



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

**2016**

**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, 2016, together with auditors' review report thereon.

The Modaraba during the half year ended December 31, 2016, sustained a loss of Rs. 3.67 million, as compared to a loss of Rs. 11.62 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 divestment of the project on profitable terms in near future and make a turnaround.

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 24, 2017



## ڈائریکٹرز رپوٹ

بورڈ آف ڈائریکٹرز فیڈیلیٹی کیپیٹل منجمنٹ (پرائیویٹ) لمیٹڈ جو کہ فرسٹ فیڈیلیٹی لیزنگ مضاربہ کی منجمنٹ کمپنی ہے، مضاربہ کے 31 دسمبر 2016 کو ختم ہونے والی ششماہی مدت کے غیر احتساب شدہ مالی حسابات بمعہ آڈیٹر چارجز رپوٹ پیش کرتے ہیں۔

مضاربہ کو زیرغور ششماہی مدت کے دوران 3.67 ملین کا خسارہ ہوا۔ جبکہ گزشتہ سال اسی مدت کے دوران 11.62 ملین کا خسارہ ہوا تھا۔ مضاربہ کے مالی امور کارپوریٹ ٹاور نزد کلمہ چوک، لاہور میں کی گئی کیئر سرمایہ کاری واپس نہ آنے کی وجہ سے ساکت رہے۔ انتظامیہ شب و روز کوشاں ہے اور امید کرتی ہے کہ یہ سرمایہ منافع بخش انداز میں مستقبل قریب میں مضاربہ کو حاصل ہو جائے گا اور مضاربہ کے امور منافع بخش ہونے شروع ہو جائیں گے۔

ششماہی حسابات مضاربہ کی ویب سائٹ [www.fidelitymodaraba.com](http://www.fidelitymodaraba.com) پر ملاحظہ کئے جاسکتے ہیں۔

بورڈ اس موقع پر اپنے معزز سرٹیفیکٹ ہولڈرز کا، بنگراں اداروں کا ان کی مسلسل حمایت، رہنمائی اور تعاون کے لئے لے شکریہ ادا کرنا چاہتا 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۔

از طرف بورڈ آف ڈائریکٹرز:-

وسیم الحق عثمانی  
چیف ایگزیکٹو آفیسر

لاہور

فروری 24، 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, 2016 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, 2016 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 6.2 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 to 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: IRFAN REHMAN MALIK**  
**Lahore: February 23, 2017**



## SHARI'AH REVIEW 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, 2016 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 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 and also making efforts for liquidating the investment (properties) portfolio.
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 Murree Villas and 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.

Signatures

\_\_\_\_\_  
Mufti Muhammad Umar Ashraf  
Shari'ah Advisor  
Dated: February 16, 2017

