

**CONDENSED INTERIM
FINANCIAL INFORMATION
(UN-AUDITED)
FOR THE QUARTER ENDED
31 MARCH**

2 0 1 4



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 Kiyani

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: 042 - 35713461-4
Fax: 042-35759122
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 third quarter un-audited condensed financial statements of the Modaraba for the period ended March 31, 2014.

The Modaraba during the quarter earned profit of Rs.3.021 million, the cumulative after tax profit for nine months ended March 31, 2014, stood at Rs.8.456 million as compared to profit of Rs. 5.836 million earned in the corresponding nine months period ended March 31, 2013. With emphasis on recoveries the Modaraba income is likely to show growth in ensuing period.

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)

Lahore:
April 28, 2014



CONDENSED INTERIM BALANCE SHEET AS AT 31 MARCH 2014

	Note	Un-audited 31 March 2014 Rupees	Audited 30 June 2013 Rupees
ASSETS			
CURRENT ASSETS			
Cash and bank balances		5,847,718	25,717,356
Investment in FAFA Fund - available for sale	4	7,651,071	-
Short term morabaha investments - secured		81,568,423	73,010,433
Ijarah rentals receivable		674,804	268,892
Advances, prepayments and other receivables		21,345,395	14,491,170
Current portion of non-current assets	5	241,380	265,143
		<u>117,328,791</u>	<u>113,752,994</u>
NON-CURRENT ASSETS			
Long term receivables and deposits	6	1,276,499	1,282,891
Long term investment		5,750,000	5,750,000
Investment properties	7	-	4,554,035
Trading right entitlement certificates. Card and room		6,280,000	6,280,000
Ijarah assets		23,260,486	14,665,565
Fixed assets	8	227,826,249	227,940,145
		<u>264,393,234</u>	<u>260,472,636</u>
TOTAL ASSETS		<u>381,722,025</u>	<u>374,225,630</u>
LIABILITIES			
CURRENT LIABILITIES			
Deferred morabaha income		3,390,923	4,340,433
Placement		-	1,000,000
Creditors, accrued and other liabilities		14,123,444	15,172,021
Current portion of non-current liabilities	9	1,845,865	3,570,632
		<u>19,360,232</u>	<u>24,083,086</u>
NON-CURRENT LIABILITIES			
Security deposits against ijarah assets		7,857,237	4,512,040
Employee benefits		1,503,122	1,795,245
		<u>9,360,359</u>	<u>6,307,285</u>
TOTAL LIABILITIES		<u>28,720,591</u>	<u>30,390,371</u>
NET ASSETS		<u>353,001,434</u>	<u>343,835,259</u>
FINANCED BY			
Certificate capital			
26,413,804 modaraba certificates (30 June 2013: 26,413,804) of Rupees 10 each		264,138,040	264,138,040
Reserves		88,863,394	79,697,219
TOTAL EQUITY AND RESERVES		<u>353,001,434</u>	<u>343,835,259</u>
CONTINGENCIES AND COMMITMENTS	10	-	-

The annexed notes form an integral part of this condensed interim financial information.


