



## **FIRST FIDELITY LEASING MODARABA**

Managed by:  
Fidelity Capital Management (Private) Limited

**CONDENSED INTERIM  
FINANCIAL STATEMENTS  
(UN-AUDITED)  
FOR THE HALF YEAR ENDED  
31 DECEMBER  
2019**



## CORPORATE INFORMATION

### Board of Directors

Fidelity Capital Management (Private) Limited.

Chairman	Siyid 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

Horwath Hussain Chaudhury & Co.,  
Chartered Accountants

### Audit Committee

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

### Credit Committee

Chairman	Siyid 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 Siyid 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, 2019, together with auditors' review report thereon.

The Modaraba during half year ended December 31, 2019, earned profit of Rs.0.092 million, as against profit of Rs. 0.24 million earned in the corresponding six months' period. The operations of the Modaraba have resulted in subdued marginal profit, as its major asset being investment in the corporate tower remains stuck up. As more elaborately discussed in the June 30,2019 Annual Report, the Modaraba had filed legal cases against Enplan (Pvt.) Limited-sponsors of corporate tower, which are vigorously being pursued in the relevant courts of law. 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 its 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 27, 2020



## ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز فیڈ بیلنٹی کیپٹل مینجمنٹ (پرائیویٹ) لمیٹڈ جو کہ فرسٹ فیڈ بیلنٹی لیزنگ مزاربہ کی مینجمنٹ کمپنی ہے۔ مزاربہ کے 31 دسمبر 2019 کو ختم ہونے والی ششماہی مدت کے غیر احتساب شدہ مالی حسابات بمذکورہ رپورٹ پیش کرتا ہے۔

مزاربہ نے زیر ششماہی مدت کے دوران مبلغ 0.092 ملین کا خالص منافع کمایا ہے۔ جب کہ گزشتہ سال اسی مدت کے دوران مبلغ 0.24 ملین کی خالص آمدنی ہوئی۔ مزاربہ کی بڑی سرمایہ کاری کارپوریٹ ٹاور میں جامد ہو چکی ہے۔ جیسا کہ 30 جون 2019 کی سالانہ رپورٹ میں وضاحت سے بیان کیا گیا تھا کہ مزاربہ نے کارپوریٹ ٹاور کے سپانسرز این پلان (پرائیویٹ) لمیٹڈ کے خلاف قانونی مقدمات دائر کئے ہوئے ہیں۔ جو قانون کی متعلقہ عدالتوں میں بھرپور طریقے سے چل رہے ہیں۔ مزاربہ مینجمنٹ اور اس کی قانونی ٹیم کو اعتماد ہے کہ ان مقدمات کا فیصلے مزاربہ کے حق میں آئے گا۔ اور اس متوقع کامیابی کے بعد حاصل ہونے والی 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 مزاربہ کے سرمایہ 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 سرٹیفکیٹ 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 شکریہ ادا کرتا ہے۔

از طرف بورڈ آف ڈائریکٹرز:

بسم اللہ الرحمن الرحیم  
وسیم الحق عثمانی  
چیف ایگزیکٹو آفیسر

لاہور

فروری 27، 2020

# Independent Auditor's Review Report to the Certificate Holders of First Fidelity Leasing Modaraba on Review of Interim Financial Statements



## **Introduction**

We have reviewed the accompanying condensed interim balance sheet of **First Fidelity Leasing Modaraba** ("the Modaraba") as at December 31, 2019 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity, and notes to the financial statements for the six-month period then ended (here-in-after referred to as "the interim financial statements"). The Modaraba Management Company [Fidelity Capital Management (Private) Limited] is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures included in the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2018 and December 31, 2019 have not been reviewed, as we are required to review only the cumulative figures for half year ended December 31, 2019.

