



**FIDELITY
LEASING**

**QUARTERLY REPORT
(UN-AUDITED)
FIRST QUARTER ENDED
30 SEPTEMBER
2014**

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 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 un-audited condensed financial statements of the Modaraba for the first quarter ended September 30, 2014.

The Modaraba during the quarter earned a net profit of Rs 0.690 million, as compared to profit of Rs 1.11 million earned in the corresponding quarter. The operations of the Modaraba remained stunted due to non disposal of its major investment in a corporate tower near Kalma Chowk, Lahore. The management expects better offers in coming period enabling Modaraba to divest from the project on profitable terms. Once investment from corporate tower is realized, the Modaraba will focus on its core activities like leasing, morabaha, etc. for generating regular stream of income.

The accounts can also be accessed at 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 27, 2014
Lahore

CONDENSED INTERIM BALANCE SHEET

AS AT 30 SEPTEMBER 2014



	Unaudited 30 September 2014 Rupees	Audited 30 June 2014 Rupees
ASSETS		
CURRENT ASSETS		
Cash and bank balances	608,721	10,169,776
Short term investment	25,442	25,442
Short term morabaha investments - secured	4 92,178,035	81,606,010
Ijarah rentals receivable	5 603,444	620,442
Advances, deposits, prepayments and other receivables	6 20,971,928	17,943,003
Current portion of non-current assets	175,000	734,555
	114,562,570	111,099,228
NON-CURRENT ASSETS		
Employees benefits - prepayments	-	7,289
Long term morabaha investments - secured	987,016	791,746
Long term receivables and deposits	1,399,565	1,345,371
Long term investment	5,750,000	5,750,000
Trading right entitlement certificate, Card and room	6,280,000	6,280,000
Ijarah assets	20,835,815	23,058,600
Fixed assets	227,134,445	227,469,114
	262,386,841	264,702,120
	376,949,411	375,801,348
TOTAL ASSETS		
LIABILITIES		
CURRENT LIABILITIES		
Deferred morabaha income	3,048,101	1,736,010
Creditors, accrued and other liabilities	7 15,204,834	14,126,350
Current portion of non-current liabilities	1,257,732	3,438,913
	19,510,667	19,301,273
NON-CURRENT LIABILITIES		
Deferred income tax	-	2,544
Security deposits against ijarah assets	6,486,746	6,342,807
Employee benefits	1,157,570	1,190,359
Deferred morabaha income	259,934	119,944
	7,904,250	7,655,654
	27,414,917	26,956,927
	349,534,494	348,844,421
NET ASSETS		
FINANCED BY		
Certificate capital	264,138,040	264,138,040
Reserves	85,396,454	84,706,381
	349,534,494	348,844,421
TOTAL EQUITY AND RESERVES		
CONTINGENCIES AND COMMITMENTS		
	-	-


Chief Executive
 Fidelity Capital Management
 (Private) Limited


Director
 Fidelity Capital Management
 (Private) Limited


Director
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 (Private) Limited



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE QUARTER ENDED 30 SEPTEMBER 2014

	Unaudited 30 September 2014 Rupees	Unaudited 30 September 2013 Rupees
INCOME		
Ijarah rentals	4,651,367	1,712,151
Profit on morabaha / musharika investments	1,241,767	233,464
Brokerage commission	-	-
Other income	42,494	25,023
	5,935,628	1,970,638
EXPENSES		
Depreciation on ijarah assets	1,083,824	1,151,998
Depreciation on investment properties	-	-
Administrative and general expenses	4,151,673	3,565,856
Stock exchange and CDC charges	4,579	75,435
Financial charges	5,480	5,814
	5,245,556	4,799,103
OPERATING PROFIT / (LOSS) BEFORE PROVISIONS AND TAXATION	690,072	(2,828,465)
Provision for non performing receivables	-	4,052,664
	690,072	1,224,199
Modaraba Company's management fee	-	111,291
PROFIT/(LOSS) BEFORE TAXATION	690,072	1,112,908
Taxation	-	-
-current	-	-
-prior year	-	-
	-	-
PROFIT AFTER TAXATION	690,072	1,112,908
PROFIT PER CERTIFICATE - BASIC AND DILUTED	0.03	0.15


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CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE QUARTER ENDED 30 SEPTEMBER 2014



	Unaudited 30 September 2014 Rupees	Unaudited 30 September 2013 Rupees
PROFIT/(LOSS) AFTER TAXATION	690,072	1,112,908
OTHER COMPREHENSIVE INCOME		
Surplus / (deficit) on remeasurement of available for sale investments	-	-
Impairment loss charged to profit and loss account	-	-
Other comprehensive income for the quarter	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE QUARTER	690,072	1,112,908


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CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED 30 SEPTEMBER 2014