Chief Executive
 Fidelity Capital Management
 (Private) Limited


Director
 Fidelity Capital Management
 (Private) Limited


Director
 Fidelity Capital Management
 (Private) Limited

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2014**



	PERIOD ENDED		QUARTER ENDED	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	Rupees	Rupees	Rupees	Rupees
INCOME				
Ijarah rentals	5,343,433	5,312,903	2,158,004	1,539,054
Profit on morabaha investments	8,116,908	3,288,699	3,917,764	15,098
Brokerage commission	-	731,096	-	306,642
Other income	14,317,272	2,005,367	180,170	(126,864)
	27,777,613	11,338,065	6,255,938	1,733,930
EXPENSES				
Depreciation on ijarah assets	(3,674,443)	(3,617,518)	(1,160,125)	(1,094,040)
Depreciation on investment properties	-	(27,568)	-	(9,189)
Administrative and general expenses	(13,299,051)	(13,650,638)	(4,142,323)	(4,005,834)
Stock exchange and CDC charges	(118,876)	(133,495)	1,622	14,607
Financial charges	(41,255)	(13,680)	(21,305)	288
	(17,133,625)	(17,442,899)	(5,322,131)	(5,094,168)
OPERATING PROFIT / (LOSS) BEFORE PROVISIONS AND TAXATION	10,643,988	(6,104,834)	933,807	(3,360,238)
Provision (charged)/reversed for non performing receivables	(1,342,240)	12,525,155	2,390,000	7,497,000
	9,301,748	6,420,321	3,323,807	4,136,762
Modaraba Company's management fee	(845,613)	(583,666)	(302,164)	(376,069)
PROFIT BEFORE TAXATION	8,456,135	5,836,655	3,021,643	3,760,693
Taxation	-	-	-	-
PROFIT AFTER TAXATION	8,456,135	5,836,655	3,021,643	3,760,693
PROFIT PER CERTIFICATE - BASIC AND DILUTED	0.32	0.22	0.11	0.14

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**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2014**

	PERIOD ENDED		QUARTER ENDED	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	Rupees	Rupees	Rupees	Rupees
Profit/(Loss) after taxation	8,456,135	5,836,655	3,021,643	3,760,693
OTHER COMPREHENSIVE INCOME				
Surplus on remeasurement of available for sale investments	-	(1,972,140)	-	(1,478,615)
Impairment loss charged to profit and loss account	-	-	-	-
Other comprehensive income for the period	-	(1,972,140)	-	(1,478,615)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	8,456,135	3,864,515	3,021,643	2,282,078

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CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE PERIOD ENDED 31 MARCH 2014



	Note	PERIOD ENDED	
		31 March 2014	31 March 2013
		Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	11	(19,519,759)	18,581,335
Financial charges paid		(41,255)	(13,680)
Profit received on morabaha investments		4,179,358	2,859,447
Profit on bank deposits		17,695	(79,121)
Employee benefits paid		(582,123)	(24,000)
Advance tax (paid)		238,312	(28,414)
Net cash (used in) / generated from operating activities		(15,707,772)	21,295,567
CASH FLOWS FROM INVESTING ACTIVITIES			
Card and room		-	(1,400,000)
Fixed assets acquired - own use		(848,500)	(172,180)
Proceeds from disposal of investment property		18,550,000	-
Investment made in NAFA Fund		(20,252,510)	-
Proceeds from sale of investment in NAFA Fund		12,601,439	-
Security deposits against ijarah assets		(1,620,430)	(133,090)
Proceeds from disposal of ijarah assets		4,015,602	2,230,902
Ijarah assets acquired		(16,293,300)	(3,853,000)
Proceeds from sale of fixed assets		-	63,581
Short term investment made		-	(737,683)
Proceeds from sale of short term investment		-	3,490,642
Net cash from investing activities		(3,847,699)	(510,828)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finances under musharika arrangements		-	-
Profit distribution		(314,167)	(14,055,254)
Net cash used in financing activities		(314,167)	(14,055,254)
Net decrease / increase in cash and cash equivalents		(19,869,638)	6,729,485
Cash and cash equivalents at the beginning of the period		25,717,356	11,724,191
Cash and cash equivalents at the end of the period		5,847,718	18,453,676