## **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 statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## **Basis for Qualified Conclusion**

Based on our review, as described in Note 11.2.1 to the Condensed interim financial information, the Construction of the Tower was due to completed by December 28, 2013 as per the Settlement agreement and agreement of 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 and counter suit has been filed by Enplan (Private) Limited. Pending the outcomes of these cases, the management has not measured the recoverable amount of the advance. Accordingly, the impairment loss, if any, has not been recognized in these interim financial statements.

## **Qualified Conclusion**

Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

## **Other matter**

The financial statements of the Modaraba for the half year ended December 31, 2018 and for the year ended June 30, 2019 were reviewed / audited by another auditor who expressed a modified conclusion and opinion thereon on February 26, 2019 and October 04, 2019, respectively.

LAHORE  
Dated: February 27, 2020

**CROWE HUSSAIN CHAUDHURY & CO.**  
*Chartered Accountants*

(Engagement Partner: Amin Ali)



## Shari'ah Review Report of First Fidelity Leasing Modaraba For The Period Ended December 31, 2019

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, 2019 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 Morabaha financing, 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. The cases have reached on arguments stage, management is hopeful for positive outcome in the cases.
4. A few cases which were required to be consulted in accordance with the Shariah principles and market practices have been discussed and duly resolved.
5. 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 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.

The Modaraba still has a part of its portfolio of assets, covered through conventional insurance companies instead of sharia compliant takaful. It must be fully converted into takaful as soon as possible on the next renewal.

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

### Conclusion:

In my opinion and to the best of my knowledge and information provided by FFLM management with relevant explanation, I am of the view that during the period overall business operations of the Modaraba are Shariah Compliant.

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

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**Mufti Altaf Ahmed**

Shari'ah Advisor

Dated: February 25, 2020

# CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2019



		December 31, 2019	June 30, 2019
	Note	(Un-audited) Rupees	(Audited) Rupees
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and bank balances		8,985,767	3,416,953
Short term finances under murabahah arrangements	4	60,100,000	69,100,000
Ijarah rentals receivable	5	5,380,718	2,697,017
Profit receivable under murabahah arrangements	6	1,226,075	503,626
Advances, prepayments and other receivables	7	17,165,544	12,870,297
Advance income tax		886,110	901,799
Current maturity of non-current assets	8	1,069,441	214,022
		94,813,655	89,703,714
<b>Non-Current Assets</b>			
Long term advances and deposits	8	-	633,864
Membership assets	9	3,510,000	3,510,000
Assets leased out under ijarah contracts	10	57,341,225	64,016,079
Property and equipment	11	224,314,125	224,388,119
		285,165,350	292,548,062
<b>Total Assets</b>		379,979,005	382,251,776
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accrued and other liabilities	12	4,688,284	4,791,460
Unclaimed profit distribution		16,904,714	16,982,280
Current portion of security deposits	13	1,187,208	990,108
		22,780,206	22,763,848
<b>Non-Current Liabilities</b>			
Security deposits	13	15,783,649	18,232,700
Employees retirement benefits		319,720	251,967
		16,103,369	18,484,667
<b>Total Liabilities</b>		38,883,575	41,248,515
<b>NET ASSETS</b>		341,095,430	341,003,261
<b>REPRESENTED BY</b>			
<b>CAPITAL AND RESERVES</b>			
Certificate capital	14	264,138,040	264,138,040
Reserves		76,957,390	76,865,221
<b>Contingencies and Commitments</b>	15	-	-
		341,095,430	341,003,261

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements (un-audited).