# CONDENSED INTERIM BALANCE SHEET AS AT 31 DECEMBER 2016



	Note	December 31, 2016	June 30, 2016
		<i>Rupees</i> (Un-Audited)	<i>Rupees</i> (Audited)
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and bank balances		59,285	127,069
Short term finances under murabahah arrangements - Secured		94,719,919	95,219,919
Ijarah rentals receivable - Secured		166,351	106,801
Profit receivable		184,507	133,867
Prepayments and other receivables		13,200,795	13,240,872
Advance income tax		1,276,676	1,267,311
Current portion of non-current assets		308,209	361,101
		<b>109,915,742</b>	<b>110,456,940</b>
<b>NON-CURRENT ASSETS</b>			
Long term advances and deposits		860,500	1,010,903
Long term investment	6	5,750,000	5,750,000
Membership assets		6,280,000	6,280,000
Assets leased out under ijarah contracts	7	4,641,237	8,586,719
Property and equipment	8	224,749,182	224,938,783
		<b>242,280,919</b>	<b>246,566,405</b>
<b>TOTAL ASSETS</b>		<b>352,196,661</b>	<b>357,023,345</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accrued and other liabilities		21,269,851	20,188,768
Current portion of non-current liabilities		290,358	2,432,408
		<b>21,560,209</b>	<b>22,621,176</b>
<b>NON-CURRENT LIABILITIES</b>			
Security deposits		1,301,270	1,390,169
Employees retirement benefits		1,202,699	1,204,199
		<b>2,503,969</b>	<b>2,594,368</b>
Contingencies and commitments	9		
<b>TOTAL LIABILITIES</b>		<b>24,064,178</b>	<b>25,215,544</b>
<b>NET ASSETS</b>		<b>328,132,483</b>	<b>331,807,801</b>
<b>REPRESENTED BY</b>			
<b>Authorized Certificate Capital</b>			
62,500,000 (June 30, 2016: 62,500,000) modaraba certificates of Rs. 10 each		<b>625,000,000</b>	<b>625,000,000</b>
Issued, subscribed and paid-up capital		<b>264,138,040</b>	<b>264,138,040</b>
Reserves		<b>63,994,443</b>	<b>67,669,761</b>
<b>TOTAL EQUITY</b>		<b>328,132,483</b>	<b>331,807,801</b>

The annexed notes from 1 to 16 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 2016

Note	Six months ended		Three months ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	Rupees	Rupees	Rupees	Rupees
<b>INCOME</b>				
Income from ijarah financing	1,964,893	2,547,678	531,196	1,074,720
Profit on murabahah financing	279,238	420,050	5,583	152,643
Net other income	16,592	396,718	15,426	382,977
	2,260,723	3,364,446	552,205	1,610,340
<b>EXPENSES</b>				
Amortization of assets leased out	(862,252)	(1,687,538)	(418,704)	(661,182)
Administrative and general expenses	(4,937,637)	(6,321,190)	(2,460,446)	(3,081,325)
Stock exchange and CDC charges	(131,586)	(99,784)	(131,586)	(99,784)
Financial charges	(4,566)	(4,069)	(1,002)	(1,493)
	(5,936,041)	(8,112,581)	(3,011,738)	(3,843,784)
Changes in impairment allowance for non-performing assets	-	(6,876,052)	-	(6,876,052)
<b>Loss before management fee and taxation</b>	<b>(3,675,318)</b>	<b>(11,624,187)</b>	<b>(2,459,533)</b>	<b>(9,109,496)</b>
Management fee	-	-	-	-
<b>Loss before taxation</b>	<b>(3,675,318)</b>	<b>(11,624,187)</b>	<b>(2,459,533)</b>	<b>(9,109,496)</b>
Taxation	10	-	-	-
<b>Loss after taxation</b>	<b>(3,675,318)</b>	<b>(11,624,187)</b>	<b>(2,459,533)</b>	<b>(9,109,496)</b>
<b>Loss per certificate - basic and diluted</b>	<b>(0.14)</b>	<b>(0.44)</b>	<b>(0.09)</b>	<b>(0.34)</b>

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**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**



	Six months ended		Three months ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	Rupees	Rupees	Rupees	Rupees
<i>Items that may be reclassified subsequently to profit or loss</i>	-	-	-	-
<i>Items that will not be reclassified to profit or loss</i>	-	-	-	-
Other comprehensive income	-	-	-	-
Loss after taxation	<b>(3,675,318)</b>	(11,624,187)	<b>(2,459,533)</b>	(9,109,496)
Total comprehensive loss	<b>(3,675,318)</b>	(11,624,187)	<b>(2,459,533)</b>	(9,109,496)

*The annexed notes from 1 to 16 form an integral part of this financial information*

