

**FIDELITY
LEASING**

**CONDENSED INTERIM
FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE HALF YEAR ENDED
31 DECEMBER
2021**

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

CROWE HUSSAIN CHAUDHURY & CO.,
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, 2021, together with auditors' review report thereon.

The Modaraba during half year ended December 31, 2021, earned profit of Rs. 1.798 million, as against profit of Rs. 1.018 million earned in the corresponding six months' period. 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, 2021 Annual Report, the Modaraba as a last option had filed legal suits against Enplan (Pvt.) Limited, which are being contested in the relevant court of laws. The court cases are in the final stages of argument and decisions are forthcoming in the next quarter. 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 cautious 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 Principles in our all 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 24, 2022



ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز فیڈبلیک کیپٹل مینجمنٹ (پرائیویٹ) لمیٹڈ جو کہ فرسٹ فیڈبلیک لیزنگ مزاربہ کی مینجمنٹ کمپنی ہے۔ مزاربہ کے 31 دسمبر 2021 کو ختم ہونے والی ششماہی مدت کے غیر احتساب شدہ مالی حسابات ہمہ آڈیٹڈ رپورٹ پیش کرتا ہے۔

مزاربہ نے زیر غور ششماہی مدت کے دوران مبلغ 1.798 ملین روپے کا خالص منافع کمایا ہے۔ جب کہ گزشتہ سال اسی مدت کے دوران مبلغ 1.018 ملین روپے کی خالص آمدنی ہوئی۔ تاہم اس کا ممکنہ منافع ابھی بھی پلان این پلان (پرائیویٹ) لمیٹڈ کے ذریعہ مزاربہ کا رپورٹ ٹاور میں اس کی بڑی سرمایہ کاری کی وصولی پر منحصر ہے۔ جیسا کہ 30 جون 2021 کی سالانہ رپورٹ میں وسیع بحث کی گئی ہے۔ مزاربہ نے ایک آخری آپشن کے طور پر این پلان (پرائیویٹ لمیٹڈ) کے خلاف قانونی مقدمہ دائر کیا تھا۔ جو قانون کی متعلقہ عدالت میں لڑی جا رہی ہے۔ عدالتی مقدمات بحث کے آخری مراحل میں ہیں اور آئندہ سہ ماہی میں ان پر فیصلے آنے والے ہیں۔ مزاربہ مینجمنٹ اور اس کی قانونی ٹیم کو یقین ہے کہ آئندہ مدت میں عدالت کی کاروائی تیزی سے ہوگی اور ہمارے معاملات میں پیش رفت کی توقع کی جاسکتی ہے۔ مزاربہ کے پاس مقدمات کا فیصلہ اس کے حق میں کرنے کے لیے بہت ساری بنیادیں ہیں۔ مارک اپ رقم کی وصولی کے نتیجہ میں آئندہ ادوار میں کافی حد تک لیکویڈیٹی اور منافع بخش فراہم کرے گی۔

انتظامیہ مزاربہ 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 ممکن 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 انتظامیہ اور تمام عملے کا۔ اور ان کی پر عزم اور دل سے کی جانے والی خدمات کا خصوصی شکر یہ ادا کرتا ہے۔

از طرف بورڈ آف ڈائریکٹرز:

وسیم الحق عثمانی

چیف ایگزیکٹو آفیسر

لاہور

فروری 24, 2022

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, 2021, the related condensed interim profit and loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement, and notes to the financial statements for the six months 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 of the quarter ended December 31, 2021 and December 31, 2020 in the condensed interim profit and loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

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 we report that, as described in Note 11.2.1 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 and the settlement of the advance is dependent upon completion of the Tower through raising further funds or through the disposal of the Tower in its 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.

The engagement partner on the review resulting in this independent auditor's review report is Amin Ali.

LAHORE

Dated: February 24, 2022

UDIN: RR202110051j2ZCLn8gX

CROWE HUSSAIN CHAUDHURY & CO.

Chartered Accountants



Shari'ah Review Report of First Fidelity Leasing Modaraba For The Period Ended December 31, 2021

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, 2021 in accordance with the requirements of the Shari'ah Compliance and Shari'ah Audit Mechanism for Modaraba's 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 consists 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 being turned favoring the Modaraba, management is hopeful for positive development in the matter shortly.
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. The earnings have been realized from the sources or by means prohibited by Shariah have been credited to charity account.