**For Fidelity Capital Management (Private) Limited**  
(Modaraba Management Company)

**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**

**DIRECTOR**

**CHIEF FINANCIAL OFFICER**

Half Yearly Report 2019 | 07



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2019**

	Note	Half year ended December 31,		Quarter ended December 31,	
		2019	2018	2019	2018
		Rupees	Rupees	Rupees	Rupees
Income from ijarah		9,441,208	11,697,018	5,001,354	5,112,805
Profit on murabaha finances		2,722,449	750,000	356,405	375,000
Other income	16	232,746	81,051	49,896	80,974
		<u>12,396,403</u>	<u>12,528,069</u>	<u>5,407,655</u>	<u>5,568,779</u>
Provision against non performing finance and other receivables - net		(78,204)	-	-	-
		<u>12,318,199</u>	<u>12,528,069</u>	<u>5,407,655</u>	<u>5,568,779</u>
Amortization of assets leased out under ijarah contracts		(5,802,221)	(6,647,200)	(3,000,940)	(3,598,520)
Administrative and general expenses		(6,192,834)	(5,480,115)	(3,009,248)	(2,607,654)
Stock exchange and CDC charges		(193,889)	(75,241)	(193,889)	(75,241)
Financial charges		(5,869)	(59,392)	(4,270)	(54,322)
		<u>(12,194,813)</u>	<u>(12,261,948)</u>	<u>(6,208,347)</u>	<u>(6,335,737)</u>
<b>Operating Profit / (Loss)</b>		<b>123,386</b>	<b>266,121</b>	<b>(800,692)</b>	<b>(766,958)</b>
Charge of Modaraba Management Company's fee		(12,339)	(26,612)	(12,339)	(26,612)
<b>Profit / (Loss) before Taxation</b>		<b>111,047</b>	<b>239,509</b>	<b>(813,031)</b>	<b>(793,570)</b>
Taxation	17	(18,878)	-	(18,878)	-
<b>Net Profit / (Loss) for the Period</b>		<b>92,169</b>	<b>239,509</b>	<b>(831,909)</b>	<b>(793,570)</b>
<b>Earnings / (Loss) per Certificate - Basic and Diluted</b>		<b>0.003</b>	<b>0.009</b>	<b>(0.031)</b>	<b>(0.030)</b>

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements (un-audited).

**For Fidelity Capital Management (Private) Limited**  
(Modaraba Management Company)

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**



**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2019**



	Half year ended December 31,		Quarter ended December 31,	
	2019	2018	2019	2018
	Rupees	Rupees	Rupees	Rupees
<b>Net Profit / (Loss) for the Period</b>	92,169	239,509	(831,909)	(793,570)
<b>Other Comprehensive Income:</b>				
<i>Items that will not be reclassified to profit or loss</i>	-	-	-	-
<i>Items that may be reclassified subsequently to profit or loss</i>	-	-	-	-
Other comprehensive income for the period	-	-	-	-
<b>Total Comprehensive Income / (Loss) for the Period</b>	<u>92,169</u>	<u>239,509</u>	<u>(831,909)</u>	<u>(793,570)</u>

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements (un-audited).

**For Fidelity Capital Management (Private) Limited**  
(Modaraba Management Company)

**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**

**DIRECTOR**

**CHIEF FINANCIAL OFFICER**



## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 31, 2019

	Half yearly ended December 31,	
	2019	2018
	Rupees	Rupees (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	111,047	239,509
<b>Adjustments for non-cash and other items:</b>		
- Amortization of assets under ijarah	5,802,221	6,647,200
- Depreciation on property and equipment	130,994	115,429
- Impairment on receivable from Hajveri Modaraba Management Company	173,412	-
- Security deposits written off	37,500	-
	6,144,127	6,762,629
<b>Operating profit before working capital changes</b>	6,255,174	7,002,138
Decrease / (increase) in current assets		
- Finances under murabahah arrangements	9,000,000	-
- Ijarah rentals receivable	(2,683,701)	(2,619,610)
- Profit receivable	(722,449)	(750,000)
- Advances, prepayments and other receivables	(4,506,159)	(1,284,205)
Increase / (decrease) in current liabilities		
- Accrued and other liabilities	(103,176)	(1,746,119)
	984,515	(6,399,934)
<b>Cash generated from operations</b>	7,239,689	602,204
<i>(Increase) in non-current assets:</i>		
- Long term advances and deposits	(221,555)	(658,567)
<i>(Decrease) / Increase in non-current liabilities:</i>		
- Security deposits	(2,251,951)	172,600
- Employees retirement benefits	67,753	-
Proceeds from disposal of ijarah assets	7,682,632	4,891,498
Purchase of ijarah assets	(6,809,999)	(6,986,500)
Income tax paid	(3,189)	(30,939)
	5,703,380	(2,009,704)
<b>Net Cash Generated from / (Used in) Operating Activities</b>	5,703,380	(2,009,704)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(57,000)	(72,000)
<b>Net Cash Used in Investing Activities</b>	(57,000)	(72,000)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Profit distributed to certificate holders	(77,566)	(7,277,634)
<b>Net Cash Used in Financing Activities</b>	(77,566)	(7,277,634)
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	5,568,814	(9,359,338)
Cash and cash equivalents at the beginning of the period	3,416,953	10,040,527
<b>Cash and Cash Equivalents at the End of the Period</b>	8,985,767	681,189

