



**FIRST  
ELITE  
CAPITAL  
MODARABA**

Half Yearly Report  
December 31, 2016  
(Un-Audited)

Managed by  
**CRESCENT MODARABA MANAGEMENT  
COMPANY LIMITED**



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## FIRST ELITE CAPITAL MODARABA

### **CORPORATE INFORMATION**

#### **BOARD OF DIRECTORS OF MODARABA MANAGEMENT COMPANY**

Mr. Muneeb Ahmed Dar	Chairman
Mr. Aamir Iftikhar Khan	Chief Executive
Dr. Sardar Ahmad Khan	Director
Mr. Ghazanfar Farrokh	Director
Mr. Muhammad Javed Amin	Director
Mrs. Rukhsana Javed Amin	Director
Mrs. Shahana Javed Amin	Director

#### **AUDIT COMMITTEE**

Mr. Ghazanfar Farrokh	Chairman
Mr. Muneeb Ahmed Dar	Member
Mrs. Shahana Javed Amin	Member

#### **COMPANY SECRETARY**

Mr. Muhammad Arif Hilal

#### **LEGAL ADVISOR**

International Legal Services

#### **SHARIAH ADVISOR**

Mufti Tayyab Amin

#### **AUDITORS OF THE MODARABA**

Ilyas Saeed & Co.  
Chartered Accountants

#### **BANKERS OF THE MODARABA**

Allied Bank Limited  
Bank Alfalah Limited  
BankIslami Pakistan Limited

#### **PRINCIPAL & REGISTERED OFFICE**

50-A, Garden Block, New Garden Town,  
Lahore - Pakistan.

Tel : (042) 35442735-37  
Fax : (042) 35442738  
E-mail : info@fecm.com.pk  
Web : www.fecm.com.pk

#### **REGISTRAR**

CorpTec Associates (Pvt.) Limited  
503-E, Johar Town, Lahore.  
Tel : 042-35170336-7  
Fax : 042-35170338  
E-mail : info@corptec.com.pk



## FIRST ELITE CAPITAL MODARABA

### **DIRECTORS' REPORT**

#### **Valued Certificate Holders**

The Board of Directors of **Crescent Modaraba Management Company Limited**, Managers of **First Elite Capital Modaraba** are pleased to present the reviewed financial statements of the Modaraba for the half year ended December 31, 2016.

#### **Operation's & Performance**

	<b>December 31 2016 Rupees</b>	December 31 2015 Rupees
Total Income	<b>25,950,561</b>	28,194,535
Depreciation of assets leased out	<b>13,538,358</b>	15,871,263
Administrative and general expenses	<b>17,121,448</b>	8,439,719
Financial charges	<b>7,329</b>	10,329
Total Expenses	<b>30,667,135</b>	24,321,311
Operating (Loss)/Profit	<b>(4,716,574)</b>	3,873,224
Management Fee	-	387,322
(Loss)/Profit before taxation	<b>(4,716,574)</b>	3,485,902
Taxation	-	-
(Loss)/Profit after taxation	<b>(4,716,574)</b>	3,485,902

During the period under review, the Modaraba suffered a loss of Rs.4,716,574/= as compared to profit of Rs.3,485,902/= in corresponding period of last year. The main reason for the loss is provisioning of the non-performing loans as per requirements of the Prudential Regulations for Modarabas. The management of the Modaraba has filed certain recovery and criminal cases against the delinquent customers.

Despite tough competition with other financial institutions, the Modaraba during the period under review extended fresh Ijarah facilities amounting to Rs.37,415,500/= to the quality customers. Gross revenue was Rs.25,950,561/= in the first half of the year, which was mainly derived from Ijarah, Murabahah Financing and Investments.

The Board thanks the Regulatory Authorities for their continued guidance and cooperation and places on record its appreciation of the services rendered by the staff members for their hard work.

