

**FIDELITY  
LEASING**

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

**2015**

**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 Kiayani

### Company Secretary / CFO

Mr. Mohammed Waheed

### Auditors of Modaraba

Rahman Sarfaraz Rahim Iqbal Rafiq  
Chartered Accountants

### Audit Committee

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

### Credit Committee

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

### Human Resource & Remuneration Committee

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

### Legal Advisor

Salim & Baig (Advocates)

### Bankers

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

### Registered Office

Ground Floor, 90, A-1 Canal Bank,  
Gulberg -II, Lahore.

Tel: 042 - 35713461 - 6 4  
Fax: 042 - 35759122  
Email: [info@fidelitymodaraba.com](mailto:info@fidelitymodaraba.com)  
Website: [www.fidelitymodaraba.com](http://www.fidelitymodaraba.com)

### Registrars

Corptec Associates (Private) Limited  
503-E, Johar Town Lahore.  
Tel: 042 - 35170336 - 7  
Fax: 042 - 35170338  
Email: [corptecassociates@gmail.com](mailto: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, 2015, together with auditors' review report thereon.

The Modaraba during the half year ended December 31, 2015, sustained a loss of Rs. 11.62 million, as compared to a loss of Rs. 2.29 million in the corresponding six months period. The operations of the Modaraba remain stunted due to non disposal of its major investment in a corporate tower near Kalma Chowk, Lahore. The management expects better offers in coming period enabling Modaraba to divest from the project on profitable terms. On realization of this investment, the Modaraba will focus on its core activities like leasing, morabaha, etc. for generation of regular stream of income.

The half yearly accounts can also be accessed at [www.fidelitymodaraba.com](http://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 on behalf of the Board of Directors

**Wasim ul Haq Osmani**  
(Chief Executive)

Lahore:  
February 26, 2016



## **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 December 31, 2015 and the related condensed interim profit and loss account, condensed interim statement of profit or loss and other comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as ("the 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 for three months ended December 31, 2015 of the condensed interim profit and loss account and condensed interim statement of profit or loss and other comprehensive income have not been reviewed as we are required to review only cumulative figures for the six months period ended on that date.

### ***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 interim financial information consist 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 of Qualified Conclusion***

As referred to in note 8.2 to the condensed interim financial information, the construction of the Tower was due to be completed by December 28, 2013 as per the settlement agreement and agreement sell and buy back. However, the construction work has stalled at the plinth level. Settlement of the advance is dependent upon completion of the Tower through raising further funds or disposal of the tower in existing state to an interested party for which the management as well as the Contractor are actively working upon. Pending the outcome of the aforesaid efforts, management has not measured the recoverable amount of the advance. Accordingly, impairment loss, if any, has not been recognized in this condensed interim financial information.

### ***Conclusion***

Based on our review, except for the effect, if any, of matter described in Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

**RAHMAN SARFARAZ RAHIM IQBAL RAFIQ**  
**Chartered Accountants**  
**Engagement Partner: ZUBAIR IRFAN MALIK**  
**Date: FEBRUARY 26, 2016**  
**Place: LAHORE**

## SHARI'AH ADVISOR'S REPORT

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 December 31, 2015 in accordance with the requirements of the Shari'ah Compliance and Shari'ah Audit Mechanism for Modarabas and report that in my opinion;

