

**QUARTERLY REPORT  
(UN-AUDITED)  
HALF YEAR ENDED  
31 DECEMBER  
2018**



**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	Mr. Noor-ud-Din Ahmed Mr. Muhammad Farooq Abid Tung

### Company Secretary / CFO

Mr. Ijaz Fazal  
hi\_ij@hotmail.com

### Auditors of Modaraba

Rahman Sarfaraz Rahim Iqbal Rafiq  
Chartered Accountants

### Audit Committee

Chairman	Mr. Muhammad Farooq Abid Tung
Members	Siyyid Tahir Nawazish Mr. Noor ud Din Ahmed
Secretary	Mr. Muhammad Ilyas Shafiq

### Credit Committee

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

### Human Resource & Remuneration Committee

Chairman	Mr. Noor ud Din Ahmed
Members	Mr. Muhammad Farooq Abid Tung Siyyid Tahir Nawazish
Secretary	Mr. Muhammad Younas Chaudhry

### Legal Advisor

Salim & Baig (Advocates)

### Bankers

MCB Bank Limited  
Meezan Bank Limited

### Registered Office

93, B-1 Canal Park, Gulberg -II, Lahore.  
Tel: 0 4 2 – 3 5 7 1 3 4 6 1 – 6 4  
Fax: 0 4 2 – 3 5 7 5 9 1 2 2  
Email: info@fidelitymodaraba.com  
Website: www.fidelitymodaraba.com

### Registrars

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

## 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, 2018, together with auditors' review report thereon.

The Modaraba during half year ended December 31, 2018, earned profit of Rs. 0.24 million, as against profit of Rs. 38.33 million earned in the corresponding six months' period. The corresponding period profit largely signified gain on disposal of assets amounting to Rs. 42.90 million. The operations of the Modaraba in substance have resulted in sustained marginal profit, however its potential profitability still depends on recovery of its major investment in the corporate tower being constructed by Enplan (Pvt.) Limited. As more elaborately discussed in the June 30, 2018 Annual Report, the Modaraba as a last option had filed legal suits against Enplan (Pvt.) Limited, which vigorously being contested in the relevant court of laws. Modaraba Management and its legal team are confident that Modaraba has meritorious grounds to have the cases decided in its favor. The resultant recovery of amounts along with due markup shall provide much needed liquidity and profitability in future periods.

The management will remain cautions prudent and selective for its investment. We always strive to keep special emphasis on customer satisfaction and also ensuring in the process that we follow the Islamic Shariah Principals in all our business transactions.

The Board 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, 2019



## ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز فیڈ بیلنٹی کیپٹل مینجمنٹ (پرائیویٹ) لمیٹڈ جو کہ فرسٹ فیڈ بیلنٹی لیزنگ مضرارہ کی مینجمنٹ کمپنی ہے۔ مضرارہ کے 31 دسمبر 2018 کو ختم ہونے والی ششماہی مدت کے غیر احتساب شدہ مالی حسابات بمعہ آڈیٹر جائزہ رپورٹ پیش کرتا ہے۔

مضرارہ نے زیر غور ششماہی مدت کے دوران مبلغ 0.24 ملین روپے کا منافع کمایا ہے جب کہ گزشتہ سال اسی مدت کے دوران مبلغ 38.33 ملین کی آمدنی ہوئی۔ تقابلی عرصے کے منافع کی بڑی وجہ اثاثہ جات کی فروخت سے ہونے والے کیپٹل گین جو کہ مبلغ 42.90 ملین تھا۔ مضرارہ کے حالیہ کاروبار سے ابتدائی منافع حاصل ہونا شروع ہوا ہے۔ تاہم مضرارہ کی کثیر منافع کی توقع این پلان (پرائیویٹ) لمیٹڈ کے زیر تعمیر کارپوریٹ ٹاور میں کی گئی سرمایہ کاری کی واپسی پر منحصر ہے۔

