

**QUARTERLY REPORT  
(UN-AUDITED)  
FIRST QUARTER ENDED  
30 SEPTEMBER**

**2 0 1 3**



**FIRST FIDELITY LEASING MODARABA**

Managed By:  
Fidelity Capital Management (Private) Limited



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## CORPORATE INFORMATION



### Board of Directors

Fidelity Capital Management (Private) Limited.

Chairman	Siyyid Tahir Nawazish
Chief Executive	Mr. Wasim-ul-Haq Osmani
Directors	Sheikh Muhammad Nasim Mr. Abdul Hameed Kiayani

### Company Secretary / CFO

Mr. Mohammed Waheed

### Auditors of Modaraba

Riaz Ahmad & Company  
Chartered Accountants

### Audit Committee

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

### Credit Committee

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

### Human Resource & Remuneration Committee

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

### Legal Advisor

Salim & Baig (Advocates)

### Bankers

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

### Registered Office

Ground Floor, 90, A-1  
Canal Bank Gulberg -II, Lahore  
Tel: 0 4 2 – 3 2 4 0 2 8 6 8 – 7 2  
Fax: 0 4 2 – 3 5 7 5 9 1 2 2  
Email: [info@fidelitymodaraba.com](mailto:info@fidelitymodaraba.com)  
**Website: [www.fidelitymodaraba.com](http://www.fidelitymodaraba.com)**

### Registrars

Corptec Associates (Private) Limited  
503-E, Johar Town Lahore.  
Tel: 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](mailto:corptecassociates@gmail.com)



## DIRECTORS' REPORT

Directors of Fidelity Capital Management (Pvt.) Limited, the management company of First Fidelity Leasing Modaraba are pleased to present un-audited condensed financial statements of the Modaraba for the first quarter ended September 30, 2013.

The Modaraba during the quarter earned a net profit of Rs 1.11 million, as compared to profit of Rs 0.77 million earned in the corresponding quarter. The transaction for sale of land at Manawaan, Lahore is likely to be completed in the current quarter and efforts are continuing for taking exit from major investment in the corporate tower, Lahore. Management is hopeful to have positive results on these which will ensure profitability and improve financial strength of the Modaraba in coming periods.

The accounts can also be accessed at [www.fidelitymodaraba.com](http://www.fidelitymodaraba.com).

The Directors wish to place on record their thanks to the certificate holders, regulatory authorities and financial institutions 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)

October 28, 2013  
Lahore

## CONDENSED INTERIM BALANCE SHEET AS AT 30 SEPTEMBER 2013



		Unaudited 30 September 2013 Rupees	Audited 30 June 2013 Rupees
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and bank balances		20,199,703	25,717,356
Short term morabaha investments - secured	1	73,673,448	73,010,433
Ijarah rentals receivable	2	675,296	268,892
Advances, deposits, prepayments and other receivables	3	15,979,383	14,491,170
Current portion of non-current assets		333,523	265,143
		110,861,353	113,752,994
<b>NON-CURRENT ASSETS</b>			
Long term receivables and deposits		1,799,711	1,282,891
Long term investment		5,750,000	5,750,000
Investment properties		4,554,035	4,554,035
Trading right entitlement certificate, Card and room		6,280,000	6,280,000
Ijarah assets		18,854,269	14,665,565
Fixed assets		227,751,383	227,940,145
		264,989,398	260,472,636
<b>TOTAL ASSETS</b>		375,850,751	374,225,630
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Deferred morabaha income		4,203,448	4,340,433
Placement		1,000,000	1,000,000
Creditors, accrued and other liabilities	4	14,801,419	15,172,021
Current portion of non-current liabilities		3,606,680	3,570,632
		23,611,547	24,083,086
<b>NON-CURRENT LIABILITIES</b>			
Security deposits against ijarah assets		5,525,792	4,512,040
Employee benefits		1,765,245	1,795,245
		7,291,037	6,307,285
<b>TOTAL LIABILITIES</b>		30,902,584	30,390,371
<b>NET ASSETS</b>		344,948,167	343,835,259
<b>FINANCED BY</b>			
Certificate capital		264,138,040	264,138,040
Reserves		80,810,127	79,697,219
<b>TOTAL EQUITY AND RESERVES</b>		344,948,167	343,835,259
<b>CONTINGENCIES AND COMMITMENTS</b>		-	-

