machinery	1,059,298	280,399
Office equipment	161,005	71,088
Vehicles	125,697	2,293,299
	<u>1,346,000</u>	<u>2,644,786</u>
7 FIXED ASSETS		
Assets in own use (Note 7.1)	4,167,901	3,940,145
Capital work in progress - Property in course of construction (Note 7.2)	224,000,000	224,000,000
	<u>228,167,901</u>	<u>227,940,145</u>
7.1 Assets in own use		
Opening book value	3,940,145	5,098,378
Cost of additions during the period / year (Note 7.1.1)	845,300	172,180
	<u>4,785,445</u>	<u>5,270,558</u>
Book value of deletions during the period / year (Note 7.1.2)	-	(77,435)
	<u>4,785,445</u>	<u>5,193,123</u>
Depreciation charged during the period / year	(617,544)	(1,252,978)
Closing book value	<u><u>4,167,901</u></u>	<u><u>3,940,145</u></u>
7.1.1 Cost of additions		
Computers and equipment	73,000	145,180
Furniture and fixtures	47,300	27,000
Vehicle	725,000	-
	<u>845,300</u>	<u>172,180</u>
7.1.2 Book value of deletions		
Computers and equipment	-	75,360
Furniture and fixtures	-	1,645
Vehicles	-	430
	<u>-</u>	<u>77,435</u>



**SELECTED NOTES TO THE CONDENSED INTERIM
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7.2 Capital work in progress - Property in course of construction

Opening balance	224,000,000	226,250,000
Less: Impairment loss on two villas (Note 7.2.1)	-	(2,250,000)
Closing balance	<u>224,000,000</u>	<u>224,000,000</u>

7.2.1 This includes advance paid to Rehman Construction Company under two Memoranda of Understanding (MOU's) for a project known as "Murree Holiday Resorts" for construction of four villas at a value of Rupees 5 million each and two villas at a value of Rupees 2.5 million each. The villas are currently under construction and are in semi-finished form. Land measuring 1 Kanal 08 Marlas of four out of six villas was also purchased by the Modaraba through registered sale deed. Mutation of revenue records in favour of the Modaraba is still pending. In addition to the land of these four villas, charge on additional area of land was created in favour of the Modaraba through registered mortgage deed and power of attorney to secure the advance. Additional provision of Rupees 2.250 million has been created against 2 villas, land of which has not been purchased by the Modaraba. Market value of the property (4 villas) is estimated at Rupees 35.200 million as at 30 June 2013. The valuation has been carried out by independent valuer.

After purchase of aforesaid land by the Modaraba, land measuring 5 Kanals 18 Marlas including the land purchased by the Modaraba was purchased by Muhammad Shahvez Riaz through oral mutation dated 16 December 2006. The Modaraba filed case with District Officer (Revenue) DO(R), Rawalpindi. Reports of Tehsildar Murree and Deputy District Officer (Revenue) Murree were also obtained which stated that the aforesaid land is owned by the Modaraba and subsequent oral mutation number 858 dated 16 December 2006 in favour of Muhammad Shahvez Riaz needs to be reviewed. On 21 June 2011, DO(R), Rawalpindi ordered ex-parte to review the oral mutation. Copy of the order of DO(R) was sent to Tehsildar Murree for review of the said mutation. Thereafter, Muhammad Shahvez Riaz moved an application before the Additional District Collector (ADC), previously DO(R), for setting aside ex-parte order. The matter is pending for arguments. Subsequent to the period end, on 08 February 2014, the Additional District Collector, Rawalpindi has disposed off the application of Muhammad Shahvez Riaz and upheld the previous order dated 21 June 2011. The order is being sent to Tehsildar Murree for review of mutation number 858 dated 16 December 2006 and transfer of land in name of the Modaraba in revenue records.

7.2.2 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 Musharika Investment to Enplan (Private) Limited of Rupees 99 million and takeover of Musharika Investment of Trust Investment Bank Limited of Rupees 105 million through settlement agreement dated 28 June 2012. On 29 June 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 morabaha facilities to Enplan (Private) Limited as per agreed terms for completion of the tower. 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 Rupees 204 million plus 15% per annum profit 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 which has market value of Rupees 362 million, estimated by an independent valuer.

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 construction of Kalma Chowk underpass the value of the property has appreciated due to its location and accessibility. Further, investors are available after post election scenario. The managements of Enplan (Private) Limited and the Modaraba are actively seeking and negotiating with buyers for sale of further floors to generate funds for completion of the tower. Possibility is also explored by the management of Enplan (Private) Limited to wholly and substantially sell the tower to an interested party. In this case the proceeds will be adjusted towards the purchase of ground floor from Modaraba before vacation of charge by the Modaraba. Based on the situation, the management is hopeful that sale of further floors will be made in the current year to generate funds to complete the tower.