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

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

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

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

### Recommendations

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

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

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

### Conclusion:

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

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

Signatures

Mufti Muhammad Umar Ashraf  
Shari'ah Advisor  
Dated: February 25, 2016



## CONDENSED INTERIM BALANCE SHEET AS AT 31 DECEMBER 2015

	<i>Note</i>	December 31, 2015	June 30, 2015
		<i>Rupees</i> <i>(Un-Audited)</i>	<i>Rupees</i> <i>(Audited)</i>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and bank balances		238,156	399,712
Short term finances under murabahah arrangements - <i>Secured</i>		86,600,000	87,738,880
Ijarah rentals receivable - <i>Secured</i>		343,020	380,154
Profit receivable - <i>Secured</i>		151,421	6,485,698
Advances, deposits, prepayments and other receivables		13,969,081	13,984,903
Advance income tax		1,255,802	1,221,058
Current portion of non-current assets		701,012	763,190
		<b>103,258,492</b>	<b>110,973,595</b>
<b>NON-CURRENT ASSETS</b>			
Long term finances under murabahah arrangements - <i>Secured</i>		86,645	385,890
Long term advances and deposits		1,176,004	1,472,545
Long term investment	6	5,750,000	5,750,000
Membersihp assets		6,280,000	6,280,000
Assets leased out under ijarah contracts	7	13,490,876	16,114,597
Property and equipment	8	225,174,618	226,206,814
		<b>251,958,143</b>	<b>256,209,846</b>
<b>TOTAL ASSETS</b>		<b>355,216,635</b>	<b>367,183,441</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Deferred murabahah income		-	368,880
Accrued and other liabilities		17,830,806	17,643,289
Current portion of non-current liabilities		2,503,289	2,028,922
		<b>20,334,095</b>	<b>20,041,091</b>
<b>NON-CURRENT LIABILITIES</b>			
Security deposits		3,552,519	4,081,359
Employees retirement benefits		1,341,117	1,375,578
Deferred murabahah income		2,584	74,906
		<b>4,896,220</b>	<b>5,531,843</b>
Contingencies and commitments	9		
<b>TOTAL LIABILITIES</b>		<b>25,230,315</b>	<b>25,572,934</b>
<b>NET ASSETS</b>		<b>329,986,320</b>	<b>341,610,507</b>
<b>REPRESENTED BY</b>			
<b>Authorized Certificate Capital</b>			
62,500,000 (June 30, 2015: 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		<b>264,138,040</b>	<b>264,138,040</b>
Reserves		<b>65,848,280</b>	<b>77,472,467</b>
<b>TOTAL EQUITY</b>		<b>329,986,320</b>	<b>341,610,507</b>

*The annexed notes from 1 to 15 form an integral part of this 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 2015

	Half year ended		Quarter ended		
	Note	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
		Rupees	Rupees	Rupees	Rupees
<b>INCOME</b>					
Income from ijarah financing		2,547,678	6,199,558	1,074,720	1,548,191
Profit on murabahah financing		420,050	2,675,616	152,643	1,433,849
Net other income		396,718	28,311	382,977	9,817
		<b>3,364,446</b>	<b>8,903,485</b>	<b>1,610,340</b>	<b>2,991,857</b>
<b>EXPENSES</b>					
Amortization of assets leased out		(1,687,538)	(2,320,533)	(661,182)	(1,236,709)
Administrative and general expenses		(6,321,190)	(8,905,359)	(3,081,325)	(4,753,686)
Stock exchange and CDC charges		(99,784)	(4,579)	(99,784)	-
Financial charges		(4,069)	(12,284)	(1,493)	(6,804)
		<b>(8,112,581)</b>	<b>(11,242,755)</b>	<b>(3,843,784)</b>	<b>(5,997,199)</b>
Changes in impairment allowance for non-performing assets		(6,876,052)	17,423	(6,876,052)	17,423
<b>Loss before management fee and taxation</b>		<b>(11,624,187)</b>	<b>(2,321,847)</b>	<b>(9,109,496)</b>	<b>(2,987,919)</b>
Management fee		-	-	-	-
<b>Loss before taxation</b>		<b>(11,624,187)</b>	<b>(2,321,847)</b>	<b>(9,109,496)</b>	<b>(2,987,919)</b>
Taxation	10	-	24,000	-	-
<b>Loss after taxation</b>		<b>(11,624,187)</b>	<b>(2,297,847)</b>	<b>(9,109,496)</b>	<b>(2,987,919)</b>
<b>Loss per certificate - basic and diluted</b>		<b>(0.44)</b>	<b>(0.09)</b>	<b>(0.34)</b>	<b>(0.11)</b>

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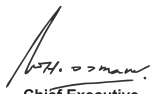
  
**Director**  
 Fidelity Capital Management  
 (Private) Limited



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

	Half year ended		Quarter ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	Rupees	Rupees	Rupees	Rupees
<i>Items that may be reclassified subsequently to profit or loss</i>				
Changes in fair value of available for sale financial assets	-	975	-	975
Taxation	-	(10)	-	(10)
	-	965	-	965
<i>Items that will not be reclassified to profit or loss</i>				
Other comprehensive income	-	965	-	965
Loss after taxation	(11,624,187)	(2,297,847)	(9,109,496)	(2,987,919)
Total comprehensive loss	(11,624,187)	(2,296,882)	(9,109,496)	(2,986,954)

