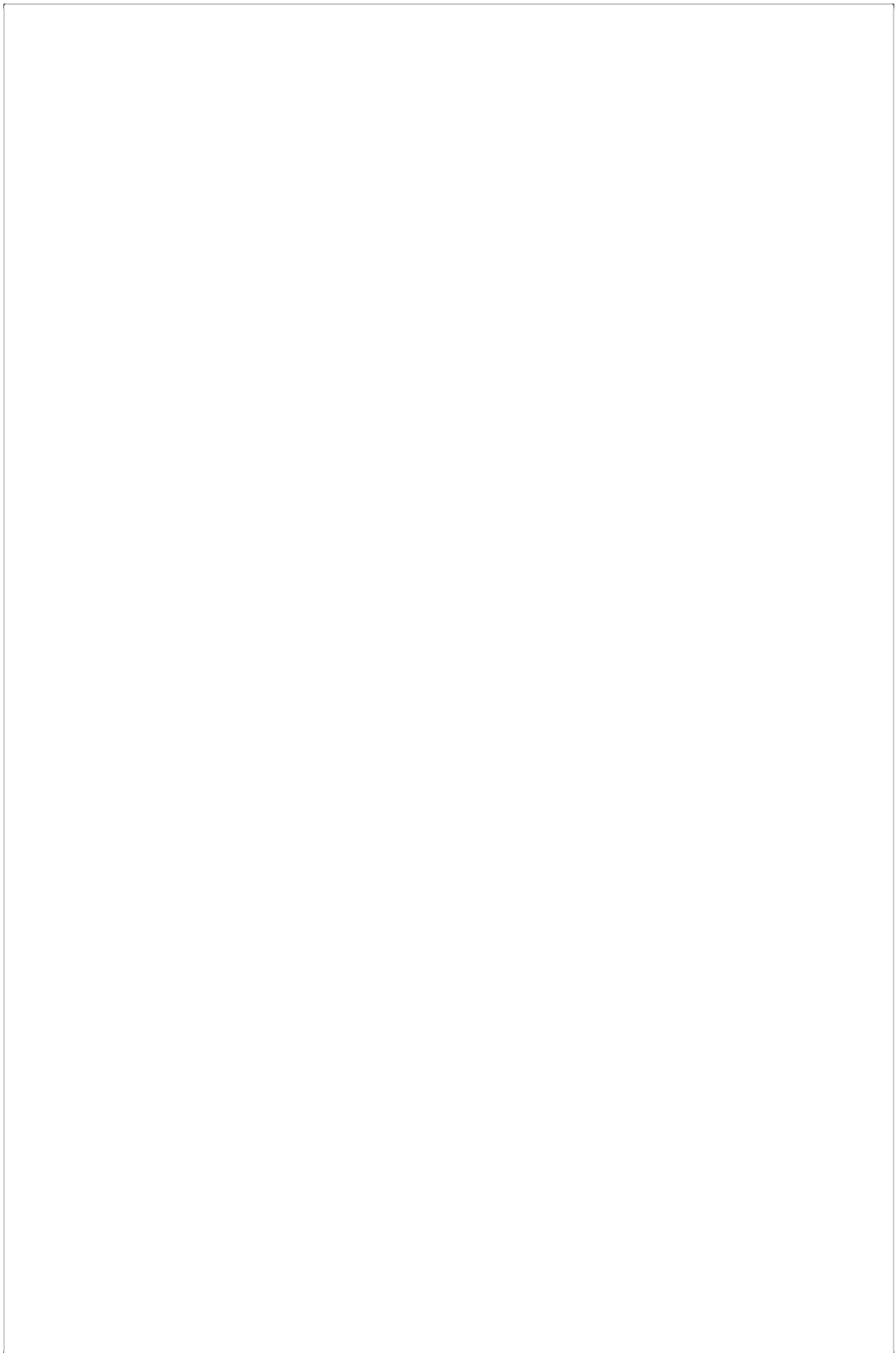




# **FIRST FIDELITY LEASING MODARABA**

Managed by:  
Fidelity Capital Management (Private) Limited

**QUARTERLY REPORT  
(UN-AUDITED)  
1ST QUARTER ENDED  
30 SEPTEMBER  
2019**



# CONTENTS



<b>CORPORATE INFORMATION</b> .....	<b>4</b>
<b>DIRECTORS' REPORT</b> .....	<b>5</b>
<b>BALANCE SHEET</b> .....	<b>7</b>
<b>PROFIT AND LOSS ACCOUNT</b> .....	<b>8</b>
<b>STATEMENT OF COMPREHENSIVE INCOME</b> .....	<b>9</b>
<b>CASH FLOW STATEMENT</b> .....	<b>10</b>
<b>STATEMENT OF CHANGES IN EQUITY</b> .....	<b>11</b>
<b>SELECTED NOTES TO THE FINANCIAL STATEMENTS</b> .....	<b>12</b>



## 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

Horwath Hussain Chaudhry & 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](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

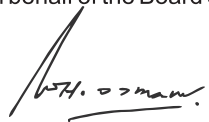
Directors of Fidelity Capital Management (Pvt.) Limited, the management company of First Fidelity Leasing Modaraba are pleased to present un-audited condensed financial statements of the Modaraba for the first quarter ended September 30, 2019.

The Modaraba during the quarter ended September 30, 2019 earned net profit of Rs. 1.002 million, as compared to profit of Rs. 1.10 million sustained in the corresponding quarter of September 30, 2018. Modaraba's major investment at present is in Corporate Tower- a project of Enplan (Pvt) Ltd, which remained stuck up. As explained in the Annual Report 2019, after persistent failure of Enplan sponsors' commitment, court cases were initiated against Enplan and its sponsors, which