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 Shariah compliant takaful. It must be fully converted into takaful ASAP.

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

Management should place a priority on Shariah-compliant trainings.

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.

Mufti Altaf Ahmed

Shari'ah Advisor

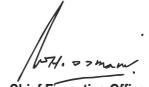
Dated: February 23, 2022

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2021



		December 31, 2021	June 30, 2021
ASSETS	Note	(Un-audited) Rupees	(Audited) Rupees
Current Assets			
Cash and bank balances		421,790	640,804
Short term investments under Murabaha arrangements	4	71,442,999	69,742,999
Unearned murabaha profit receivable		263,893	1,745,375
Ijarah rentals receivable	5	7,121,372	8,641,805
Profit receivable under Murabaha arrangements	6	5,139,791	4,685,314
Other receivables	7	12,540,626	12,419,337
Advance income tax		202,286	567,302
Current portion of long term advances	8	432,589	590,883
		97,565,346	99,033,819
Non-Current Assets			
Long term advances	8	1,080,609	730,763
Membership assets	9	3,510,000	3,510,000
Assets leased out under Ijarah contracts	10	43,442,578	44,518,074
Property and equipment	11	224,251,088	226,550,035
		272,284,275	275,308,872
Total Assets		369,849,621	374,342,691
LIABILITIES			
Current Liabilities			
Accrued and other liabilities	12	4,026,421	3,287,713
Unclaimed profit distribution		16,896,398	16,898,906
Deferred murabaha income		263,893	1,745,375
Current portion of security deposits	13	2,811,799	1,221,649
		23,998,511	23,153,643
Non-Current Liabilities			
Security deposits	13	10,079,208	17,351,888
Employees retirement benefits		530,608	394,072
		10,609,816	17,745,960
Total Liabilities		34,608,327	40,899,603
NET ASSETS		335,241,294	333,443,088
REPRESENTED BY			
CAPITAL AND RESERVES			
Certificate capital	14	264,138,040	264,138,040
Reserves		71,103,254	69,305,048
		335,241,294	333,443,088
Contingencies and Commitments	15	-	-

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


Chief Executive Officer
Fidelity Capital Management
(Private) Limited


Director
Fidelity Capital Management
(Private) Limited


Director
Fidelity Capital Management
(Private) Limited


CFO/Company Secretary



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021

	Note	Half year ended December 31,		Quarter ended December 31,	
		2021	2020	2021	2020
		Rupees ----- Unaudited -----	Rupees ----- Unaudited -----	Rupees ----- Unaudited -----	Rupees ----- Unaudited -----
Income from ijarah		7,084,805	9,159,800	3,044,400	3,412,057
Profit on murabaha finances		2,425,044	2,405,272	1,298,324	1,170,023
Other income	16	2,163,931	461,450	2,157,543	(101,379)
		<u>11,673,780</u>	<u>12,026,522</u>	<u>6,500,267</u>	<u>4,480,701</u>
Expenses					
Depreciation of fixed assets under ijarah arrangements		(5,039,474)	(5,915,692)	(7,658,840)	(2,763,054)
Administrative and general expenses		(6,541,732)	(5,185,197)	(8,827,950)	(2,853,452)
		<u>(11,581,206)</u>	<u>(11,100,889)</u>	<u>(16,486,790)</u>	<u>(5,616,506)</u>
Operating Profit / (Loss) before Provisions and Taxation		92,574	925,633	(9,986,523)	(1,135,805)
Provisions					
Fair value gain on certificates held as securities against receivables		78,820	-	78,820	-
Reversal of provision against non-performing investments-net		2,284,971	206,189	2,389,019	206,189
		<u>2,363,791</u>	<u>206,189</u>	<u>2,467,839</u>	<u>206,189</u>
Operating Profit / (Loss)		2,456,365	1,131,822	(7,518,684)	(929,616)
Charge of Modaraba Management Company's fee		(245,637)	(113,182)	(627,019)	(113,182)
Provision for worker's welfare fund		(44,215)	-	(44,215)	-
Profit / (Loss) before Taxation		2,166,513	1,018,640	(8,189,918)	(1,042,798)
Taxation		(368,307)	-	(368,307)	-
Net Profit / (Loss) for the Period		1,798,206	1,018,640	(8,558,225)	(1,042,798)
Earnings / (Loss) per Certificate - Basic and Diluted		0.068	0.039	(0.324)	(0.039)