**Chief Executive**  
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(Private) Limited

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

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**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT**  
FOR THE QUARTER ENDED 30 SEPTEMBER 2013

	Unaudited 30 September 2013 Rupees	Unaudited 30 September 2012 Rupees
<b>INCOME</b>		
Ijarah rentals	1,712,151	1,895,946
Profit on morabaha / musharika investments	233,464	1,399,425
Brokerage commission	-	184,470
Other income	25,023	1,276,023
	1,970,638	4,755,864
<b>EXPENSES</b>		
Depreciation on ijarah assets	1,151,998	1,237,887
Depreciation on investment properties	-	9,190
Administrative and general expenses	3,565,856	4,099,415
Stock exchange and CDC charges	75,435	92,974
Financial charges	5,814	3,494
	4,799,103	5,442,960
<b>OPERATING PROFIT / (LOSS) BEFORE PROVISIONS AND TAXATION</b>	(2,828,465)	(687,096)
Provision for non performing receivables	4,052,664	1,538,124
	1,224,199	851,028
Modaraba Company's management fee	111,291	77,366
<b>PROFIT/(LOSS) BEFORE TAXATION</b>	1,112,908	773,662
Taxation	-	-
-current	-	-
-prior year	-	-
	-	-
<b>PROFIT AFTER TAXATION</b>	1,112,908	773,662
<b>PROFIT PER CERTIFICATE - BASIC AND DILUTED</b>	0.04	0.03

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**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2013**



	Unaudited 30 September 2013 Rupees	Unaudited 30 September 2012 Rupees
PROFIT/(LOSS) AFTER TAXATION	1,112,908	773,662
OTHER COMPREHENSIVE INCOME		
Surplus / (deficit) on remeasurement of available for sale investments	-	(1,143,630)
Impairment loss charged to profit and loss account	-	-
Other comprehensive income for the quarter	-	(1,143,630)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE QUARTER	<u>1,112,908</u>	<u>(369,968)</u>

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## CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED 30 SEPTEMBER 2013

	<b>Unaudited 30 September 2013 Rupees</b>	<b>Unaudited 30 September 2012 Rupees</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit / Loss before taxation</b>	1,112,908	773,662
<b>Adjustment for non cash charges and other items:</b>		
Depreciation	1,457,487	1,562,518
Financial charges	5,814	3,494
Profit on morabaha / musharika investments	(233,464)	(1,399,425)
Return on bank deposits	(3,208)	(3,208)
	1,226,629	163,379
<b>(Increase) / decrease in operating assets</b>		
Morabaha investment	(800,000)	(7,206,026)
Ijarah rentals receivable	(406,404)	(166,841)
Advances, deposits, prepayments and other receivables	(1,754,231)	2,022,233
	(2,960,635)	(5,350,634)
<b>(Increase)/decrease in operating liabilities</b>		
Creditors, accrued and other liabilities	(342,218)	(234,306)
	(342,218)	(234,306)
	(963,316)	(4,647,899)
<b>Cash generated from / (used in) operations</b>		
Financial charges paid	(9,354)	(3,494)
Profit received on morabaha / musharika investments	46,212	808,787
Profit on bank deposits	3,208	3,208
Income tax	325,175	(2,301)
	365,241	806,200
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Security deposits against ijarah assets	473,425	413,000
Proceeds from disposal of ijarah assets	1,088,099	95,140
Ijarah assets acquired	(6,400,000)	(900,000)
Fixed assets acquired - own use	(60,019)	(60,019)
Cards and rooms acquired	-	(1,400,000)
<b>Net cash from / (used in) investing activities</b>	(4,898,495)	(1,851,879)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Profit distribution	(21,083)	(6,682)
<b>Net cash used in financing activities</b>	(21,083)	(6,682)
<b>Net increase / (decrease) in cash and cash equivalents</b>	(5,517,653)	(5,700,260)
<b>Cash and cash equivalents at the beginning of the year</b>	25,717,356	11,724,191
<b>Cash and cash equivalents at the end of the quarter</b>	20,199,703	6,023,931

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**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 30 SEPTEMBER 2013**