جیسا کہ 30 جون 2018 کی سالانہ رپورٹ میں وضاحت سے بیان کیا گیا تھا کہ مضرارہ کے پاس این پلان (پرائیویٹ) لمیٹڈ کے خلاف قانونی چارہ جوئی کرنے کا آخری آپشن موجود ہے۔ جو کہ پھر پورٹریفے سے متعلقہ عدالت میں شروع کر دی گئی ہے۔ مضرارہ کی انتظامیہ اور اس کے وکلاء کی ٹیم پر اعتماد ہے کہ دائر کردہ کیسز میں مضرارہ کو قابل تعریف کامیابی حاصل ہوگی۔ اس کامیابی کے بعد حاصل ہونے والی اصل رقم بمعہ منافع سے مستقبل کی مالی ضروریات کے لیے وافر سرمایہ موجود ہوگا اور اچھا منافع کمانے کے بہتر مواقع میسر ہوں گے۔

انتظامیہ مضرارہ کے سرمائے کو محفوظ بنانے کے لئے محتاط اور منتخب کاروبار میں استعمال کرے گی۔ ہم ہمیشہ اپنے صارفین کی تسلی پر توجہ دیتے ہیں۔ اور اس بات کو یقین بناتے ہیں کہ ہمارا تمام کاروبار اسلامی شرعی اصولوں کے عین مطابق ہو۔

بورڈ اس موقع پر اپنے معزز سٹیفنڈیکٹ ہولڈرز اور نگران اداروں کی مسلسل حمایت و رہنمائی اور تعاون کے لئے شکر یہ 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 شکر یہ ادا کرتا ہے۔

از طرف بورڈ آف ڈائریکٹرز:

بسم اللہ الرحمن الرحیم  
وسیم الحق عثمانی  
چیف ایگزیکٹو آفیسر

لاہور

فروری 26، 2019

# Auditors' report to the Certificate holders on Review of Interim Financial Information



## **Introduction**

We have reviewed the accompanying condensed interim balance sheet of **First Fidelity Leasing Modaraba** [the Modaraba] as at December 31, 2018 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, 2018 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 7.2.1 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. Further the Modaraba has also filed various recovery suits against Enplan (Private) Limited. Pending the outcome of the aforesaid, management has not measured the recoverable amount of the advance. Accordingly, impairment loss, if any, has not been recognized in 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**  
**Lahore: February 26, 2019**



## Shari'ah Review Report of First Fidelity Leasing Modaraba For The Period Ended December 31, 2018

I have conducted the Shari'ah review of M/s First Fidelity Leasing Modaraba managed by Fidelity Capital Management (Pvt.) Limited, the Modaraba Management Company for the period ended December 31, 2018 in accordance with the requirements of the Shari'ah Compliance and Shari'ah Audit Mechanism for Modarabas and report that in my opinion;

1. The Modaraba has introduced a mechanism which has strengthened the Shari'ah compliance, in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the Shari'ah principles;
2. The Modaraba's financing portfolio mainly consist on Ijara and Morabahafinancing, all the transactions are/were being executed under my supervision/review. The agreement(s) entered into by the Modaraba are Shari'ah compliant and the financing agreement(s) have been executed on the formats as approved by the Religious Board and all the related conditions have been met;
3. The management of Modaraba is pursuing legal proceedings against Enplan (Pvt.) Limited, one of its major stuck-up investment in infrastructure project, and is hopeful for positive outcome of the same.

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.

### Recommendations

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

The Modaraba should accelerate its efforts for early liquidation of its investment with Enplan and should focus on new innovations and explore possibility of entering into more specialized Shari'ah compliant business modes in addition to its core business activities. .