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## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2015



	December 31, 2015	December 31, 2014
	<i>Rupees</i>	<i>Rupees</i>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(11,624,187)	(2,321,847)
Adjustments for non-cash items and other items	8,998,469	874,607
Operating profit before changes in working capital	<u>(2,625,718)</u>	<u>(1,447,240)</u>
Changes in working capital	1,005,799	(8,403,541)
Net cash used in operations	<u>(1,619,919)</u>	<u>(9,850,781)</u>
<b>(Payments)/receipts for:</b>		
Income taxes	(34,744)	115,962
Dividend paid	(5,932)	(20,108)
Employee retirement benefits	(34,461)	-
Proceeds from transfer of ijarah assets	936,183	-
Net cash used in operating activities	<u>(758,873)</u>	<u>(9,754,927)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	-	(48,412)
Proceeds from disposal of property and equipment	597,317	-
Net cash generated from/(used in) investing activities	597,317	(48,412)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
	-	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(161,556)</u>	<u>(9,803,339)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	399,712	10,169,776
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>238,156</u>	<u>366,437</u>

*The annexed notes from 1 to 15 form an integral part of this financial information*

  
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**Director**  
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**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

	Certificate capital		Statutory reserve		Available for sale financial assets		Revenue reserve		Total reserves		Total equity	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>As at July 01, 2014 - Audited</b>	264,138,040	-	79,377,508	22,868	79,400,406	5,305,975	-	84,706,381	346,844,421	-	-	-
<b>Comprehensive loss</b>	-	-	-	-	-	(2,297,847)	-	(2,297,847)	(2,297,847)	-	-	-
Loss after taxation	-	-	-	-	965	965	-	965	965	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive loss</b>	-	-	-	-	965	965	-	965	965	-	-	-
<b>Transaction with owners</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>As at December 31, 2014 - Un-audited</b>	264,138,040	-	79,377,508	23,863	79,401,371	3,008,128	-	82,409,499	346,547,539	-	-	-
<b>As at January 01, 2015</b>	264,138,040	-	79,377,508	23,863	79,401,371	3,008,128	-	82,409,499	346,547,539	-	-	-
<b>Comprehensive loss</b>	-	-	-	-	-	(5,003,234)	-	(5,003,234)	(5,003,234)	-	-	-
Loss after taxation	-	-	-	-	(23,863)	90,065	-	66,202	66,202	-	-	-
Other comprehensive income	-	-	-	-	(23,863)	(4,913,169)	-	(4,937,032)	(4,937,032)	-	-	-
<b>Total comprehensive loss</b>	-	-	-	-	(23,863)	(23,863)	-	(23,863)	(23,863)	-	-	-
<b>Transaction with owners</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>As at June 30, 2015 - Audited</b>	264,138,040	-	79,377,508	-	79,377,508	(1,905,041)	-	77,472,467	341,610,507	-	-	-
<b>As at July 01, 2015</b>	264,138,040	-	79,377,508	-	79,377,508	(1,905,041)	-	77,472,467	341,610,507	-	-	-
<b>Comprehensive loss</b>	-	-	-	-	-	(11,624,187)	-	(11,624,187)	(11,624,187)	-	-	-
Loss after taxation	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive loss</b>	-	-	-	-	-	(11,624,187)	-	(11,624,187)	(11,624,187)	-	-	-
<b>Transaction with owners</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>As at December 31, 2015 - Un-audited</b>	264,138,040	-	79,377,508	-	79,377,508	(13,529,228)	-	65,848,280	329,986,320	-	-	-

The annexed notes from 1 to 15 form an integral part of this financial information

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

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

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

# SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2015



## 1 REPORTING ENTITY

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

## 2 BASIS OF PREPARATION

The financial information contained in this financial report is un-audited and has been presented in condensed form and does not include all the information as is required to be provided in a full set of annual financial statements. This condensed interim financial information should be read in conjunction with the audited financial statements of the Modaraba for the year ended June 30, 2015. 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

The comparative interim balance sheet as at June 30, 2015 and the related notes to the condensed interim financial information are based on audited financial statements. The comparative interim profit and loss account, interim statement of profit or loss and other comprehensive income, interim cash flow statement, interim statement of changes in equity and related notes to the condensed interim financial information for the half year ended December 31, 2014 are based on unaudited, reviewed interim financial information. The interim profit and loss account and interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2015 and December 31, 2014 are neither audited nor

### 2.1 Statement of compliance

This interim financial report of the Modaraba for the half year ended December 31, 2015 has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting, and provisions of and directives issued under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the rules and regulations made thereunder. In case where requirements differ, the provisions of and directives issued under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the rules and regulations made thereunder have been followed.