8 PLACEMENT

This represents balance of advance / placement from Trust Investment Bank Limited (TIBL) - associated company arising consequent to the transfer of total exposure of Enplan (Private) Limited amounting to Rupees 105 million to the Modaraba in accordance with the settlement arrangement dated 28 June 2012. This arrangement was for 9 months and carries zero markup.

	Un-audited 31 December 2013 Rupees	Audited 30 June 2013 Rupees
9 CURRENT PORTION OF NON-CURRENT LIABILITIES		
Security deposits against ijarah assets	<u>3,652,390</u>	<u>3,570,632</u>

10 CONTINGENCIES AND COMMITMENTS

There were no reportable contingencies other than disclosed in this condensed interim financial information as at 31 December 2013.

	Un-audited HALF YEAR ENDED	
	31 December 2013 Rupees	31 December 2012 Rupees
11 CASH (USED IN) / GENERATED FROM OPERATIONS		
Profit before taxation	5,380,147	2,052,503
Adjustments for non cash charges and other items:		
Depreciation	3,131,862	3,174,540
Financial charges	19,950	13,968
Profit on morabaha investments	(4,199,144)	(3,273,601)
Return on bank deposits	(7,684)	(79,121)
Gain on sale of investment in NAFA fund	(90,000)	-
Gain on sale of fixed assets - own use	-	(39,470)
Gain on sale of ijarah assets	(88,413)	(86,221)
Gain on sale of short term investment	-	(1,927,615)
Gain on sale of investment property	(13,995,965)	-
Provision for employee benefits	290,000	462,159
Provision charged / (reversed) for non performing receivables	3,732,240	(5,025,155)
Working capital changes (Note 11.1)	<u>(2,314,275)</u>	<u>12,009,047</u>
	<u>(8,141,282)</u>	<u>7,281,034</u>

**SELECTED NOTES TO THE CONDENSED INTERIM
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11.1 Working capital changes

(Increase) / decrease in operating assets

	Rupees	Rupees
Short term morabaha investments - net	5,550,000	8,960,884
Ijarah rentals receivables	(276,458)	(346,206)
Ijarah assets acquired	(9,295,300)	(3,338,000)
Proceeds from disposal of ijarah assets	1,184,653	370,317
Advances, deposits, prepayments and other receivables	(169,426)	5,020,272
	<u>(3,006,531)</u>	<u>10,667,267</u>

Decrease / (increase) in operating liabilities

Creditors, accrued and other liabilities	(1,002,159)	(361,220)
Security deposits against ijarah assets	1,694,415	1,703,000
	<u>692,256</u>	<u>1,341,780</u>
	<u>(2,314,275)</u>	<u>12,009,047</u>

12 TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise of associated companies, Modaraba Management Company, directors of Modaraba Management Company, key management personnel and employee benefit funds. Detail of transactions with related parties not disclosed elsewhere in this condensed interim financial information are as follows:

	Rupees	Rupees
Remuneration to officers and other employees	4,669,800	5,497,746
Contribution to provident fund trust	236,718	242,411
Modaraba Management Company fee payable	597,794	228,056
Purchase of operating fixed assets from associated company	-	18,000
Contribution made to gratuity fund	460,323	-

13 FINANCIAL RISK MANAGEMENT

The Modaraba's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Modaraba for the year ended 30 June 2013.

14 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information of the Modaraba was approved by the directors of Modaraba Management Company and authorized for issue on February 26, 2014.

15 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. However, no significant reclassification has been made.

16 GENERAL

Figures have been rounded off to the nearest rupee.

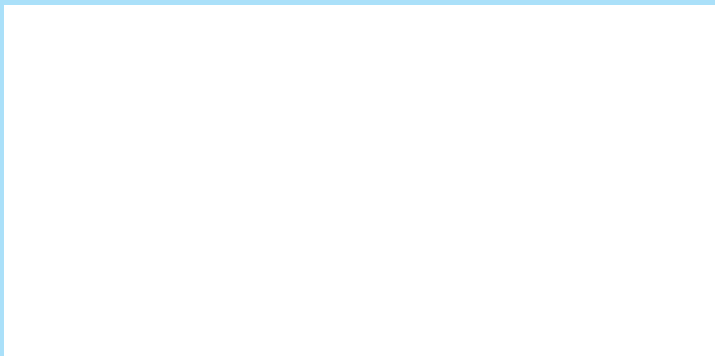

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(Private) Limited


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