### Conclusion:

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

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

**Mufti Altaf Ahmed**

Shari'ah Advisor

Dated: February 26, 2019

# CONDENSED INTERIM BALANCE SHEET AS AT 31 DECEMBER 2018



<i>Note</i>	December 31, 2018	June 30, 2018
	<i>Rupees</i>	<i>Rupees</i>
	<i>(Un-Audited)</i>	<i>(Audited)</i>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and bank balances	681,189	10,040,527
Short term finances under murabahah arrangements - Secured	67,883,348	67,883,348
Ijarah rentals receivable - Secured	3,845,350	1,225,740
Profit receivable	1,187,500	437,500
Prepayments and other receivables	13,513,402	12,229,197
Advance income tax	1,622,274	1,591,335
Current portion of non-current assets	984,034	106,951
	<b>89,717,097</b>	<b>93,514,598</b>
<b>NON-CURRENT ASSETS</b>		
Long term advances and deposits	37,500	256,016
Membersihp assets	3,510,000	3,510,000
Assets leased out under ijarah contracts	72,721,220	77,273,418
Property and equipment	224,436,622	224,480,051
	<b>300,705,342</b>	<b>305,519,485</b>
<b>TOTAL ASSETS</b>	<b>390,422,439</b>	<b>399,034,083</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accrued and other liabilities	9,472,514	11,218,633
Unclaimed profit distribution	20,543,833	10,652,112
Current portion of non-current liabilities	1,187,208	1,187,208
	<b>31,203,555</b>	<b>23,057,953</b>
<b>NON-CURRENT LIABILITIES</b>		
Security deposits	18,557,550	18,384,950
Employees retirement benefits	568,852	568,852
	<b>19,126,402</b>	<b>18,953,802</b>
Contingencies and commitments	8	
<b>TOTAL LIABILITIES</b>	<b>50,329,957</b>	<b>42,011,755</b>
<b>NET ASSETS</b>	<b>340,092,482</b>	<b>357,022,328</b>
<b>REPRESENTED BY</b>		
<b>Authorized Certificate Capital</b>		
62,500,000 (June 30, 2018: 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>75,954,442</b>	<b>92,884,288</b>
<b>TOTAL EQUITY</b>	<b>340,092,482</b>	<b>357,022,328</b>

The annexed notes from 1 to 15 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 2018

	Note	Six months ended		Three months ended	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
		Rupees	Rupees	Rupees	Rupees
<b>INCOME</b>					
Income from ijarah financing		11,697,018	913,638	5,112,805	450,169
Profit on murabahah financing		750,000	137,118	375,000	-
Net other income	9	81,051	43,677,274	80,974	43,677,197
		<b>12,528,069</b>	<b>44,728,030</b>	<b>5,568,779</b>	<b>44,127,366</b>
<b>EXPENSES</b>					
Amortization of assets leased out		(6,647,200)	(593,465)	(3,598,520)	(277,402)
Administrative and general expenses		(5,480,115)	(4,294,806)	(2,607,654)	(2,299,189)
Stock exchange and CDC charges		(75,241)	(172,357)	(75,241)	(172,357)
Financial charges		(59,392)	(32,656)	(54,322)	(30,910)
		<b>(12,261,948)</b>	<b>(5,093,284)</b>	<b>(6,335,737)</b>	<b>(2,779,858)</b>
Changes in impairment allowance for non-performing assets		-	(1,303,888)	-	(1,303,888)
<b>Profit/(loss) after impairment</b>		<b>266,121</b>	<b>38,330,858</b>	<b>(766,958)</b>	<b>40,043,620</b>
Management Company's remuneration		(26,612)	-	(26,612)	-
<b>Profit/(loss) before taxation</b>		<b>239,509</b>	<b>38,330,858</b>	<b>(793,570)</b>	<b>40,043,620</b>
Taxation	10	-	-	-	-
<b>Profit/(loss) after taxation</b>		<b>239,509</b>	<b>38,330,858</b>	<b>(793,570)</b>	<b>40,043,620</b>
<b>Earning/(loss) per certificate - basic and diluted</b>		<b>0.01</b>	<b>1.45</b>	<b>(0.03)</b>	<b>1.52</b>

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**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2018**



	Six months ended		Three months ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	Rupees	Rupees	Rupees	Rupees
Other comprehensive income	-	-	-	-
Profit/(loss) after taxation	239,509	38,330,858	(793,570)	40,043,620
<b>Total comprehensive Income/(loss)</b>	<b>239,509</b>	<b>38,330,858</b>	<b>(793,570)</b>	<b>40,043,620</b>

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

**Chief Executive**  
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(Private) Limited

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

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



## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	December 31, 2018	December 31, 2017
	Rupees	Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before taxation	239,509	38,330,858
Adjustments for non-cash items and other items	6,762,629	(41,598,688)
Operating profit/(loss) before changes in working capital	7,002,138	(3,267,830)
Changes in working capital	(6,885,901)	(14,208,168)
Net cash generated in operations	116,237	(17,475,998)
<b>(Payments)/receipts for:</b>		
Income taxes	(30,939)	(64,071)
Dividend received	-	303,460
Employee retirement benefits	-	(48,660)
Proceeds from transfer of ijarah assets	4,891,498	36,558
Net cash generated from/(used in) operating activities	4,976,796	(17,248,711)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(72,000)	(26,500)
Purchase of ijarah assets	(6,986,500)	-
Proceeds from disposal of property and equipment	-	41,678
Proceeds from disposal of long term investments	-	15,931,665
Proceeds from disposal of membership assets	-	35,961,988
Net cash (used in)/generated from investing activities	(7,058,500)	51,908,831
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Profit distributed	(7,277,634)	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(9,359,338)	34,660,120
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	10,040,527	24,406
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	681,189	34,684,526