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 (Private) Limited



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2014**

	RESERVES				TOTAL EQUITY	
	CAPITAL RESERVE		REVENUE RESERVE			TOTAL
	STATUTORY RESERVE	FAIR VALUE RESERVE	UNAPPROPRIATED PROFIT / (ACCUMULATED LOSS)			
Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
Balance as at 01 July 2012 - (Audited)	264,138,040	77,187,397	2,155,582	9,326,363	88,669,342	352,807,382
Total comprehensive income / (loss) for the period ended 31 March 2013	-	1,750,997	(1,972,140)	5,836,655 (1,750,997) (13,206,902)	3,864,515	3,864,515
Balance as at 31 March 2013	<u>264,138,040</u>	<u>78,938,394</u>	<u>183,442</u>	<u>205,119</u>	<u>79,326,955</u>	<u>343,464,995</u>
Balance as at 01 July 2013 - (Audited)	264,138,040	78,465,469	-	1,231,750	79,697,219	343,835,259
Total comprehensive income / (loss) for the period ended 31 March 2014	-	-	-	8,456,135	8,456,135	8,456,135
Transfer to statutory reserves	-	1,691,227	-	(1,691,227)	-	-
Management fee reversal	-	-	-	710,040	710,040	710,040
Balance as at 31 March 2014	<u>264,138,040</u>	<u>80,156,696</u>	<u>-</u>	<u>8,706,698</u>	<u>88,863,394</u>	<u>353,001,434</u>

The annexed notes form an integral part of this condensed interim financial information.

Chief Executive
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(Private) Limited

Director
Fidelity Capital Management
(Private) Limited

Director
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(Private) Limited



SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED 31 MARCH 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 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 STATEMENT OF COMPLIANCE

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

3 SUMMARY OF SIGNIFICANT 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.

	Un-audited 31 March 2014 Rupees	Audited 30 June 2013 Rupees
4 INVESTMENT IN FAFA FUND - AVAILABLE FOR SALE	7,651,071	-
5 CURRENT PORTION OF NON-CURRENT ASSETS		
Long term receivables - loans to employees	241,380	265,143
6 LONG TERM RECEIVABLES AND DEPOSITS		
Long term loans to employees	415,999	687,534
Securities and deposits	860,500	860,500
	<u>1,276,499</u>	<u>1,548,034</u>
7 INVESTMENT PROPERTIES		
Opening book value	-	4,554,035
Addition	-	-
Book value of disposal during the period/year	-	-
	-	<u>4,554,035</u>
Depreciation charged during the period / year	-	-
Closing book value	-	<u>4,554,035</u>



**SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2014**

	Un-audited 31 March 2014 Rupees	Audited 30 June 2013 Rupees
8 FIXED ASSETS		
Assets in own use (Note 8.2)	3,826,225	3,940,145
Capital work in progress - Property under construction	224,000,000	224,000,000
	<u>227,826,225</u>	<u>227,940,145</u>
8.1 Ijarah assets		
Opening book value	14,665,565	18,009,398
Cost of additions during the period / year (Note 8.1.1)	16,293,300	4,027,000
	<u>30,958,865</u>	<u>22,036,398</u>
Book value of deletions during the period / year (Note 8.1.2)	<u>(4,015,602)</u>	<u>(2,644,786)</u>
	26,943,263	19,391,612
Depreciation charged during the period / year	<u>(3,682,777)</u>	<u>(4,726,047)</u>
Closing book value	<u>23,260,486</u>	<u>14,665,565</u>
8.1.1 Cost of additions		
Plant and machinery	6,720,000	534,000
Office equipment	140,300	155,000
Vehicles	9,433,000	3,338,000
	<u>16,293,300</u>	<u>4,027,000</u>
8.1.2 Book value of deletions		
Plant and machinery	1,717,673	280,399
Office equipment	204,505	71,088
Household equipment	-	-
Vehicles	2,093,424	2,293,299
	<u>4,015,602</u>	<u>2,644,786</u>
8.2 Assets in own use		
Opening book value	3,940,145	5,098,378
Cost of additions during the period / year (Note 8.2.1)	848,500	172,180
Transfer from capital work in progress	-	-
	<u>4,788,645</u>	<u>5,270,558</u>
Book value of deletions during the period / year (Note 8.2.2)	<u>-</u>	<u>(77,435)</u>
	4,788,645	5,193,123
Depreciation charged during the period / year	<u>(962,420)</u>	<u>(1,252,978)</u>
	<u>3,826,225</u>	<u>3,940,145</u>
8.2.1 Cost of additions		
Furniture and fixtures	47,300	27,000
Computers and equipments	76,200	145,180
Vehicles	725,000	-
	<u>848,500</u>	<u>172,180</u>
8.2.2 Book value of deletions		
Furniture & Fixture	-	1,645
Computers and equipments	-	75,360
Vehicles	-	430
	<u>-</u>	<u>77,435</u>

**SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2014**



	Un-audited 31 March 2014 Rupees	Audited 30 June 2013 Rupees
8.3 Capital work in progress		
Property in course of construction		
Opening cost	224,000,000	224,000,000
Additions during the period	-	-
	<u>224,000,000</u>	<u>224,000,000</u>
Transfers during the period	-	-
	<u>224,000,000</u>	<u>224,000,000</u>

9 CURRENT PORTION OF NON-CURRENT LIABILITIES

Security deposits against ijarah assets	1,845,865	3,570,632
	<u>1,845,865</u>	<u>3,570,632</u>

10 CONTINGENCIES AND COMMITMENTS

There were no reportable contingencies and commitments as at 31 March 2014 (30 June 2013: Nil).

UN-AUDITED PERIOD ENDED	
31 March 2014	31 March 2013

11 CASH (USED IN) /GENERATED FROM OPERATIONS

	Rupees	Rupees
Profit before taxation	8,456,135	5,836,655
Adjustment for non cash charges and other items:		
Depreciation	4,645,197	4,593,538
Financial charges	41,255	13,680
Profit on morabaha investments	(8,116,908)	(3,288,699)
Return on bank deposits	(17,695)	79,121
Gain on sale of investment in NAFA Fund	(241,071)	
Gain on sale of ijarah assets	(129,392)	-
(Gain) / Loss on sale of fixed assets	-	(39,561)
(Gain) / loss on sale of investment property	(13,995,965)	-
Provision for retirement benefits	290,000	-
Provision charged / (reversed) for doubtful debts and receivables	1,342,240	(12,525,155)
Working capital changes (Note 11.1)	(11,793,555)	23,911,756
	<u>(19,519,759)</u>	<u>18,581,335</u>

11.1 Working capital changes

(Increase) / decrease in operating assets		
Morabaha investments	(7,370,000)	16,861,696
Ijarah rentals receivables	(539,090)	(278,999)
Advances, deposits, prepayments and other receivables	(4,618,875)	(1,680,820)
	<u>(12,527,965)</u>	<u>14,901,877</u>
Increase / (decrease) in operating liabilities		
Creditors, accrued and other liabilities	(734,410)	9,009,879
	<u>(11,793,555)</u>	<u>23,911,756</u>



SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED 31 MARCH 2014

12 TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise of associated companies, Modaraba Management Company, staff retirement funds, directors and key management personnel. Detail of transactions with related parties are as follows:

UN-AUDITED			
PERIOD ENDED		QUARTER ENDED	
31 March 2014	31 March 2013	31 March 2014	31 March 2013
Rupees	Rupees	Rupees	Rupees

Modaraba Management Company

Fee payable	845,613	583,666	302,164	376,069
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Remuneration to officers and other employees	5,213,008	7,260,194	1,829,519	1,520,037
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13 FINANCIAL RISK MANAGEMENT

The Modaraba's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Modaraba for the year ended 30 June 2013.

14 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information of the Modaraba was approved by the directors of Modaraba Management Company and authorized for issue on April 28, 2014.

15 CORRESPONDING FIGURES

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

16 GENERAL

Figures have been rounded off to the nearest rupee.


Chief Executive
Fidelity Capital Management
(Private) Limited


Director
Fidelity Capital Management
(Private) Limited


Director
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