  
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## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	December 31, 2016	December 31, 2015
	Rupees	Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(3,675,318)	(11,624,187)
Adjustments for non-cash items and other items	1,065,704	8,998,469
Operating loss before changes in working capital	(2,609,614)	(2,625,718)
Changes in working capital	1,703,836	1,005,799
Net cash used in operations	(905,778)	(1,619,919)
<b>(Payments)/receipts for:</b>		
Income taxes	(9,365)	(34,744)
Dividend paid	(6,258)	(5,932)
Employee retirement benefits	(1,500)	(34,461)
Proceeds from transfer of ijarah assets	883,117	936,183
Net cash used in operating activities	(39,784)	(758,873)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(28,000)	-
Proceeds from disposal of property and equipment	-	597,317
Net cash (used in)/generated from investing activities	(28,000)	597,317
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
	-	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	(67,784)	(161,556)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	127,069	399,712
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	59,285	238,156

The annexed notes from 1 to 16 form an integral part of this financial information

  
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(Private) Limited

  
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Director  
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(Private) Limited

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**



	Capital reserves		Revenue reserve		Total equity Rupees
	Certificate capital Rupees	Statutory reserve Rupees	Accumulated losses Rupees	Total reserves Rupees	
	<b>As at July 01, 2015 - Audited</b>	264,138,040	79,377,508	(1,905,041)	
<b>Comprehensive loss</b>					
Loss after taxation	-	-	(11,624,187)	(11,624,187)	(11,624,187)
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>	<u>264,138,040</u>	<u>79,377,508</u>	<u>(13,529,228)</u>	<u>65,848,280</u>	<u>329,986,320</u>
<b>As at January 01, 2016</b>	264,138,040	79,377,508	(13,529,228)	65,848,280	329,986,320
<b>Comprehensive loss</b>					
Profit after taxation	-	-	1,881,017	1,881,017	1,881,017
Other comprehensive income	-	-	(59,536)	(59,536)	(59,536)
<b>Total comprehensive loss</b>	-	-	1,821,481	1,821,481	1,821,481
<b>Transaction with owners</b>	-	-	-	-	-
<b>As at June 30, 2016 - Audited</b>	<u>264,138,040</u>	<u>79,377,508</u>	<u>(11,707,747)</u>	<u>67,669,761</u>	<u>331,807,801</u>
<b>As at July 01, 2016</b>	264,138,040	79,377,508	(11,707,747)	67,669,761	331,807,801
<b>Comprehensive loss</b>					
Loss after taxation	-	-	(3,675,318)	(3,675,318)	(3,675,318)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive loss</b>	-	-	(3,675,318)	(3,675,318)	(3,675,318)
<b>Transaction with owners</b>	-	-	-	-	-
<b>As at December 31, 2016 - Un-audited</b>	<u>264,138,040</u>	<u>79,377,508</u>	<u>(15,383,065)</u>	<u>63,994,443</u>	<u>328,132,483</u>

The annexed notes from 1 to 16 form an integral part of this financial information

  
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## SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

### 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, equity investment, brokerage and other related businesses.

### 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, 2016. 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 this financial information.

The comparative interim balance sheet as at June 30, 2016 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 six months period ended December 31, 2015 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 three months period ended December 31, 2016 and December 31, 2015 are

#### 2.1 Statement of compliance

This interim financial report of the Modaraba for the six months ended December 31, 2016 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

#### 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 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.

## SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2016



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;
- Clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss;



## SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

- Additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

### Annual Improvements 2012-2014 cycle

These improvements make amendments to the following standards:

- **IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations** - Adds specific guidance in IFRS5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.
- **IFRS 7 - Financial Instruments: Disclosures** - Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim
- **IAS 19 - Employee Benefits** - Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.
- **IAS 34 - Interim Financial Reporting** - Clarify the meaning of 'elsewhere in the interim report' and require a cross-