are progressing in respective courts of law. The Modaraba has meritorious grounds to have the cases decided in its favor and expect early resolution. The ultimate resolution of court cases shall not only bring in lost opportunity cost of funds it shall provide substantial funds for deployment in regular recurring business activities in coming periods.

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

The Board 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 29, 2019  
Lahore



## ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز فیدلٹی کیپیٹل مینجمنٹ (پرائیویٹ) لمیٹڈ جو کہ فرسٹ فیدلٹی لیزنگ مضاربہ کے 30 ستمبر 2019 کو ختم ہونے والی سہ ماہی مدت کے غیر احتساب شدہ مالی حسابات پیش کرتے ہیں۔

مضاربہ کو زیرے غور سہ ماہی مدت کے دوران 1.002 ملین کا منافع ہوا جبکہ گزشتہ سال اسی مدت کے دوران 1.101 ملین کا منافع ہوا تھا۔

مضاربہ ہذا کی زیادہ تر سرمایہ کاری کارپوریٹ ٹاور میں ہے جو کہ این پلان پرائیویٹ لمیٹڈ کا پروجیکٹ ہے۔ جو پھنس گیا ہے۔ جیسا کہ مضاربہ رپورٹ 2019 میں بیان کیا گیا تھا۔ این پلان اسپانسرز کی عزم کی مسلسل ناکامی کے بعد عدالت کے مقدمات این پلان اور اس کے اسپانسرز کے خلاف شروع کیے گئے ہیں۔ جو قانون کے متعلقہ عدالتوں میں زیر التواء ہیں اور جبکہ مضاربہ کے حق میں ہی فیصلہ ہو گا۔ مضاربہ کے فنڈز کو جلد سے جلد حاصل کرنے کے لئے انتظامیہ فکر مند ہے۔ عدالتوں کے مقدمات کا حتمی حل نہ صرف کھوے جانے والے موقع پر لاگو اخراجات میں لائے گی بلکہ آنے والے دوروں میں باقاعدہ بار بار کاروباری سرگرمیاں تعینات کرنے کے لئے کافی فنڈز فراہم کرے گی۔

حسابات مضاربہ کی ویب سائٹ پر ملاحظہ کیے جاسکتے ہیں۔

[www.fidelitymodaraba.com](http://www.fidelitymodaraba.com)