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

  
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(Private) Limited

  
Director  
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(Private) Limited

  
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(Private) Limited

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2018**



	Share capital	Capital reserves	Revenue reserve	Total reserves	Total equity
	Issued	Statutory reserve	Accumulated losses		
	subscribed and paid-up capital				
	Rupees	Rupees	Rupees	Rupees	Rupees
<b>Balance as at July 01, 2017 - Audited</b>	264,138,040	79,377,508	(19,854,815)	59,522,693	323,660,733
<b>Comprehensive loss</b>					
Profit after taxation	-	-	38,330,858	38,330,858	38,330,858
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	38,330,858	38,330,858	38,330,858
<b>Transaction with owners</b>	-	-	-	-	-
<b>Balance as at December 31, 2017 - Un-audited</b>	<u>264,138,040</u>	<u>79,377,508</u>	<u>18,476,043</u>	<u>97,853,551</u>	<u>361,991,591</u>
<b>Balance as at January 01, 2018</b>	264,138,040	79,377,508	18,476,043	97,853,551	361,991,591
<b>Comprehensive loss</b>					
Loss after taxation	-	-	(4,969,263)	(4,969,263)	(4,969,263)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive loss</b>	-	-	(4,969,263)	(4,969,263)	(4,969,263)
<b>Transaction with owners</b>					
Transfer to statutory reserves	-	15,012,718	(15,012,718)	-	-
<b>Balance as at June 30, 2018 - Audited</b>	<u>264,138,040</u>	<u>94,390,226</u>	<u>(1,505,938)</u>	<u>92,884,288</u>	<u>357,022,328</u>
<b>Balance as at July 01, 2018</b>	264,138,040	94,390,226	(1,505,938)	92,884,288	357,022,328
<b>Comprehensive income</b>					
Profit after taxation	-	-	239,509	239,509	239,509
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	239,509	239,509	239,509
<b>Transaction with owners</b>					
Profit distribution @ Rs. .65 per certificate	-	-	(17,169,355)	(17,169,355)	(17,169,355)
<b>Balance as at December 31, 2018 - Un-audited</b>	<u>264,138,040</u>	<u>94,390,226</u>	<u>(18,435,784)</u>	<u>75,954,442</u>	<u>340,092,482</u>

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

  
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 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 2018

### 1 REPORTING ENTITY

First Fidelity Leasing Modaraba [‘the Modaraba’] is a perpetual, multi-purpose and multi-dimensional modaraba formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed there under and is managed by Fidelity Capital Management (Private) Limited [‘the Management Company’], a company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the Modaraba is situated at Ground Floor, 93, B-1, Canal 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

#### 2.1 Statement of compliance

The financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Accounting Standard 34 - Interim Financial Reporting, issued by International Accounting Standards Board [IASB] as notified under the Companies Act, 2017; and
- The requirements of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 [‘the Ordinance’], the Modaraba Companies and Modaraba Rules, 1981 [‘the Rules’] and Prudential Regulations for Modarabas [herein after referred to as the relevant laws]; and
- Provisions of and directives issued under the Companies Act, 2017.

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

#### 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 accrual basis.

#### 2.3 Judgments, estimates and assumptions

The preparation of financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. 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.

#### 2.5 Date of authorisation for issue

The condensed interim financial information has been approved by the Board of Directors of the Management Company and authorized for issue on February 26, 2019.

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

The following new and revised standards, interpretations and amendments are effective in the current period but, unless specified otherwise, are either not relevant to the Modaraba or their application does not have any material impact on the condensed interim financial information 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 2017



## IFRS 15 - Revenue from Contracts with Customers

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

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

### Clarifications to IFRS 15 - Revenue from Contracts with Customers

IFRS 15 - Revenue from Contracts with Customers have been amended to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

## IFRIC 22 - Foreign Currency Transactions and Advances Consideration

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively
- Assumptions for taxation authorities' examinations
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- The effect of changes in facts and circumstances

## Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2 - Share-based Payment)

IFRS 2 - Share-based Payment have been amended to clarify the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

## Applying IFRS 9 - Financial Instruments with IFRS 4 - Insurance Contracts (Amendments to IFRS 4 - Insurance Contracts)

IFRS 4 Insurance Contracts have been amended to provide two options for entities that issue insurance contracts within the scope of IFRS 4:

- an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach;
- an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

## Transfers of Investment Property (Amendments to IAS 40 - Investment Property)

IAS 40 - Investment Property have following amendments:

- Paragraph 57 have been amended to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.
- The list of examples of evidence in paragraph 57(a) – (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list.