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements (un-audited).

**For Fidelity Capital Management (Private) Limited**  
(Modaraba Management Company)

**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**

**DIRECTOR**

**CHIEF FINANCIAL OFFICER**

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**



Particulars	Certificate Capital	Reserves		Total	Total Equity
		Statutory Reserve	Accumulated Profit / (Loss)		
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2018	264,138,040	94,390,226	(1,505,938)	92,884,288	357,022,328
Net profit for the period	-	-	239,509	239,509	239,509
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for six months period	-	-	239,509	239,509	239,509
Profit distribution @ Rs. 0.65 per certificate	-	-	(17,169,355)	(17,169,355)	(17,169,355)
<b>Balance as at December 31, 2018</b>	<b>264,138,040</b>	<b>94,390,226</b>	<b>(18,435,784)</b>	<b>75,954,442</b>	<b>340,092,482</b>
Balance as at December 31, 2018	264,138,040	94,390,226	(18,435,784)	75,954,442	340,092,482
Net profit for the year	-	-	910,779	910,779	910,779
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for six months period	-	-	910,779	910,779	910,779
Transfer to statutory reserves	-	230,057	(230,057)	-	-
<b>Balance as at June 30, 2019</b>	<b>264,138,040</b>	<b>94,620,283</b>	<b>(17,755,062)</b>	<b>76,865,221</b>	<b>341,003,261</b>
Balance as at June 30, 2019	264,138,040	94,620,283	(17,755,062)	76,865,221	341,003,261
Net Profit for the period	-	-	92,169	92,169	92,169
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for six months period ended December 31, 2019	-	-	92,169	92,169	92,169
Transfer to statutory reserves	-	23,042	(23,042)	-	-
<b>Balance as at December 31, 2019</b>	<b>264,138,040</b>	<b>94,643,325</b>	<b>(17,685,935)</b>	<b>76,957,390</b>	<b>341,095,430</b>

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements (un-audited).

**For Fidelity Capital Management (Private) Limited**  
(Modaraba Management Company)

**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**

**DIRECTOR**

**CHIEF FINANCIAL OFFICER**



**NOTES TO AND FORMING PART OF THE  
CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

Note 1

**Legal Status and Nature of Business**

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First Fidelity Leasing Modaraba (the Modaraba) was formed in Pakistan under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the rules framed thereunder and is being managed by Fidelity Capital Management (Private) Limited (FCML). The Modaraba was floated on December 05, 1991 and is listed on Pakistan Stock Exchange Limited.

The Modaraba is perpetual, multi-purpose and multi-dimensional, engaged in the business of Murabahas, Musharakahs, Ijarah, equity investment, brokerage and other related businesses. The principal place of business and registered office is located at Ground Floor 93, B-1 Canal Park, Gulberg-II, Lahore.

Note 2

**Basis of Preparation**

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**2.1 Statement of compliance**

These interim condensed financial statements are unaudited and are being submitted to the certificate holders as required under Rule 10 of the Modaraba Companies and Modaraba Rules, 1981. These condensed interim financial statements of the Modaraba for the half year ended December 31, 2019 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017, Modaraba Companies and Modarabas (Flotation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan. Wherever, the requirements of IAS 34 differ with the requirement of the Companies Act, 2017, Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 or the directives issued by the Securities and Exchange Commission of Pakistan (SECP), the requirements of latter take precedence.