بورڈ اس موقع پر اپنے معزز سرٹیفکیٹ ہولڈرز کا، نگران اداروں کا ان کی مسلسل حمایت، رہنمائی اور تعاون کے لئے شکریہ ادا کرنا چاہتا ہے۔ اور اس کے ساتھ ساتھ انتظامیہ اور عملے کا ان کی پر عزم اور دل سے کی جانے والی خدمات کا خصوصی شکریہ ادا کرتا ہے۔

از طرف بورڈ آف ڈائریکٹرز:-

وسیم الحق اعظمی  
چیف ایگزیکٹو آفیسر

لاہور

اکتوبر 2019، 29

**BALANCE SHEET**  
AS AT 30 SEPTEMBER 2019



	Unaudited 30 September 2019 Rupees	Audited 30 June 2019 Rupees
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and bank balances	1,119,924	3,416,953
Short term finances under murabahah investments - secured 4	60,100,000	69,100,000
Ijarah rentals receivable 5	4,940,222	2,697,017
Profit receivable - Secured	869,670	503,626
Advances, deposits, prepayments and other receivables 6	23,887,722	12,870,297
Advance income tax	903,550	901,799
Current portion of non-current assets	-	214,022
	91,821,088	89,703,714
<b>NON-CURRENT ASSETS</b>		
Long term advances and deposits	37,500	633,864
Long term investment	3,510,000	3,510,000
Assets leased out under Ijarah contracts	63,415,794	64,016,079
Property and equipments	224,362,545	224,388,119
	291,325,839	292,548,062
<b>TOTAL ASSETS</b>	383,146,927	382,251,776
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accrued and other liabilities 7	3,665,029	4,791,460
Unclaimed Profit Distribution	16,982,280	16,982,280
Current portion of non-current liabilities	927,000	990,108
	21,574,309	22,763,848
<b>NON-CURRENT LIABILITIES</b>		
Security deposits under Ijarah contracts	19,315,107	18,232,700
Employees retirement benefits	251,967	251,967
	19,567,074	18,484,667
<b>TOTAL LIABILITIES</b>	41,141,383	41,248,515
<b>NET ASSETS</b>	342,005,543	341,003,261
<b>FINANCED BY</b>		
Authorised Certificate capital		
62,500,000 (2018:62,500,000) modaraba certificates of Rs. 10 each	625,000,000	625,000,000
Issued, subscribed and Paid up capital		
26,413,804 (2018:26,413,804) modaraba certificates of Rs. 10 each	264,138,040	264,138,040
Reserves	77,867,503	76,865,221
<b>TOTAL EQUITY AND RESERVES</b>	342,005,543	341,003,261
<b>CONTINGENCIES AND COMMITMENTS</b>	-	-

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

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

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



**PROFIT AND LOSS ACCOUNT**  
FOR THE QUARTER ENDED 30 SEPTEMBER 2019

	<u>Unaudited</u> 30 September 2019 Rupees	<u>Unaudited</u> 30 September 2018 Rupees
<b>INCOME</b>		
Income from Ijarah financing	4,439,854	6,584,213
Profit on murabahah financing	366,044	375,000
Net other income	2,182,850	68,566
	<u>6,988,748</u>	<u>7,027,779</u>
<b>EXPENSES</b>		
Amortization of assets leased out under ijarah contracts	2,801,281	3,048,680
Administrative and general expenses	3,183,586	2,872,461
Financial charges	1,599	5,070
	<u>5,986,466</u>	<u>5,926,211</u>
<b>PROFIT BEFORE PROVISIONS AND TAXATION</b>	<u>1,002,282</u>	<u>1,101,568</u>
	<u>1,002,282</u>	<u>1,101,568</u>
<b>PROFIT BEFORE TAXATION</b>	<u>1,002,282</u>	<u>1,101,568</u>
<b>PROFIT AFTER TAXATION</b>	<u>1,002,282</u>	<u>1,101,568</u>
<b>PROFIT PER CERTIFICATE - BASIC AND DILUTED</b>	<u>0.038</u>	<u>0.04</u>