### 2.2 Basis of measurement

The financial information contained in this financial report has been prepared under the historical cost convention except for certain financial instruments at fair value/amortized cost and employees retirement benefits at present value. In this financial information, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on

### 2.3 Judgements, estimates and assumptions

The preparation of financial information requires management to make judgements, 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 judgements 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 judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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.

### 2.4 Functional currency

This financial information is prepared in Pak Rupees which is the Modaraba's functional currency.

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

The following new/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 interim financial information of the

### **IFRS 10 - Consolidated Financial Statements (2011)**

The standard replaces those parts of IAS 27 - Consolidated and Separate Financial Statements, that address when and how an investor should prepare consolidated financial statements and supersedes SIC 12 - Consolidation: Special Purpose



**SELECTED NOTES TO THE CONDENSED INTERIM  
FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

***IFRS 11 - Joint Arrangements (2011)***

The standard supersedes IAS 31 - Interest in Joint Ventures and SIC 13 - Jointly Controlled Entities: Non-monetary

***IFRS 12 - Disclosure of Interests in Other Entities (2011)***

The standard introduces disclosure requirements relating to interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.

***IFRS 13 - Fair Value Measurement (2011)***

The standard establishes a single framework for measuring fair value where that is required by other standards.

***Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10 – Consolidated Financial Statements, IFRS 11 – Joint Arrangements and IFRS 12 – Disclosure of Interests in Other Entities)***

The amendments provide transitional relief by limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Also, amendments to IFRS 11 and IFRS 12 eliminate the requirement to provide comparative information for periods prior to the immediately preceding period.

***Investment Entities (Amendments to IFRS 10 – Consolidated Financial Statements, IFRS 12 – Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statement)***

The amendments provide exemption from consolidation of particular subsidiaries by certain entities defined as "Investment Entities" and require additional disclosures where such subsidiaries are excluded from consolidation pursuant to exemption.

**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>
Equity method in Separate Financial Statements (Amendments to IAS 27 - Separate Financial Statements)	January 01, 2016
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11 – Joint Arrangements)	January 01, 2016
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
Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets)	January 01, 2016
Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 - Consolidated Financial Statements, IFRS 12 - Disclosure of Interests in Other Entities, IAS 28 - Accounting for Investments in Associates and Joint Ventures)	January 01, 2016
Agriculture: Bearer Plants (Amendments to IAS 16 – Property, Plant and Equipment and IAS 41 – Agriculture)	January 01, 2016
Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12 - Disclosure initiative (Amendments to IAS 1 - Presentation of Financial Statements)	January 01, 2017
Disclosure initiative (Amendments to IAS 7 - Statement of Cash Flows)	January 01, 2017
Annual Improvements 2012-2014 cycle	January 01, 2016
IFRS 9 – Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 15 – Revenue from Contracts with Customers	January 01, 2018
IFRS 16 – Leases	January 01, 2019

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the Modaraba's financial statements other than in presentation/disclosures.

**SELECTED NOTES TO THE CONDENSED INTERIM  
FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**



**5 ACCOUNTING POLICIES AND METHODS OF COMPUTATION**

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Modaraba for the year ended

**6 LONG TERM INVESTMENT**

Pursuant to the promulgation of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012, the ownership rights in a stock exchange were segregated from the right to trade on that stock exchange. This arrangement resulted in allocation of 3,043,603 ordinary shares at Rs. 10 each and Trading Rights entitlement Certificate ('TREC') to the Modaraba by the ISE Towers RIE Management Company Limited (formerly Islamabad Stock Exchange) against cancelation/surrender of membership of Islamabad Stock Exchange. Out of total 3,043,603 shares allocated to the Company, 1,820,762 shares are transferred to CDC sub-account in the Modaraba's name under the exchange's participant IDs with the CDC which will remain blocked until these are divested / sold to strategic investor(s), general public and financial institutions and proceeds are paid to the Company. As the active market for such shares is not available, the investment has been