**2.2** These condensed interim financial statements should be read in conjunction with annual audited financial statements for the year ended June 30, 2019. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2019 whereas comparative profit and loss account, comparative statement of comprehensive income, comparative cash flows statement and comparative statement of changes in equity are extracted from unaudited interim financial statements for the half year ended December 31, 2018.

**2.3** A limited scope review of these interim financial statements (un-audited) has been performed by the external auditors as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019. The figures for the quarters ended on December 31, 2018 and 2019 presented in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed by the external auditors.

**2.4** The preparation of these condensed interim financial statements (un-audited) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgments made by the management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements for the year ended June 30, 2019.

**NOTES TO AND FORMING PART OF THE  
CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**



Note 2, Basis of Preparation- Continued...

- 2.5 These condensed interim financial statements (un-audited) are presented in Pak Rupees, which is the Modaraba's functional and presentational currency. All the figures have been rounded off to the nearest rupees, unless otherwise stated.

Note 3

**Significant Accounting Policies**

The Modaraba's accounting and financial risk management policies and methods of computation adopted in the preparation of these condensed interim financial statements (un-audited) are the same as those applied in the preparation of preceding annual published financial statements (un-audited) for the year ended June 30, 2019.

Note 4

**Short Term Finances Under Murabahah Arrangements**

	Note	December 31, 2019 (Un-audited) Rupees	June 30, 2019 (Audited) Rupees
Performing	4.1	10,100,000	10,100,000
Non-performing	4.2	241,354,232	250,354,232
		251,454,232	260,454,232
Impairment allowance for expected credit losses	4.3	(191,354,232)	(191,354,232)
		<u>60,100,000</u>	<u>69,100,000</u>

- 4.1 These represent receivables against murabahah finances on deferred payment basis at a specified margin. These are secured against mortgage of property, demand promissory notes and personal guarantees. Profit margin on murabahah finances ranges from 12.98% to 19% (June 2019: 12.98% to 19%) per annum.
- 4.2 These include an amount of Rs. 35 million (2018: Rs. 35 million) advanced to Enplan (Private) Limited against Murabahah facility under the terms of settlement agreement dated April 01, 2011. It is secured against equitable as well as registered mortgage over land and building thereon measuring 4 kanals and 1 marla. It carries profit at 12.98% per annum. Principal as well as profit is receivable in bullet payment on expiry of the facility (see note 12.2.1).
- 4.3 This provision represents classified facilities of First Hajveri Modaraba. Certain recovery suits in this respect are pending adjudication in the Honourable Lahore High Court and Banking Court. However, due to inadequate securities, chances of substantial recoveries are slim.

**Movement in impairment allowance for expected credit losses:**

As at beginning of the period / year	191,354,232	193,970,884
Reversed during the period / year	-	(2,616,652)
As at end of the period / year	<u>191,354,232</u>	<u>191,354,232</u>

Note 5

**Ijarah Rentals Receivable**

	Note	December 31, 2019 (Un-audited) Rupees	June 30, 2019 (Audited) Rupees
Performing		5,380,718	2,697,017
Non-performing		36,380,917	36,920,823
		41,761,635	39,617,840
Impairment allowance for expected credit losses	5.1	(36,380,917)	(36,920,823)
		<u>5,380,718</u>	<u>2,697,017</u>

**5.1 Movement in impairment allowance for expected credit losses:**

As at beginning of the period / year	36,920,823	36,125,495
Recognized during the period / year	78,204	1,764,197
Reversed during the period / year	(618,110)	(968,869)
As at end of the period / year	<u>36,380,917</u>	<u>36,920,823</u>