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

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

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



**STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE QUARTER ENDED 30 SEPTEMBER 2019



	<b>Unaudited 30 September 2019 Rupees</b>	Unaudited 30 September 2018 Rupees
PROFIT	1,002,282	1,101,568
TOTAL COMPREHENSIVE INCOME FOR THE QUARTER	<u>1,002,282</u>	<u>1,101,568</u>

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

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

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



## CASH FLOW STATEMENT

### FOR THE QUARTER ENDED 30 SEPTEMBER 2019

	<b>Unaudited 30 September 2019 Rupees</b>	<b>Unaudited 30 September 2018 Rupees</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit / Loss before taxation</b>	1,002,282	1,101,568
<b>Adjustment for non cash charges and other items:</b>		
Depreciation	2,801,281	3,048,680
Financial charges	1,599	5,070
Profit on murabahah finances	(366,044)	(375,000)
Return on bank deposits	(7,023)	(13,057)
	2,429,813	2,665,693
<b>(Increase) / decrease in operating assets</b>		
Murabahah finances	9,000,000	-
Ijarah rentals receivable	(2,243,205)	(2,903,870)
Fixed assets acquired	25,574	-
Advances, deposits, prepayments and other receivables	(10,207,039)	(8,918,834)
	(3,424,670)	(11,822,704)
<b>(Increase)/decrease in operating liabilities</b>		
Creditors, accrued and other liabilities	(1,126,431)	518,889
	(1,126,431)	518,889
	(1,119,006)	(7,536,554)
<b>Cash generated from / (used in) operations</b>		
Financial charges paid	(1,599)	(5,070)
Profit received on murabahah finances	366,044	375,000
Profit on bank deposits	7,023	-
Income tax	(1,751)	(15,124)
	369,717	354,806
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Security deposits against ijarah assets	(947,455)	(1,124,100)
Proceeds from disposal of ijarah assets	(600,285)	(266,916)
Proceeds from sale of investment properties		-
<b>Net cash from / (used in) investing activities</b>	(1,547,740)	(1,391,016)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Profit distribution</b>	-	(27,380)
<b>Net cash used in financing activities</b>	-	(27,380)
<b>Net increase / (decrease) in cash and cash equivalents</b>	(2,297,029)	(8,600,144)
<b>Cash and cash equivalents at the beginning of the year</b>	3,416,953	10,040,527
<b>Cash and cash equivalents at the end of the quarter</b>	1,119,924	1,440,383

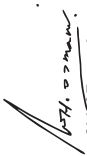
  
**Chief Executive**  
 Fidelity Capital Management  
 (Private) Limited


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

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

**STATEMENT OF CHANGES IN EQUITY**  
FOR THE QUARTER ENDED 30 SEPTEMBER 2019

	CAPITAL RESERVES			REVENUE RESERVE		TOTAL
	STATUTORY		SUB TOTAL	UNAPPROPRIATED PROFIT / (ACCUMULATED LOSS)		
	Rupees	Rupees		Rupees	Rupees	
<b>CERTIFICATE CAPITAL</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
Balance as at 30 June 2018	264,138,040	94,390,226	-	94,390,226	(1,505,938)	357,022,328
Profit after taxation for the year	-	-	-	-	1,150,287	1,150,287
Other comprehensive income for the year	-	-	-	-	-	-
Profit distribution @ Rs. 0.65 per certificate	-	-	-	-	(17,169,354)	(17,169,354)
Transfer to statutory reserve		230,057	-	230,057	(230,057)	-
Balance as at 30 June 2019	264,138,040	94,620,283	-	94,620,283	(17,755,062)	341,003,261
Profit for the quarter	-	-	-	-	1,002,282	1,002,282
<b>Balance as at 30 September 2019</b>	<b>264,138,040</b>	<b>94,620,283</b>	<b>-</b>	<b>94,620,283</b>	<b>(16,752,780)</b>	<b>342,005,543</b>

  
Chief Executive  
Fidelity Capital Management  
(Private) Limited

  
Director  
Fidelity Capital Management  
(Private) Limited

  
Director  
Fidelity Capital Management  
(Private) Limited



## **NOTES TO THE FINANCIAL STATEMENTS**

FOR THE QUARTER ENDED 30 SEPTEMBER 2019

### **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 93, B-1 Canal Park, Gulberg-II, Lahore. The Modaraba commenced its business operations from 5 December 1991. The Modaraba is listed on Pakistan Stock Exchange.