	CAPITAL RESERVES			REVENUE RESERVE		TOTAL
	CERTIFICATE CAPITAL	STATUTORY	FAIR VALUE	SUB TOTAL	UNAPPROPRIATED PROFIT / (ACCUMULATED LOSS)	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 30 June 2012	264,138,040	77,187,397	2,155,582	79,342,979	9,326,363	352,807,382
Transaction with owners-Final dividend for the year ended 30 June 2012					(13,206,902)	
Profit for the year	-	-	(2,155,582)	(2,155,582)	6,390,361	6,390,361
Other comprehensive loss for the year					-	(2,155,582)
Transfer to statutory reserve		1,278,072	-	1,278,072	(1,278,072)	
Balance as at 30 June 2013	264,138,040	78,465,469	-	78,465,469	1,231,750	343,835,259
Profit for the quarter					1,112,908	1,112,908
Other comprehensive loss for the quarter					-	-
Transfer to statutory reserve		222,582	-	222,582	(222,582)	-
Balance as at 30 September 2013	264,138,040	78,688,051	-	78,688,051	2,122,076	344,948,167

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## SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2013

### 1 LEGAL STATUS AND NATURE OF BUSINESS

First Fidelity Leasing Modaraba ("the Modaraba") was formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and Rules framed there under and is managed by Fidelity Capital Management (Private) Limited. The registered office of the Modaraba is situated at Ground floor 90, A-1 Canal Bank, Gulberg-II, Lahore. The Modaraba commenced its business operations from 5 December 1991. The Modaraba is listed on all the stock exchanges in Pakistan.

The Modaraba is a perpetual, multipurpose and multidimensional modaraba and is primarily engaged in the business of ijarah (leasing), musharika and morabaha financing, equity investment, brokerage and other related business. The Modaraba is a corporate member of the Islamabad Stock Exchange (Guarantee) Limited and National Commodity Exchange Limited.

### 2 BASIS OF PREPARATION

This condensed interim financial information is un-audited and is being submitted to certificate holders. This condensed interim financial information has been prepared in accordance with the International Accounting Standard (IAS 34) "Interim Financial Reporting" as applicable in Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP). This condensed interim financial information should be read in conjunction with the audited annual published financial statements of the Modaraba for the year ended 30 June 2013.

This condensed interim financial information is being submitted to the certificate holders as required under Rule 10 of Modaraba Companies and Modaraba Rules 1981.

### 3 ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the Modaraba for the year ended 30 June 2013.

	Unaudited 30 September 2013 Rupees	Audited 30 June 2013 Rupees
<b>4 SHORT TERM MORABAHA INVESTMENTS - SECURED</b>		
Considered good	44,420,000	43,320,000
Considered doubtful	232,284,231	232,584,231
	<u>276,704,231</u>	<u>275,904,231</u>
Add: Unearned morabaha income	4,203,448	4,340,433
	<u>280,907,679</u>	<u>280,244,664</u>
Less: Provision for doubtful morabaha investments	207,234,231	207,234,231
	<u><u>73,673,448</u></u>	<u><u>73,010,433</u></u>

4.1 These represent receivables against morabaha transactions on deferred payment basis at a profit margin rate ranging from 12.25% to 19% (2013: 12.25% to 19%) per annum. These are secured against mortgage of properties, pledge of machinery, personal guarantees and demand promissory notes.

4.2 This includes provision of Rupees 202,204,231 (2013: Rupees 202,204,231) in respect of classified facilities of Erstwhile First Hajveri Modaraba. Certain recovery suits in this respect are pending adjudication in the Lahore High Court and Banking Court, which are likely to be decided in the Modaraba's favour, however, due to inadequate securities, chances of any substantial recovery are slim.

4.3 These include an amount of Rupees 40.05 million (2013: Rupees 38.950 million) advanced to Enplan (Private) Limited against Murabaha facility under the terms of settlement agreement dated 01 April 2011. It is secured against equitable as well as registered mortgage over land and building thereon measuring 4 kanals and 1 marla. It carries mark up at the rate of 1 year kibar plus 2.5 % per annum. Principal plus profit is repayable on expiry of the facility.