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


Chief Executive Officer
Fidelity Capital Management
(Private) Limited


Director
Fidelity Capital Management
(Private) Limited


Director
Fidelity Capital Management
(Private) Limited


CFO/Company Secretary

**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021**



	Half year ended December 31,		Quarter ended December 31,	
	2021	2020	2021	2020
	Rupees	Rupees	Rupees	Rupees
	----- Unaudited -----	----- Unaudited -----	----- Unaudited -----	----- Unaudited -----
Net Profit / (Loss) for the Period	1,798,206	1,018,640	(8,558,225)	(1,042,798)
Other Comprehensive Income:				
<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	-	-	-	-
Total Comprehensive Income / (Loss) for the Period	<u>1,798,206</u>	<u>1,018,640</u>	<u>(8,558,225)</u>	<u>(1,042,798)</u>

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


Chief Executive Officer
 Fidelity Capital Management
 (Private) Limited


Director
 Fidelity Capital Management
 (Private) Limited


Director
 Fidelity Capital Management
 (Private) Limited


CFO/Company Secretary



CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 31, 2021

	Half yearly ended December 31,	
	2021	2020
	Rupees	Rupees
	----- Unaudited -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,166,513	1,018,640
Adjustments for Non-Cash and Other Items:		
- Depreciation of fixed assets under ijarah arrangements	5,039,474	5,899,192
- Depreciation on property and equipment	224,518	103,498
- Gain / loss on receivable from Hajveri Modaraba Management Company	(109,828)	5,780
- Gain on disposal of Ijara assets	(1,927,197)	-
- Gain on disposal of property and equipments	(222,494)	-
- Reversal of provision for doubtful ijarah rentals receivables	(2,284,971)	-
	<u>719,502</u>	<u>6,008,470</u>
Operating Profit before Working Capital Changes	<u>2,886,015</u>	<u>7,027,110</u>
Decrease / (increase) in current assets		
- Short term investments under murabaha arrangements - net	(1,700,000)	(6,343,080)
- Ijarah rentals receivable	3,805,404	(2,657,901)
- Profit receivable on murabahah investments	(454,477)	121,142
- Long term advances	(191,552)	(54,784)
- Other receivables	(11,461)	(95,128)
Increase / (decrease) in current liabilities		
- Accrued and other liabilities	709,784	(73,532)
	<u>2,157,698</u>	<u>(9,103,283)</u>
Cash Generated from / (Used in) Operations	<u>5,043,713</u>	<u>(2,076,173)</u>
<i>Increase/ (decrease) in non-current liabilities:</i>		
- Security deposits	1,020,000	(2,216,000)
- Employees retirement benefits	136,536	(40,267)
Proceeds from transfer of ijarah assets	11,260,689	8,384,875
Proceeds from disposal of property and equipments	2,400,923	-
Purchase of ijarah assets	(20,000,000)	(4,225,000)
Income tax deducted at source	25,633	250,996
	<u>(112,506)</u>	<u>78,431</u>
Net Cash (Used in) / Generated from Operating Activities		
	<u>(112,506)</u>	<u>78,431</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(104,000)	(56,800)
	<u>(104,000)</u>	<u>(56,800)</u>
Net Cash Used in Investing Activities		
	<u>(104,000)</u>	<u>(56,800)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Unclaimed profit distribution paid	(2,508)	-
	<u>(2,508)</u>	<u>-</u>
Net Cash Used in Financing Activities		
	<u>(2,508)</u>	<u>-</u>
Net (Decrease) / Increase in Cash and Cash Equivalents	<u>(219,014)</u>	<u>21,631</u>
Cash and cash equivalents at the beginning of the period	640,804	1,426,007
Cash and Cash Equivalents at the End of the Period	<u><u>421,790</u></u>	<u><u>1,447,638</u></u>

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


Chief Executive Officer
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(Private) Limited