**NOTES TO AND FORMING PART OF THE  
CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

Note 6

**Profit Receivable Under Murabahah Arrangements**

	Note	December 31, 2019 (Un-audited) Rupees	June 30, 2019 (Audited) Rupees
Performing		1,226,075	503,626
Non-performing		19,808,177	21,217,816
		<u>21,034,252</u>	<u>21,721,442</u>
Impairment allowance for expected credit losses	6.1	<u>(19,808,177)</u>	<u>(21,217,816)</u>
		<u>1,226,075</u>	<u>503,626</u>
<b>6.1 Movement in impairment allowance for expected credit losses:</b>			
As at beginning of the period / year		21,217,816	19,808,177
Recognized during the period / year		-	1,409,639
Reversed during the period / year		<u>(1,409,639)</u>	<u>-</u>
As at end of the period / year		<u>19,808,177</u>	<u>21,217,816</u>

Note 7

**Advances, Prepayments and Other Receivables**

	Note	December 31, 2019 (Un-audited) Rupees	June 30, 2019 (Audited) Rupees
Advances to employees against salary		598,963	-
Prepayments		63,725	-
Receivable from clients	7.1	7,244,723	7,244,723
Receivable from Hajveri Modaraba Management Company (Private) Limited	7.2	2,312,164	2,485,576
Insurance receivables		3,744,474	721,574
Other receivables	7.3	<u>3,201,495</u>	<u>2,418,424</u>
		<u>17,165,544</u>	<u>12,870,297</u>
<b>7.1 Receivable from clients</b>			
Gross amount receivable		16,869,630	16,869,630
Impairment allowance for expected credit losses		<u>(9,624,907)</u>	<u>(9,624,907)</u>
		<u>7,244,723</u>	<u>7,244,723</u>
<b>7.2 Receivable from Hajveri Modaraba Management Company (Private) Limited</b>			
Gross amount due		2,905,482	2,905,482
Impairment allowance on doubtful receivable		<u>(593,318)</u>	<u>(419,906)</u>
		<u>2,312,164</u>	<u>2,485,576</u>

This represents amount withdrawn by Hajveri Modaraba Management Company (Private) Limited [the Previous management Company] of First Hajveri Modaraba [FHM] from time to time during prior years out of FHM's fund on account of remuneration in violation of Section 18 of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980.

The current Modaraba Management Company has filed a civil law suit against the previous Management Company for recovery of the amount which has been returned for want of jurisdiction. FHM has filed an appeal in the Lahore High Court against the decision of the Civil Court. The appeal has been adjourned with a date in office.

The present Management Company came in possession of 2,053,200 certificates of erstwhile FHM that were subsequently converted into 578,041 certificates of The Modaraba on amalgamation. The present Management Company has prayed to the Court that these certificates be attached and sold for adjustment of claim of the Modaraba. The suit was returned by the Civil Court with the objection that the same should be filed with the Modaraba Tribunal. The present Management Company has filed an appeal against this order in the Honourable Lahore High Court which is pending adjudication.

**7.3 Other receivables**

Gross amount due	3,366,758	2,583,687
Impairment allowance on doubtful receivables	<u>(165,263)</u>	<u>(165,263)</u>
	<u>3,201,495</u>	<u>2,418,424</u>

**NOTES TO AND FORMING PART OF THE  
CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**



Note 8

**Long Term Advances and Deposits**

		<b>December 31, 2019</b>	<b>June 30, 2019</b>
	Note	<b>(Un-audited)</b> Rupees	<b>(Audited)</b> Rupees
Advances to employees	8.1	1,069,441	810,386
Security deposits	8.2	-	37,500
		1,069,441	847,886
Current portion		(1,069,441)	(214,022)
		<u>-</u>	<u>633,864</u>

**8.1** These represent loans to employees for personal purposes as per the Modaraba's policy. These carry profit at 5% (June 2019: 5% per annum).