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 and other related business. The Modaraba is a corporate member of the 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 2019.

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 2019.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE QUARTER ENDED 30 SEPTEMBER 2019



	<u>Unaudited</u> 30 September 2019 Rupees	<u>Audited</u> 30 June 2019 Rupees
<b>4 SHORT TERM FINANCES UNDER MURABAHAH ARRANGEMENTS-SECURED</b>		
Considered Good	10,100,000	10,100,000
Considered doubtful	242,754,232	250,354,232
	<u>252,854,232</u>	<u>260,454,232</u>
Deffered\Unearned murabahah income	-	-
	<u>252,854,232</u>	<u>260,454,232</u>
Accumulated Impairment	(192,754,232)	(191,354,232)
	<u>60,100,000</u>	<u>69,100,000</u>
<b>4.1</b> These represent receivables against morabaha transactions on deferred payment basis at a profit margin rate ranging from 12.98% to 19% (2018: 12.98% to 19%) per annum. These are secured against mortgage of properties, pledge of machinery, personal guarantees and demand promissory notes.		
<b>4.2</b> This includes provision of Rupees 192 million(2018: Rupees 192) in respect of classified facilities of Erstwhile First Hajveri Modaraba. Certain recovery suits in this respect are pending adjudication in the honourable 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.		
<b>4.3</b> These include an amount of Rupees 35.00 million (2018: Rupees 35.00 million) advanced to Enplan (Private) Limited against Murabahah 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 one year 12.98 % per annum. Principal plus profit is receivable in one bullet payment on expiry of the facility.		
<b>5 IJARAH RENTALS RECEIVABLE - SECURED</b>		
Considered good	4,940,222	2,697,017
Considered doubtful	36,920,823	36,920,823
Less: Provision for doubtful ijarah rentals receivable	36,920,823	36,920,823
	-	-
	<u>4,940,222</u>	<u>2,697,017</u>
<b>5.1 Provision for doubtful ijarah rentals receivable</b>		
Opening balance	36,920,823	36,125,495
Add: Provision charged / (reversed) during the year	-	795,328
Closing balance	<u>36,920,823</u>	<u>36,920,823</u>
<b>6 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>		
Prepayments	95,585	-
Receivable from clients - Secured	7,244,723	7,244,723
Receivable from Hajveri Modaraba Management Company (Private) Limited	2,485,576	2,485,576
Other receivables	14,061,838	3,139,998
	<u>23,887,722</u>	<u>12,870,297</u>
<b>6.1 Receivable from clients - Secured</b>		
Considered good	7,244,723	7,244,723
Considered doubtful	9,624,907	9,624,907
	16,869,630	16,869,630
Accumulated Impairment	(9,624,907)	(9,624,907)
	<u>7,244,723</u>	<u>7,244,723</u>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2019

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.

	2019 Rupees	2019 Rupees
<b>7 CREDITORS, ACCRUED AND OTHER LIABILITIES</b>		
Due to customers	1,629,857	27,628
Advance Ijarah rentals and security deposits	-	1,295,150
Management Company's remuneration payable	153,988	153,988
Accrued liabilities	609,579	2,578,712
Provision for worker's welfare fund	177,149	177,149
Others	1,094,456	558,833
	<u>3,665,029</u>	<u>4,791,460</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:

	2019 Rupees	2019 Rupees
<b>Balances with related parties</b>		
Payable to provident fund trust	320,974	287,470
Ijarah rentals receivable	182,758	154,306
Ijarah rentals suspended	125,854	125,854

### 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 Octobr 29, 2019.
- Figures have been rounded off to the nearest rupee.

  
Chief Executive  
Fidelity Capital Management  
(Private) Limited

  
Director  
Fidelity Capital Management  
(Private) Limited

  
Director  
Fidelity Capital Management  
(Private) Limited

















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