Director
Fidelity Capital Management
(Private) Limited


Director
Fidelity Capital Management
(Private) Limited

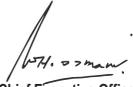

CFO/Company Secretary

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021**



Particulars	Certificate Capital	Reserves		Total	Total Equity
		Statutory Reserve	Accumulated Loss		
	Rupees	Rupees	Rupees	Rupees	Rupees
		----- Unaudited -----			
Balance as at June 30, 2020	264,138,040	94,620,283	(22,408,063)	72,212,220	336,350,260
Net profit for the period	-	-	1,018,640	1,018,640	1,018,640
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for six months period ended December 31, 2020	-	-	1,018,640	1,018,640	1,018,640
Transfer to statutory reserves	-	254,660	(254,660)	-	-
Balance as at December 31, 2020	264,138,040	94,874,943	(21,644,083)	73,230,860	337,368,900
Balance as at June 30, 2021	264,138,040	94,620,283	(25,315,235)	69,305,048	333,443,088
Net Profit for the period	-	-	1,798,206	1,798,206	1,798,206
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for six months period ended December 31, 2021	-	-	1,798,206	1,798,206	1,798,206
Transfer to statutory reserves	-	449,552	(449,552)	-	-
Balance as at December 31, 2021	264,138,040	95,069,835	(23,966,581)	71,103,254	335,241,294

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


Chief Executive Officer
 Fidelity Capital Management
 (Private) Limited


Director
 Fidelity Capital Management
 (Private) Limited


Director
 Fidelity Capital Management
 (Private) Limited


CFO/Company Secretary



NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Note 1

Legal Status and Nature of Business

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

2.1 Statement of compliance

These condensed interim financial statements (un-audited) have been prepared in accordance with the directives issued by the Securities & Exchange Commission of Pakistan (SECP) and are in compliance with the International Accounting Standard - 34 (Interim Financial Reporting) and being submitted to certificate holders as required under law.

2.2 These condensed interim financial statements should be read in conjunction with annual audited financial statements for the year ended June 30, 2021. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2021 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, 2021.

2.3 A limited scope review of these condensed 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, 2020 and 2021 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 (un audited) 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 annual audited financial statements for the year ended June 30, 2021.

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

**NOTES TO AND FORMING PART OF THE
CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**



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 the published preceding annual audited financial statements for the year ended June 30, 2021.

Note 4

Short Term Investments Under Murabaha Arrangements

		December 31, 2021	June 30, 2021
	Note	Rupees (Un-audited)	Rupees (Audited)
Performing murabahah finance	4.1	36,443,000	34,743,000
Non-performing murabahah finance	4.2	227,754,231	227,754,231
		264,197,231	262,497,231
Less: Allowance for expected credit losses	4.3	(192,754,232)	(192,754,232)
		<u>71,442,999</u>	<u>69,742,999</u>

- 4.1 The Modaraba has sold goods to Murabaha customers with appropriate profit margins under the Murabaha arrangements whereby payment is deferred over the time period agreed with customers. These finances are secured against mortgage of properties, demand promissory notes and personal guarantees. Profit margin on murabahah investments ranges from 14% to 19% (June 2021: 13% to 22%) per annum.
- 4.2 These include an amount of Rs. 35 million (June 2021: 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.
- 4.3 This provision represents classified facilities of the erstwhile 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.

Note 5

Ijarah Rentals Receivable

		December 31, 2021	June 30, 2021
	Note	Rupees (Un-audited)	Rupees (Audited)
Performing ijarah rentals		7,121,372	8,641,805
Non-performing ijarah rentals		38,285,370	40,570,341
		45,406,742	49,212,146
Impairment allowance for expected credit losses	5.1	(38,285,370)	(40,570,341)
		<u>7,121,372</u>	<u>8,641,805</u>

5.1 Movement in allowance for expected credit losses:

As at beginning of the period / year	40,570,341	37,816,854
Recognized during the period / year	860,207	2,753,487
Reversed during the period / year	(3,145,178)	-
Net (reversed) / charged during the period / year	(2,284,971)	2,753,487
As at end of the period / year	<u>38,285,370</u>	<u>40,570,341</u>