**8.2 Security deposits**

Performing	-	37,500
Non-performing	820,000	820,000
	820,000	857,500
Impairment allowance for expected credit losses	(820,000)	(820,000)
	<u>-</u>	<u>37,500</u>

Note 9

**Membership Assets**

	<b>December 31, 2019</b>	<b>June 30, 2019</b>
	<b>(Un-audited)</b> Rupees	<b>(Audited)</b> Rupees
Membership of Pakistan Mercantile Exchange Limited	1,010,000	1,010,000
Room at Pakistan Mercantile Exchange Limited	2,500,000	2,500,000
	<u>3,510,000</u>	<u>3,510,000</u>

Note 10

**Assets Leased Out Under Ijarah Contracts**

	<b>December 31, 2019</b>	<b>June 30, 2019</b>
	<b>(Un-audited)</b> Rupees	<b>(Audited)</b> Rupees
Carrying value as at beginning of the period / year	64,016,079	77,273,418
Additions during the period / year	6,809,999	16,441,500
Net carrying value of disposals during the period / year	(7,682,632)	(17,273,002)
	63,143,446	76,441,916
Amortization for the period / year	(5,802,221)	(12,425,837)
	<u>57,341,225</u>	<u>64,016,079</u>

Note 11

**Property and Equipment**

		<b>December 31, 2019</b>	<b>June 30, 2019</b>
		<b>(Un-audited)</b> Rupees	<b>(Audited)</b> Rupees
Operating fixed assets	11.1	314,125	388,119
Capital work in progress	11.2	224,000,000	224,000,000
		<u>224,314,125</u>	<u>224,388,119</u>
<b>11.1 Operating fixed assets</b>			
Carrying value as at beginning of the period / year		388,119	480,051
Additions during the period / year		57,000	91,900
		445,119	571,951
Depreciation for the period / year		(130,994)	(183,832)
		<u>314,125</u>	<u>388,119</u>



**NOTES TO AND FORMING PART OF THE  
CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

**11.2 Capital work in progress**

Corporate Tower, Lahore	11.2.1	204,000,000	204,000,000
Villas at Murree	11.2.2	20,000,000	20,000,000
Advance against purchase of property	11.2.3	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>

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

The Modaraba has also extended murabahah facilities to Enplan (Private) Limited as per agreed terms for completion of the Tower (see note 4.2). If the floor is not purchased by Enplan (Private) Limited within required time, the Modaraba has the 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 filed 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.

- 11.2.2** This represents property under construction comprising land measuring 1 kanal and 8 marlas. Most recent valuation of this property was carried out in October 2016 by Maricon Consultants (Private) Limited at Rs. 35.2 million.

- 11.2.3** 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.

**Note 12**

**Accrued And Other Liabilities**

	<b>December 31, 2019</b>	<b>June 30, 2019</b>
	<b>(Un-audited)</b>	<b>(Audited)</b>
	Rupees	Rupees
Due to customers	27,628	27,628
Advance ijarah rentals	1,612,099	1,295,150
Management Company’s remuneration payable	166,327	153,988
Accrued liabilities	2,134,681	2,578,712
Payable to Provident Fund Trust	333,469	287,470
Workers’ welfare fund	177,149	177,149
Other liabilities	236,931	271,363
	<u>4,688,284</u>	<u>4,791,460</u>

**Note 13**

**Security Deposits**

	<b>December 31, 2019</b>	<b>June 30, 2019</b>
	<b>(Un-audited)</b>	<b>(Audited)</b>
	Rupees	Rupees
Security deposits under ijarah contracts	16,970,857	19,222,808
Current portion	(1,187,208)	(990,108)
	<u>15,783,649</u>	<u>18,232,700</u>