	<i>Note</i>	<b>December 31, 2015</b>	June 30, 2015
		<i>Rupees</i> <i>(Un-Audited)</i>	<i>Rupees</i> <i>(Audited)</i>
<b>7 ASSETS LEASED OUT IJARAH CONTRACTS</b>			
Carrying value as at beginning of the period/year		<b>16,114,597</b>	23,058,600
Additions during the period/year	7.1	-	3,696,900
Net carrying value of disposals during the period/year	7.2	<b>(936,183)</b>	(6,020,163)
Amortization for the period/year		<b>(1,687,538)</b>	(4,620,740)
Carrying value as at end of the period/year		<b><u>13,490,876</u></b>	<u>16,114,597</u>
<b>7.1 Additions during the period/year</b>			
Plant and machinery		-	1,775,000
Office equipment		-	107,900
Vehicles		-	1,814,000
		<u>-</u>	<u>3,696,900</u>
<b>7.2 Carrying value of disposals during the period/year</b>			
Plant and machinery		<b>664,612</b>	13,356,564
Office equipment		<b>15,000</b>	232,625
Vehicles		<b>256,571</b>	5,086,131
		<u><b>936,183</b></u>	<u>18,675,320</u>
<b>8 PROPERTY AND EQUIPMENT</b>			
Operating fixed assets	8.1	<b>1,174,618</b>	2,206,814
Capital work in progress	8.2	<b>224,000,000</b>	224,000,000
		<u><b>225,174,618</b></u>	<u>226,206,814</u>
<b>8.1 Operating fixed assets</b>			
Net book value as at beginning of the period/year		<b>2,206,814</b>	3,469,114
Additions during the period/year		-	96,412
Net carrying value of disposals during the period/year	8.1.1	<b>(541,500)</b>	(7,119)
Depreciation for the period/year		<b>(490,696)</b>	(1,351,593)
Net book value as at end of the period/year		<u><b>1,174,618</b></u>	<u>2,206,814</u>

**SELECTED NOTES TO THE CONDENSED INTERIM  
FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

	<i>Note</i>	<b>December 31, 2015</b>	<b>June 30, 2015</b>
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
<b>8.1.1 Additions during the period/year</b>			
Computers and equipment		-	48,000
Vehicles		-	48,412
		<u>-</u>	<u>96,412</u>
<b>8.2 Capital work in progress</b>			
Corporate Tower, Lahore	8.2.1	<b>204,000,000</b>	204,000,000
Residential Villas, Murree		<b>20,000,000</b>	20,000,000
		<u><b>224,000,000</b></u>	<u>224,000,000</u>

**8.2.1 Corporate Tower, Lahore**

This represents advance against purchase of ground floor, measuring 10,221 square feet in Corporate Tower ('the Tower'), Garden Town, Lahore, through settlement of receivable under musharakah arrangements from Enplan(Private) Limited('the Contractor') amounting to Rs. 99 million and takeover of exposure of Trust Investment Bank Limited to the Contractor amounting to Rs. 105 million vide settlement agreement dated June 28, 2012 and purchase agreement dated June 29, 2012. The contractor was committed to completed the tower within eighteen months from the date of agreement, however, due to deteriorated economic situation and non-availability of finances, the construction work could not commence and has stalled at plinth level.

The Modaraba has registered and equitable mortgage over the floor, which has an estimated value of Rs. 364.852 million as per valuation carried out by an independent valuer as on June 30, 2014. The Modaraba is entitled to have the sale deed of the floor executed in its name and it has the constructive possession of the property. The Modaraba is also entitled to sell the floor to a third party, in case, the floor is not re-purchased by the Contractor within eighteen months from the date of agreement at an agreed price of Rs. 204 million plus profit at 15% per annum for the period from the date of agreement till actual settlement.

The managements of Modaraba as well as the Contractor are actively seeking and negotiating with buyers for sale of further floors to generate funds for completion of the Tower. Possibilities are also being explored to wholly and substantially sell the entire property to some interest party. The management believes that after the construction of Kalma Underpass, the property values in the area have picked up and that Contractor will be able to generate further funds necessary for completion of the Tower in the ensuing year.