**NOTES TO AND FORMING PART OF THE
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Note 6

Profit Receivable Under Murabaha Arrangements

	December 31, 2021	June 30, 2021
	Rupees (Un-audited)	Rupees (Audited)
Receivable against performing murabahah	5,139,791	4,685,314
Receivable against non-performing murabahah	<u>19,808,177</u>	<u>19,808,177</u>
	24,947,968	24,493,491
Less: Allowance for expected credit losses	<u>(19,808,177)</u>	<u>(19,808,177)</u>
	<u><u>5,139,791</u></u>	<u><u>4,685,314</u></u>

Note 7

Other Receivables

		December 31, 2021	June 30, 2021
	Note	Rupees (Un-audited)	Rupees (Audited)
Receivable from clients	7.1	7,213,715	7,244,723
Receivable from Hajveri Modaraba Management Company (Private) Limited	7.2	1,843,951	1,734,123
Other receivables	7.3	<u>3,482,960</u>	<u>3,440,491</u>
		<u><u>12,540,626</u></u>	<u><u>12,419,337</u></u>

7.1 Receivable from clients

Gross amount receivable	16,869,630	16,869,630
Impairment allowance for expected credit losses	<u>(9,655,915)</u>	<u>(9,624,907)</u>
	<u><u>7,213,715</u></u>	<u><u>7,244,723</u></u>

**7.2 Receivable from Hajveri Modaraba Management Company
(Private) Limited**

Gross amount due	2,905,482	2,905,482
Impairment allowance on doubtful receivable	<u>(1,061,531)</u>	<u>(1,171,359)</u>
	<u><u>1,843,951</u></u>	<u><u>1,734,123</u></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	4,026,309	3,983,840
Impairment allowance on doubtful receivables	<u>(543,349)</u>	<u>(543,349)</u>
	<u><u>3,482,960</u></u>	<u><u>3,440,491</u></u>

7.3.1 Other receivables include an amount of Rs. 3.196 million (2021: Rs. 2.567 million) receivable from the Management Company on the basis of rent.

**NOTES TO AND FORMING PART OF THE
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Note 8

Long Term Advances

		December 31, 2021	June 30, 2021
	Note	Rupees (Un-audited)	Rupees (Audited)
Advances to employees	8.1	1,513,198	1,321,646
Current portion		<u>(432,589)</u>	<u>(590,883)</u>
		<u><u>1,080,609</u></u>	<u><u>730,763</u></u>

- 8.1 These represent loans to employees for personal purposes as per the Modaraba's policy. These carry profit at 5% (June 2021: 5% per annum).

Note 9

Membership Assets

		December 31, 2021	June 30, 2021
		Rupees (Un-audited)	Rupees (Audited)
Membership of Pakistan Mercantile Exchange Limited		1,010,000	1,010,000
Room at Pakistan Mercantile Exchange Limited		<u>2,500,000</u>	<u>2,500,000</u>
		<u><u>3,510,000</u></u>	<u><u>3,510,000</u></u>

Note 10

Assets Leased Out Under Ijarah Contracts

		December 31, 2021	June 30, 2021
	Note	Rupees (Un-audited)	Rupees (Audited)
Carrying value as at beginning of the period / year		44,518,074	60,187,110
Additions during the period / year		20,000,000	6,935,000
Net carrying value of disposals during the period / year		<u>(16,036,022)</u>	<u>(10,887,010)</u>
		48,482,052	56,235,100
Depreciation for the period / year	10.1	<u>(5,039,474)</u>	<u>(11,717,026)</u>
		<u><u>43,442,578</u></u>	<u><u>44,518,074</u></u>

10.1 Category of assets

Vehicles	38,904,481	37,932,788
Machinery	4,497,940	6,536,379
other assets	<u>40,157</u>	<u>48,907</u>
	<u><u>38,944,638</u></u>	<u><u>37,981,695</u></u>

Note 11

Property and Equipment

		December 31, 2021	June 30, 2021
	Note	Rupees (Un-audited)	Rupees (Audited)
Operating fixed assets	11.1	251,088	2,550,035
Capital work in progress	11.2	<u>224,000,000</u>	<u>224,000,000</u>
		<u><u>224,251,088</u></u>	<u><u>226,550,035</u></u>

11.1 Operating fixed assets

Carrying value as at beginning of the period / year	2,550,035	322,571
Additions during the period / year	104,000	2,432,878
Net carrying value of disposals during the period / year	<u>(2,178,429)</u>	<u>-</u>
	475,606	2,755,449
Depreciation for the period / year	<u>(224,518)</u>	<u>(205,414)</u>
	<u><u>251,088</u></u>	<u><u>2,550,035</u></u>



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Note 11, Property and Equipment - Continued...