## Annual Improvements to IFRS Standards 2014–2016 Cycle (IFRS 1 - First-time Adoption of International Financial Reporting Standards and IAS 28 - Investments in Associates and Joint Ventures)

Annual improvements makes amendments to the following standards:

- IFRS 1 - Deletes the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose.
- IAS 28 - Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.



## SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2018

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

	Effective date (reporting period / year ended on or after)
IFRS 9 - Financial Instruments (2014)	June 30, 2019
	Effective date (annual periods beginning on or after)
IFRS 16 - Leases (2016)	January 01, 2019
IFRS 17 - Insurance contracts (2017)	January 01, 2021
Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures).	Deferred Indefinitely
IFRIC 23 - Uncertainty over Income Tax Treatments	January 01, 2019
Prepayment Features with Negative Compensation (Amendments to IFRS 9 - Financial Instruments)	January 01, 2019
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28 - Investments in Associates and Joint Ventures)	January 01, 2019
Annual Improvements to IFRS Standards 2015 – 2017 Cycle	January 01, 2019
Plan Amendment, Curtailment or Settlement (Amendments to IAS 19 - Employee Benefits)	January 01, 2019
Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020
Definition of a Business (Amendments to IFRS 3 - Business Combinations)	January 01, 2020
Definition of Material (Amendments to IAS 1 - First-time Adoption of International Financial Reporting Standards and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)	January 01, 2020

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

IFRS 1 - First Time Adoption of International Financial Reporting Standards  
IFRS 14 - Regulatory Defferal Accounts  
IFRS 17 – Insurance contracts (2017)

The Modaraba intends to adopt these new and revised standards, interpretations and amendments on their effective dates, subject to, where required, notification by Securities and Exchange Commission of Pakistan under section 225 of the Companies Act, 2017 regarding their adoption. 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 information other than in presentation/disclosures.

#### IFRS 9 - Financial Instruments

Finalised version of IFRS 9 - Financial Instruments: *Recognition and Measurement* which contains accounting requirement for financial instruments, replacing 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 contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other 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 the measurement of an entity's own credit risk.
- **Impairment:** The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.
- **Hedge accounting:** 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 exposures.
- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

**SELECTED NOTES TO THE CONDENSED INTERIM  
FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2018**



**5 ACCOUNTING POLICIES AND METHODS OF COMPUTATION**

The accounting policies and methods of computation adopted in the preparation of these interim financial information is the same as those applied in the preparation of preceding annual financial statements of the Modaraba for the year ended June 30, 2018.

	<i>Note</i>	<b>December 31, 2018</b>	<b>June 30, 2018</b>
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
<b>6 ASSETS LEASED OUT IJARAH CONTRACTS</b>			
Carrying value as at beginning of the period/year		77,273,418	4,009,111
Net carrying value of disposals during the period/year	6.1	(4,891,498)	(578,986)
Amortization for the period/year		(6,647,200)	(3,805,707)
Additions during the year		6,986,500	77,649,000
Carrying value as at end of the period/year		<u>72,721,220</u>	<u>77,273,418</u>
<b>6.1 Carrying value of disposals during the period/year</b>			
Plant and machinery		-	36,558
Vehicles		4,891,498	542,428
		<u>4,891,498</u>	<u>578,986</u>
<b>7 PROPERTY AND EQUIPMENT</b>			
Operating fixed assets	7.1	436,622	480,051
Capital work in progress	7.2	224,000,000	224,000,000
		<u>224,436,622</u>	<u>224,480,051</u>
<b>7.1 Operating fixed assets</b>			
Net book value as at beginning of the period/year		480,051	571,593
Additions during the period/year	7.1.1	72,000	354,000
Net carrying value of disposals during the period/year		-	(122,270)
Depreciation for the period/year		(115,429)	(323,272)
Net book value as at end of the period/year		<u>436,622</u>	<u>480,051</u>
<b>7.1.1 Additions during the period/year</b>			
Computers and equipment		72,000	354,000
		<u>72,000</u>	<u>354,000</u>
<b>7.2 Capital work in progress</b>			
Corporate Tower, Lahore	7.2.1	204,000,000	204,000,000
Residential Villas, Murree	7.2.2	20,000,000	20,000,000
Advance against purchase of property	7.2.3	4,500,000	4,500,000
		228,500,000	228,500,000
Impairment allowance		(4,500,000)	(4,500,000)
		<u>224,000,000</u>	<u>224,000,000</u>