**9 CONTINGENCIES AND COMMITMENTS**

**9.1 Contingencies**

There is no significant change in the status of contingencies since June 30, 2015.

**9.2 Commitments**

There are no significant commitments at the reporting date except for those under ijarah contracts regarding use by lessees of assets leased out to them under ijarah contracts against future rentals.

**10 TAXATION**

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

**11 RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties from the Modaraba's perspective comprise of Modaraba's Associated Companies, the Management Company, Directors, Key Management Personnel and Provident Fund Trust. Transactions and balances with related parties other than remuneration and benefits to key management personnel under the term of employment and employee retirement benefits are as follows:

		<b>December 31, 2015</b>	<b>December 31, 2014</b>
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Un-Audited)</i>
Details of transactions and balances with related parties is as follows:			
<b>11.1 Transactions with related parties</b>			
<b>Nature of relationship</b>	<b>Nature of transaction</b>		
Provident fund trust	Contribution for the period	<b>343,190</b>	236,616
Officers and employees	Ijara rentals received	<b>358,756</b>	302,512

**SELECTED NOTES TO THE CONDENSED INTERIM  
FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**



	December 31, 2015	June 30, 2015
	<i>Rupees</i>	<i>Rupees</i>
<b>11.2 Balances with related parties</b>		
Officers and employees		
Finances under murabahah arrangements	400,000	1,170,000
Ijarah rentals receivables	332,739	279,570
Ijarah rentals suspended	53,071	194,246
Provident Fund Trust	356,584	-
<b>12 FINANCIAL INSTRUMENTS</b>		
<b>12.1 Financial instruments by class and category</b>		
<b>12.1.1 Financial assets</b>		
<i>Cash in hand</i>	162,633	47,035
<i>Available for sale financial assets</i>		
Investments in equity securities	5,750,000	5,750,000
<i>Loans and receivables</i>		
Balances with banks	75,523	352,677
Finances under murabahah arrangements	86,600,000	88,046,109
Ijarah rentals receivable	343,020	380,154
Profit receivable on murabahah finances	151,421	6,485,698
Advances to employees	731,755	918,068
Security deposits	844,249	860,500
Receivable from clients	9,858,255	10,004,499
Receivable from Hajveri Modaraba Management Company (Private) Limited	3,206,064	3,206,064
Other receivables	904,762	576,348
	<u>108,627,682</u>	<u>116,627,152</u>
<b>12.1.2 Financial liabilities</b>		
<i>Financial liabilities at amortized cost</i>		
Due to customers	1,149,087	743,472
Accrued and other payables	7,114,020	5,122,074
Unclaimed profit distribution	10,716,786	10,722,718
<b>12.2 Fair value measurements</b>	<u>18,979,893</u>	<u>16,588,264</u>

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

**12.2.1 Financial instruments measured at fair value**

None of the financial instruments are measured at fair value on recurring or non-recurring basis as at the reporting date.

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

The management considers the carrying amount of all financial instruments not measured at fair value at the end of each reporting period to approximate their fair values as at the reporting date.

**13 DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information have been approved by the Board of Directors of the Management Company and authorized for issue on February 26, 2016.

**14 EVENTS AFTER THE REPORTING PERIOD**

There are no significant events after the reporting period that may require adjustment of and/or disclosure in this condensed interim financial information.

**15 GENERAL**

**15.1** No further allowances for impairment are required other than those already made as the management does not envisage any other material doubtful recoveries.

**15.2** There are no other significant activities since June 30, 2015 affecting the interim financial information.

**15.3** Corresponding figures have been re-arranged where necessary to facilitate comparison.

**15.4** Figures have been rounded off to the nearest rupee.

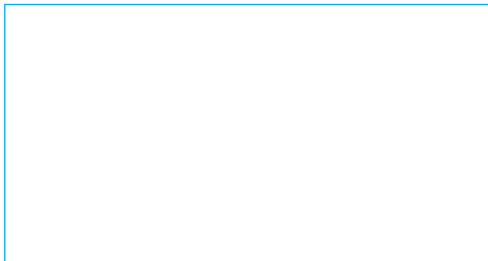
  
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