		December 31, 2021	June 30, 2021
	Note	Rupees (Un-audited)	Rupees (Audited)
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 represents an advance against purchase of ground floor, measuring 10,221 square feet, in Corporate Tower (the Tower), Garden Town, Lahore. This advance was created as a result of a settlement and swap agreement for amounts availed by a client, M/s Enplan (Private) Limited under musharikhah arrangements. Under these arrangements, M/s Enplan (Private) Limited had availed Rs. 99 million from the modaraba (inclusive of principal and profit) as well as Rs. 105 million from another financial institution namely Trust Investment Bank Limited. Later on, through settlement agreement dated June 28, 2012, the Modaraba took over the exposure of finance facilities provided by Trust Investment Bank Limited for Rs. 105 million.

On June 29, 2012, the Modaraba entered into an agreement with M/s Enplan (Private) Limited to sell and buy back the ground floor of the Tower. According to the terms of agreement, M/s Enplan (Private) Limited had to complete the ground floor of 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. 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 14% per annum for the period from the date of the agreement till the actual settlement. The Modaraba has created an equitable and a registered mortgage over the property of the Tower. Further, as indicated in note 8.3, the Modaraba has also extended murabahah facilities of Rs. 35 million to Enplan (Private) Limited as per agreed terms for completion of the Tower. These facilities are also secured against equitable and registered mortgage over the property of the Tower.

The agreed work of construction of ground floor of the Tower did not commence and the work was stalled at plinth level. 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. The Modaraba has also filed criminal complaint against the directors of Enplan (Private) Limited for prosecution against criminal misrepresentation and breach of trust. These suits are pending in adjudication as at the reporting date.

11.2.2 This represents property under construction comprising land measuring 1 kanal and 8 marlas, situated in Murree. 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

		December 31, 2021	June 30, 2021
	Note	Rupees (Un-audited)	Rupees (Audited)
Due to customers		27,628	27,628
Advance ijarah rentals		880,665	394,589
Accrued liabilities	12.1	1,583,859	1,413,104
Payable to Provident Fund Trust		254,647	245,909
Workers' welfare fund		221,364	177,149
Withholding tax payable		1,058,258	1,029,334
		<u>4,026,421</u>	<u>3,287,713</u>

12.1 This includes Rs. 620,344 (June 30, 2021 : Rs. 620,344) on account of charity payable.

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Note 13

Security Deposits

	December 31, 2021	June 30, 2021
	Rupees (Un-audited)	Rupees (Audited)
Opening balance	18,573,537	20,505,037
Received during the year	1,020,000	1,902,500
Adjusted during the year	<u>(6,702,530)</u>	<u>(3,834,000)</u>
Closing balance	12,891,007	18,573,537
Current portion shown as current liabilities	<u>(2,811,799)</u>	<u>(1,221,649)</u>
	<u>10,079,208</u>	<u>17,351,888</u>

Note 14

Certificate Capital

	December 31, 2021	June 30, 2021
	Rupees (Un-audited)	Rupees (Audited)
Authorized Capital		
62,500,000 (June 30, 2021: 62,500,000) Modaraba Certificates of Rs. 10 each	<u>625,000,000</u>	<u>625,000,000</u>
Issued, subscribed and paid-up capital		
16,656,491 (June 30, 2021: 16,656,491) Modaraba Certificates of Rs. 10 each fully paid in cash	166,564,910	166,564,910
3,976,908 (June 30, 2021: 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, 2021: 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

There is no significant change in the status of contingencies and commitments as reported in the annual audited financial statements of the Modaraba for the year ended 30 June 2021.