## 4 NEW AND REVISED STANDARDS, INTERPRETATIONS AND

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)	January 01, 2018
IFRS 15 – Revenue from Contracts with Customers (2014)	January 01, 2018
IFRS 16 – Leases (2016)	January 01, 2019
Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures).	Deferred Indefinitely
Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12 - Income Taxes)	January 01, 2017
Disclosure initiative (Amendments to IAS 7 - Statement of Cash Flows)	January 01, 2017
Classification and Measurement of Share-based Payment Transactions	January 01, 2018
Clarifications to IFRS 15 - Revenue from Contracts with Customers	January 01, 2018
Applying IFRS 9 - Financial Instruments with IFRS 4 - Insurance Contracts (Amendments to IFRS 4 - Insurance Contracts)	January 01, 2018
IFRIC 22 - Foreign Currency Transactions and Advances Consideration	January 01, 2018
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	January 01, 2018
Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)	January 01, 2018
Transfers of Investment Property (Amendments to IAS 40)	January 01, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle	January 01, 2018

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 234 of the Companies Ordinance, 1984 regarding their adoption. The management anticipates that, except as stated below, the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the Modaraba's financial statements other than in presentation/disclosures.

## SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2016



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

IFRS9 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:** IFRS9 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:** IFRS9 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 IFRS9 may result in material adjustment to carrying amounts of financial assets and liabilities. However, the financial impact of the same cannot be estimated with reasonable certainty at this stage.

### IFRS 16 – Leases (2016)

IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has low value.

Adoption of this IFRS16 will result in recognition of assets and liabilities for all operating leases for which the lease term is more than twelve months. However, the financial impact of the same cannot be estimated with reasonable certainty at this stage

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

The amendments clarify the following:

- Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to deductible temporary differences 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
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax laws restrict utilization of tax losses, an entity would assess a deferred tax asset in combination with deferred tax assets of the same type.

Adoption of this amendment may result in material adjustment to deferred tax assets. However, the financial impact of the same cannot be estimated with reasonable certainty at this stage.

### IFRIC 22 - Foreign Currency Transactions and Advances Consideration

The interpretation addresses foreign currency transactions or parts of transactions where:

- There is consideration that is denominated or priced in a foreign currency;
- The entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
- The prepayment asset or deferred income liability is non-monetary.

## 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 June 30, 2016.

## 6 LONG TERM INVESTMENT

Persuant 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 Modaraba by the Islamabad Stock Exchange Limited ('ISE') against cancellation/surrender of membership of ISE. Out of total 3,034,603 ordinary shares allocated to the Company 1,820,762 ordinary shares are transferred to Central Depository Company Limited ('the CDC') sub-account in the Company's name under the exchange's participant IDs with the CDC which will remain blocked until these are divested/sold to strategic investor(s), general public and financial institutions and proceeds are paid to the Company. These ordinary shares are classified 'as available for sale'. However, as the active



**SELECTED NOTES TO THE CONDENSED INTERIM  
FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

	<i>Note</i>	<b>December 31, 2016</b>	<b>June 30, 2016</b>
		<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>8,586,719</b>	16,114,597
Net carrying value of disposals during the period/year	7.1	<b>(3,083,230)</b>	(4,681,575)
Amortization for the period/year		<b>(862,252)</b>	(2,846,303)
Carrying value as at end of the period/year		<b>4,641,237</b>	8,586,719
<b>7.1 Carrying value of disposals during the period/year</b>			
Plant and machinery		<b>406,489</b>	1,251,571
Office equipment		<b>10,400</b>	15,000
Vehicles		<b>2,666,341</b>	3,415,004
		<b>3,083,230</b>	4,681,575
<b>8 PROPERTY AND EQUIPMENT</b>			
Operating fixed assets	8.1	<b>749,182</b>	938,783
Capital work in progress	8.2	<b>224,000,000</b>	224,000,000
		<b>224,749,182</b>	224,938,783
<b>8.1 Operating fixed assets</b>			
Net book value as at beginning of the period/year		<b>938,783</b>	2,206,814
Additions during the period/year	8.1.1	<b>28,000</b>	-
Net carrying value of disposals during the period/year		-	(541,500)
Depreciation for the period/year		<b>(217,601)</b>	(726,531)
Net book value as at end of the period/year		<b>749,182</b>	938,783
<b>8.1.1 Additions during the period/year</b>			
Computers and equipment		<b>28,000</b>	-
		<b>28,000</b>	-
<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
		<b>224,000,000</b>	224,000,000

**8.2.1 Corporate Tower, Lahore**

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

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

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



**SELECTED NOTES TO THE CONDENSED INTERIM  
FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**



**9 CONTINGENCIES AND COMMITMENTS**

**9.1 Contingencies**

There is no significant change in the status of contingencies since June 30, 2016.