**NOTES TO AND FORMING PART OF THE  
CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**



Note 14

**Certificate Capital**

	<b>December 31, 2019</b>	<b>June 30, 2019</b>
	<b>(Un-audited)</b>	<b>(Audited)</b>
	Rupees	Rupees
<b>Authorized Capital</b>		
62,500,000 (June 30, 2019: 62,500,000) Modaraba Certificates of Rs. 10 each	<u>625,000,000</u>	<u>625,000,000</u>
<b>Issued, subscribed and paid-up capital</b>		
16,656,491 (June 30, 2019: 16,656,491) Modaraba Certificates of Rs. 10 each fully paid in cash	166,564,910	166,564,910
3,976,908 (June 30, 2019: 3,976,908) Modaraba Certificates of Rs. 10 each issued as fully paid bonus certificates	39,769,080	39,769,080
5,780,405 (June 30, 2019: 5,780,405) certificates issued on amalgamation of First Hajveri Modaraba	<u>57,804,050</u>	<u>57,804,050</u>
	<u>264,138,040</u>	<u>264,138,040</u>

Note 15

**Contingencies And Commitments**

**Contingencies**

There are no significant contingencies as at the reporting date except those as disclosed in note 11.2 to these interim financial statements (un-audited).

**Commitments**

There are no significant commitments outstanding as at the reporting date.

Note 16

**Other Income**

	<b>Half Year Ended December 31,</b>		<b>Quarter ended December 31,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>(Un-audited)</b>	<b>(Un-audited)</b>	<b>(Un-audited)</b>	<b>(Un-audited)</b>
	-----Rupees-----		-----Rupees-----	
Return on bank deposits	10,827	16,382	10,827	16,382
Markup on loans to employees	12,900	5,274	12,823	5,197
Gain on early termination of Ijara	209,019	59,395	209,019	59,395
	<u>232,746</u>	<u>81,051</u>	<u>232,669</u>	<u>80,974</u>

Note 17

**Taxation**

Provision for current tax for the year has been made under section 113C of the Income Tax Ordinance, 2001. No provision was made for the previous year due to exemption available under clause 100 part I of Second Schedule to the income.

Note 18

**Balances and Transactions with Related Parties**

Related parties of the Modaraba include the Modaraba Management Company [Fidelity Capital Management (Private) Limited], directors and key management personnel of the Modaraba Management Company, key management personnel of the Modaraba and their close family members, the provident fund trust and entities with common directors or under common management and control.

Contribution to the provident fund is made in accordance with the services rules. Modaraba management fee, if any, is accrued in accordance with the requirements of the Modaraba Regulations. Remuneration of key management personnel is paid in accordance with the terms of their employment. Other transactions are carried out at agreed terms.



**NOTES TO AND FORMING PART OF THE  
CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

**Transactions during the period**

Related party	Relationship	Nature of transaction	Half Year Ended December 31,	
			2019	2018
			(Un-audited)	(Un-audited)
			-----Rupees-----	
Employees Provident Fund Trust	Provident Fund Trust	Contribution for the period	190,794	125,994
		Payment during the period	144,795	-
Officers and employees	Key management personnel	Ijarah rentals received	230,179	300,507
Management company	Management Company	Management company's remuneration payable	12,339	26,612

**Outstanding Balances as at,**

			December 31,	June 30,
			2019	2019
			Rupees	Rupees
Employees Provident Fund Trust		Contribution payable	333,469	287,470
Officers and employees		Ijarah rentals receivables	114,981	154,306
		Ijarah rentals suspended	129,376	125,854
Management company		Management company's remuneration payable	166,327	153,988

Note 19

**Fair Value of Financial Instruments**

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 at the measurement date in the principal, or in its absence, the most advantageous market to which the Company has access at that date.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

As at reporting date, there were no financial instruments which were measured at fair values in the financial statement.

Note 20

**Date of Authorization for Issue**

These condensed interim financial statements (un-audited) are approved and authorized for issuance on February 27, 2020 by the Board of Directors of the Modaraba Management Company.

Note 21

**General**

Corresponding figures have been rearranged / reclassified, wherever necessary, to facilitate comparison. No material rearrangements / reclassifications have been made during the period.

**For Fidelity Capital Management (Private) Limited  
(Modaraba Management Company)**

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**



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