**SELECTED NOTES TO THE CONDENSED INTERIM  
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**7.2.1 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.

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

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

The above suits/complains are pending for hearing.

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

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

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

**8 CONTINGENCIES AND COMMITMENTS**

**8.1 Contingencies**

There is no significant change in the status of contingencies since June 30, 2018.

**8.2 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.

	Six months ended		Three months ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	Rupees	Rupees	Rupees	Rupees
<b>9 NET OTHER INCOME</b>				
<b>Gain on financial instruments</b>				
Return on bank deposits	16,382	-	16,382	-
Markup on loans to employees	5,274	161	5,197	84
<b>Other income</b>	21,656	161	21,579	84
Fees, commission and other incomes	59,395	-	59,395	-
Dividend income	-	303,460	-	303,460
Gain on sale of membership asset	-	33,191,988	-	33,191,988
Gain on sale of long term investment	-	10,181,665	-	10,181,665
	59,395	43,677,113	59,395	43,677,113
	81,051	43,677,274	80,974	43,677,197



**SELECTED NOTES TO THE CONDENSED INTERIM  
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**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 Ordinance, 2001.

**11 RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties from the Modaraba's perspective comprise of the Management Company, Key Management Personnel and Provident Fund Trust. Transactions and balances with related parties other than remuneration and benefits to key management personnel under the term of employment and employee retirement benefits are disclosed in as under. The details of Company's related parties, with whom the Modaraba had transactions during the year or has balances outstanding as at the reporting date are as follows:

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

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

		December 31, 2018	December 31, 2017	
		Rupees (Un-Audited)	Rupees (Un-Audited)	
<b>11.1</b>	<b>Transactions with related parties</b>			
	<b>Nature of relationship</b>			
	<b>Nature of transaction</b>			
	Provident fund trust	Contribution for the period	125,994	236,244
	Officers and employees	Ijarah rentals received	300,507	42,000
		<b>December 31, 2018</b>	<b>June 30, 2018</b>	
		<b>Rupees (Un-Audited)</b>	<b>Rupees (Audited)</b>	
<b>11.2</b>	<b>Balances with related parties</b>			
	Officers and employees	Ijarah rentals receivables	264,985	97,402
		Ijarah rentals suspended	97,402	97,402
	Provident Fund Trust	Contribution payable	177,294	163,284
	Management company	Management company's remuneration payable	26,612	3,706,844
<b>12</b>	<b>FINANCIAL INSTRUMENTS</b>			
The carrying amounts of the Modaraba's financial instruments by class and category are as follows:				
<b>12.1</b>	<b>Financial assets</b>			
	<b>Cash in hand</b>	64,788	311,134	
	<b>Loans and receivables</b>			
	Balances with banks	616,401	9,729,393	
	Finances under murabahah arrangements	67,883,348	67,883,348	
	Ijarah rentals receivable	3,845,350	1,225,740	
	Profit receivable	1,187,500	437,500	
	Security deposits	37,500	37,500	
	Receivable from clients	7,244,723	7,244,723	
	Other receivables	2,906,365	1,778,410	
		<b>83,785,975</b>	<b>88,647,748</b>	



**SELECTED NOTES TO THE CONDENSED INTERIM  
FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

	December 31, 2018	June 30, 2018
	Rupees	Rupees
	(Un-Audited)	(Audited)
<b>12.2 Financial liabilities</b>		
<i>Financial liabilities at amortized cost</i>		
Due to customers	53,628	30,178
Accrued and other payables	6,159,754	3,579,070
Management company's remuneration payable	-	3,706,844
Unclaimed profit distribution	20,543,833	10,652,112
	<u>26,757,215</u>	<u>17,968,204</u>

**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**

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

**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 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, 2018 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.

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

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

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



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


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