	Unaudited 30 September 2014 Rupees	Unaudited 30 September 2013 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / Loss before taxation	690,072	1,112,908
Adjustment for non cash charges and other items:		
Depreciation	1,424,099	1,457,487
Financial charges	5,480	5,814
Profit on morabaha / musharika investments	(1,241,767)	(233,464)
Return on bank deposits	(4,561)	(3,208)
	183,251	1,226,629
(Increase) / decrease in operating assets		
Morabaha investment	(9,000,000)	(800,000)
Ijarah rentals receivable	(54,854)	(406,404)
Advances, deposits, prepayments and other receivables	(1,898,335)	(1,754,231)
	(10,953,189)	(2,960,635)
(Increase)/decrease in operating liabilities		
Creditors, accrued and other liabilities	1,222,781	(342,218)
	1,222,781	(342,218)
	(8,857,085)	(963,316)
Cash generated from / (used in) operations		
Financial charges paid	(9,031)	(9,354)
Profit received on morabaha / musharika investments	34,926	46,212
Profit on bank deposits	4,561	3,208
Income tax	106,567	325,175
	137,023	365,241
CASH FLOWS FROM INVESTING ACTIVITIES		
Security deposits against ijarah assets	(1,890,394)	473,425
Proceeds from disposal of ijarah assets	2,942,787	1,088,099
Ijarah assets acquired	(1,875,000)	(6,400,000)
Fixed assets acquired - own use	-	(60,019)
Cards and rooms acquired	-	-
Net cash from / (used in) investing activities	(822,607)	(4,898,495)
CASH FLOWS FROM FINANCING ACTIVITIES		
Profit distribution	(18,386)	(21,083)
Net cash used in financing activities	(18,386)	(21,083)
Net increase / (decrease) in cash and cash equivalents	(9,561,055)	(5,517,653)
Cash and cash equivalents at the beginning of the year	10,169,776	25,717,356
Cash and cash equivalents at the end of the quarter	608,721	20,199,703

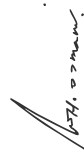

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**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

	CAPITAL RESERVES		REVENUE RESERVE		TOTAL	
	CERTIFICATE CAPITAL	STATUTORY	FAIR VALUE	SUB TOTAL		UNAPPROPRIATED PROFIT / (ACCUMULATED LOSS)
	Rupees	Rupees	Rupees	Rupees	Rupees	
Balance as at 30 June 2013	264,138,040	78,624,577	-	78,624,577	2,223,460	344,986,077
Profit for the year	-	-	-	-	3,764,656	3,764,656
Other comprehensive income for the year	-	-	22,898	22,898	70,790	93,688
Transfer to statutory reserve	-	752,931	-	752,931	(752,931)	-
Balance as at 30 June 2014	264,138,040	79,377,508	22,898	79,400,406	5,305,975	348,844,421
Profit for the quarter	-	-	-	-	690,072	690,072
Other comprehensive loss for the quarter	-	-	-	-	-	-
Transfer to statutory reserve	-	138,014	-	138,014	(138,014)	-
Balance as at 30 September 2014	264,138,040	79,515,522	22,898	79,535,420	5,858,033	349,534,494


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SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2014

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 2014.

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 2014.

	Unaudited 30 September 2014 Rupees	Audited 30 June 2014 Rupees
4 SHORT TERM MORABAHA INVESTMENTS - SECURED		
Considered good	70,570,000	60,870,000
Considered doubtful	226,584,231	227,284,231
	<u>297,154,231</u>	<u>288,154,231</u>
Add: Deferred/Unearned morabaha income	3,308,035	1,733,010
	<u>300,462,266</u>	<u>289,887,241</u>
Less: Provision for doubtful morabaha investments	208,284,231	208,284,231
	<u>92,178,035</u>	<u>81,603,010</u>
4.1 These represent receivables against morabaha transactions on deferred payment basis at a profit margin rate ranging from 12.98% to 19% (2014: 12.98% 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 (2014: 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 35.00 million (2014: Rupees 35.00 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 2014**



	Unaudited 30 September 2014 Rupees	Audited 30 June 2014 Rupees
5 IJARAH RENTALS RECEIVABLE		
Considered good - Secured	603,444	620,442
Considered doubtful	36,150,459	36,150,459
Less: Provision for doubtful ijarah rentals receivable	36,150,459	36,150,459
	<u>603,444</u>	<u>620,442</u>
5.1 Provision for doubtful ijarah rentals receivable		
Opening balance	36,150,459	36,150,459
Add: Provision charged / (reversed) during the year	-	-
Closing balance	<u>36,150,459</u>	<u>36,150,459</u>
6 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES		
Prepayments	349,312	325,008
Short term security deposit	-	-
Profit on morabaha investments	2,948,428	1,741,587
Income tax refundable	1,180,290	1,286,857
Receivable from clients - Secured	10,354,397	10,353,218
Receivable from Hajveri Modaraba Management Company (Private) Limited	6.2 3,206,064	3,206,064
Miscellaneous receivables - considered good	2,933,437	1,030,269
	<u>20,971,928</u>	<u>17,943,003</u>
6.1 Receivable from clients - Secured		
Considered good	6.1.1 10,354,397	10,353,218
Considered doubtful	7,126,181	7,126,181
Less: Provision against doubtful receivables	7,126,181	7,126,181
	<u>10,354,397</u>	<u>10,353,218</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.

	2014 Rupees	2014 Rupees
7 CREDITORS, ACCRUED AND OTHER LIABILITIES		
Accrued financial charges	-	3,551
Ijarah rentals received in advance	-	-
Due to customers	722,548	490,784
Accrued and other payables	3,571,992	2,703,335
Unclaimed profit distribution	10,733,145	10,751,531
Provision for worker's welfare fund	177,149	177,149
	<u>15,204,834</u>	<u>14,126,350</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:

	2014 Rupees	2014 Rupees
Morabaha finance facilities extended to officers of the Modaraba	1,170,000	1,170,000

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 27, 2014.
- Figures have been rounded off to the nearest rupee.


Chief Executive
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 (Private) Limited


Director
 Fidelity Capital Management
 (Private) Limited


Director
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 (Private) Limited

Book Post

TO:

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