Note 16

Other Income

	Half Year Ended December 31,		Quarter ended December 31,	
	2021	2020	2020	2019
	----- Rupees ----- ----- (Un-audited) -----		----- Rupees ----- ----- (Un-audited) -----	
Return on bank deposits	4,321	19,996	4,321	10,827
Markup on loans to employees	6,919	16,995	6,842	12,823
Gain on early termination of ijarah arrangement	1,927,197	424,459	1,927,197	209,019
Gain on disposal of operating fixed asset	222,494	-	-	-
Fees and commission	3,000	-	-	-
	<u>2,163,931</u>	<u>461,450</u>	<u>1,938,360</u>	<u>232,669</u>



**NOTES TO AND FORMING PART OF THE
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Note 17

Segment Reporting

17.1 A business segment is a group of assets and operations engaged in providing products that are subject to risks and returns that are different from those of other business segments. The management has determined the operating segments based on the information that is presented to the Chief Executive Officer (the chief operating decision maker of the Modaraba) for allocation of resources and for the assessment of performance. Based on internal management reporting structure and products produced and sold, the Modaraba is organized into following five operating segments:

Types of segments	Nature of business
- Murabaha finances	Sale of goods under murabaha arrangement
- Ijarah finances	Giving right to the benefit of using an asset for a consideration

No operating segment has been aggregated to or form the above reportable operating segments.

The Chief Operating Decision Maker monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is generally evaluated based on certain key performance indicators including business volume, gross profit, profit from operations, reduction in operating cost and free cash flows.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

17.2 Segment analysis

The segment information for the reportable segments for the period / year is as follows:

	December 31, 2021			December 31, 2020		
	Murabaha Finances	Ijarah Finances	Total	Murabaha Finances	Ijarah Finances	Total
	----- Rupees -----			----- Rupees -----		
	----- (Un-audited) -----			----- (Un-audited) -----		
Segment revenues / profits						
Revenues	2,425,044	7,084,805	9,509,849	2,405,272	9,159,800	11,565,072
Depreciation	-	(5,039,474)	(5,039,474)	-	(5,915,692)	(5,915,692)
Gain on disposal	-	1,927,197	1,927,197	-	424,459	424,459
Reportable segment profit	<u>2,425,044</u>	<u>3,972,528</u>	<u>6,397,572</u>	<u>2,405,272</u>	<u>3,668,567</u>	<u>6,073,839</u>
	December 31, 2021			June 30, 2021		
	Murabaha Finances	Ijarah Finances	Total	Murabaha Finances	Ijarah Finances	Total
	----- Rupees -----			----- Rupees -----		
	----- (Un-audited) -----			----- (Audited) -----		
Reportable segment assets	<u>76,846,683</u>	<u>50,563,950</u>	<u>127,410,633</u>	<u>76,173,688</u>	<u>53,159,879</u>	<u>129,333,567</u>
Reportable segment liabilities	<u>263,893</u>	<u>14,007,289</u>	<u>14,271,182</u>	<u>1,745,375</u>	<u>18,968,126</u>	<u>20,713,501</u>

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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.

Transactions during the period			December 31, 2021	December 31, 2021
			----- Rupees -----	
			----- (Un-audited) -----	
Related party	Relationship	Nature of transaction		
Employees Provident Fund Trust	Provident Fund Trust	Contribution for the period Payment during the period	161,859 -	163,726 538,304
Officers and employees	Key management personnel	Ijarah rentals received	150,000	338,921
Fidelity Capital Management (Private) Limited	Management Company	Management company's remuneration payable Rent receivable from management company	245,637 628,510	113,182 608,845
Outstanding Balances as at,			December 31, 2021	June 30, 2021
			Rupees (Un-audited)	Rupees (Audited)
Employees Provident Fund Trust		Contribution payable	254,647	245,909
Officers and employees		Ijarah rentals receivables	173,496	95,880
Management company		Rent receivable from management company	3,441,771	2,519,636



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Note 19

Financial Risk Management

The Modaraba's financial risk management objectives and policies are consistent with those disclosed in preceding audited annual financial statements for the year ended June 30, 2021.

Note 20

Date of Authorization for Issue

These condensed interim financial statements (un-audited) have been approved by the Board of Directors of Modaraba Management Company and authorized for issuance on February 24, 2022.

Note 21

General

Corresponding figures have been rearranged / reclassified, wherever necessary, to facilitate comparison. Following material rearrangements / reclassifications have been made during the period, for better presentation.

Nature	To	From	F	Amount
Management fee payable	Accrued and other liabilities (Note-12)	Other receivables (Note-7)		<u>Rupees</u> 47,988



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