**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, 2016</b>	<b>December 31, 2015</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:

**11.1 Transactions with related parties**

<b>Nature of relationship</b>	<b>Nature of transaction</b>		
Provident fund trust	Contribution for the period	<b>215,948</b>	343,190
Officers and employees	Ijarah rentals received	<b>358,756</b>	358,756

	<b>Note</b>	<b>December 31, 2016</b>	<b>June 30, 2016</b>
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>

**11.2 Balances with related parties**

Officers and employees	Fainances under murabahah arrangements	-	-
	Ijarah rentals receivables	<b>151,361</b>	116,109
	Ijarah rentals suspended	<b>151,361</b>	116,109
Provident Fund Trust	Contribution payable	<b>740,816</b>	524,868



**SELECTED NOTES TO THE CONDENSED INTERIM  
FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

**12 FINANCIAL INSTRUMENTS**

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

	<b>Note</b>	<b>December 31, 2016</b>	<b>June 30, 2016</b>
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
<b>12.1 Financial assets</b>			
<b><i>Cash in hand</i></b>		<b>28,233</b>	3,074
<b><i>Available for sale financial assets</i></b>			
Investments in equity securities		<b>5,750,000</b>	5,750,000
<b><i>Loans and receivables</i></b>			
Balances with banks		<b>31,052</b>	123,995
Finances under murabahah arrangements		<b>94,719,919</b>	95,438,766
Ijarah rentals receivable		<b>166,351</b>	106,801
Profit receivable		<b>184,507</b>	133,867
Security deposits		<b>860,500</b>	860,500
Receivable from clients		<b>9,127,864</b>	9,372,842
Other receivables		<b>596,086</b>	522,766
		<b>111,464,512</b>	112,312,611
<b>12.2 Financial liabilities</b>			
<b><i>Financial liabilities at amortized cost</i></b>			
Due to customers		<b>1,584,206</b>	1,214,400
Accrued and other payables		<b>7,898,162</b>	6,324,234
Unclaimed profit distribution		<b>10,676,652</b>	10,682,910
		<b>20,159,020</b>	18,221,544

**13 FAIR VALUE MEASUREMENTS**

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:

**13.1 Financial instruments measured at fair value**

**13.1.1 Recurring fair value measurements**

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

**13.1.2 Non-recurring fair value measurements**

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

**SELECTED NOTES TO THE CONDENSED INTERIM  
FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**



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

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

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

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

**14 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 23, 2017.

**15 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.

**16 GENERAL**

- 16.1 No further allowances for impairment are required other than those already made as the management does not envisage any other material doubtful recoveries.
- 16.2 There are no other significant activities since June 30, 2016 affecting the interim financial information.
- 16.3 Corresponding figures have been re-arranged where necessary to facilitate comparison.
- 16.4 Figures have been rounded off to the nearest rupee.

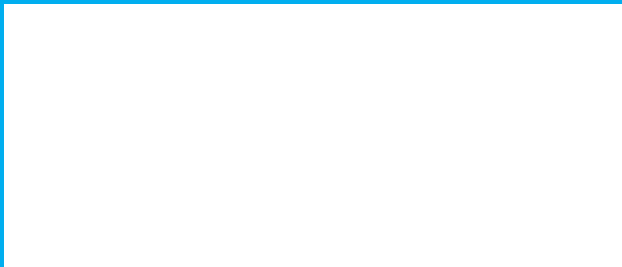
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