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2013**



	Unaudited 30 September 2013 Rupees	Audited 30 June 2013 Rupees
<b>5 IJARAH RENTALS RECEIVABLE</b>		
Considered good - Secured	675,296	268,892
Considered doubtful	36,150,459	36,150,459
Less: Provision for doubtful ijarah rentals receivable	36,150,459	36,150,459
	<u>675,296</u>	<u>268,892</u>
<b>5.1 Provision for doubtful ijarah rentals receivable</b>		
Opening balance	36,150,459	36,302,478
Add: Provision charged / (reversed) during the year	-	(152,019)
Closing balance	<u>36,150,459</u>	<u>36,150,459</u>
<b>6 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES</b>		
Prepayments	310,122	284,157
Short term security deposit	-	-
Profit on morabaha investments	313,484	126,232
Income tax refundable	958,199	1,283,374
Receivable from clients - Secured	9,246,533	9,228,309
Receivable from Hajveri Modaraba Management Company (Private) Limited	3,206,064	3,206,064
Miscellaneous receivables - considered good	1,944,981	363,034
	<u>15,979,383</u>	<u>14,491,170</u>
<b>6.1 Receivable from clients - Secured</b>		
Considered good	9,246,533	9,228,309
Considered doubtful	8,481,996	8,481,996
Less: Provision against doubtful receivables	8,481,996	8,481,996
	<u>9,246,533</u>	<u>9,228,309</u>

**6.1.1** These comprise of receivables generated as a consequence of carrying on the business by brokerage division.

**6.2** This represents amount withdrawn by previous management company of First Hajveri Modaraba from time to time during prior years out of Modaraba Fund on account of remuneration in violation of section 18 of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980. The present management filed civil suit against the company for recovery of the amount which has been returned for want of jurisdiction. The Modaraba 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 came in possession of 2,053,200 certificates of Erstwhile First Hajveri Modaraba subsequently converted into 578,041 certificates of First Fidelity Leasing Modaraba consequent to amalgamation. The present management 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 Modaraba has filed an appeal against this order which is pending in the High Court. During the year the Modaraba has adjusted the receivable with its dividend payable on these shares to First Hajveri Management Company. In view of this, no provision has been made in these financial statements against this receivable.

	2013 Rupees	2013 Rupees
<b>7 CREDITORS, ACCRUED AND OTHER LIABILITIES</b>		
Accrued financial charges	-	3,540
Ijarah rentals received in advance	-	1,421
Due to customers	813,770	665,081
Accrued and other payables	2,127,089	2,550,717
Unclaimed profit distribution	11,042,990	11,064,073
Modaraba management company fee payable	821,331	710,040
Provision for worker's welfare fund	-	177,149
	<u>14,805,180</u>	<u>15,172,021</u>

**8 TRANSACTIONS WITH RELATED PARTIES**

The related parties and associated undertakings comprise of associated companies, Modaraba Management Company, directors and key management personnel and retirement benefits. Transactions with related parties and associated undertakings other than remuneration and benefits to key management personnel under the term of employment, staff retirement benefits and others are as follows:

	2013 Rupees	2013 Rupees
Modaraba management company fee payable	821,331	710,040
Payable to provident fund trust	-	479,129
Purchase of operating fixed assets from	-	18,000
Morabaha finance facilities extended to officers of the Modaraba	-	1,322,963

**9 CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. However, no significant reclassification has been made.

**10 GENERAL**

- The financial statements of the Modaraba were approved by the directors of Modaraba Management Company and authorized for issue on October 28, 2013.
- Figures have been rounded off to the nearest rupee.

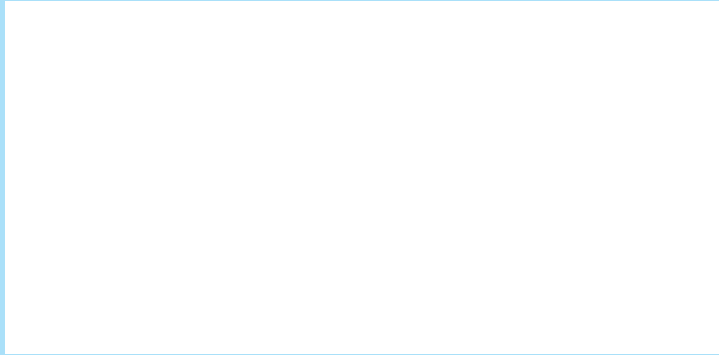
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Fidelity Capital Management  
(Private) Limited

**Director**  
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**Director**  
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