On behalf of the Board

**AAMIR IFTIKHAR KHAN**  
CHIEF EXECUTIVE  
Lahore  
February 22, 2017



## ڈائریکٹرز رپورٹ

معزز سرٹیفکیٹ ہولڈرز:-

فرسٹ ایلٹ کیپیٹل مضاربہ زیر انتظام کریڈٹ مضاربہ بینجمنٹ کمپنی لمیٹڈ کے بورڈ آف ڈائریکٹرز مضاربہ کی 31 دسمبر 2016ء کو ختم ہونے والی مدت کے جائزہ شدہ مالی حسابات پیش کرتے ہیں۔

آپریٹنگ اور کارکردگی:-

31 دسمبر 2015ء (روپے)	31 دسمبر 2016ء (روپے)	
28,194,535	25,950,561	کل آمدن
15,871,263	13,538,358	لیزڈ آؤٹ اثاثوں کی فرسودگی
8,439,719	17,121,448	انتظامی و عمومی اخراجات
10,329	7,329	مالی اخراجات (فنانس چارجز)
24,321,311	30,667,135	کل اخراجات
3,873,224	(4,716,574)	آپریٹنگ (خسارہ)/منافع
387,322	-	انتظامی فیس
3,485,902	(4,716,574)	(خسارہ)/منافع قبل از ٹیکسیشن
-	-	ٹیکسیشن
3,485,902	(4,716,574)	(خسارہ)/منافع بعد از ٹیکسیشن

زیر غور مدت کے دوران مضاربہ کو/4,716,574 روپے کا خسارہ ہوا۔ جبکہ گزشتہ سال اسی مدت کے دوران -/3,485,902 روپے کا منافع ہوا۔ خسارہ کی بنیادی وجہ مضاربوں کیلئے پروڈینشل ریگولیشنز کی ضروریات کے مطابق غیر فعال قرضوں (non-performing loans) کی پروویژننگ (Provisioning) ہے۔ مضاربہ کی بینجمنٹ نے قرضوں کی واپسی کیلئے مجرم گاہکوں کے خلاف بعض مالیاتی اور فوجداری مقدمات درج کروائے ہیں۔

دیگر مالیاتی اداروں کے ساتھ سخت مقابلہ کے باوجود زیر غور مدت کے دوران مضاربہ نے معیاری گاہکوں کو -/37,415,500 روپے کی نئی اجارہ فنانسنگ کی ہے۔ پہلی ششماہی کی مجموعی آمدنی -/25,950,561 روپے رہی جو کہ بنیادی طور پر اجارہ، مراحتہ فنانسنگ اور سرمایہ کاری سے حاصل کی گئی۔

بورڈ ریگولیشنز کی حکام کی جانب سے مسلسل رہنمائی اور تعاون کا شکریہ ادا کرتا ہے اور عملے کی جانب سے پیش کی گئی خدمات، محنت و لگن سے کام کرنے پر ان کو خراج تحسین پیش کرتا ہے۔

از طرف بورڈ آف ڈائریکٹرز:-

*Aamir Akhbar*

عامر افتخار خان

چیف ایگزیکٹو

لاہور

22 فروری 2017ء



## FIRST ELITE CAPITAL MODARABA

### **INDEPENDENT AUDITORS' REPORT TO THE CERTIFICATE HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION**

#### **Introduction**

We have reviewed the accompanying condensed interim balance sheet of **First Elite Capital Modaraba** ("the Modaraba") as at December 31, 2016, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity for the six months period then ended, and a summary of significant accounting policies and other explanatory notes (here-in-after collectively referred to as "condensed interim financial information"). The management company of the Modaraba is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

#### **Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity." A review of condensed interim financial information consist 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 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.

#### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarter ended December 31, 2016 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express opinion on them.

**ILYAS SAEED & CO.**

Chartered accountants

**Engagement Partner: IRFAN ILYAS**

Date: February 22, 2017

Place: LAHORE



## FIRST ELITE CAPITAL MODARABA

### **SHARIAH ADVISOR'S REPORT**

I have conducted the *Shariah* review of **First Elite Capital Modaraba** managed by **Crescent Modaraba Management Company Limited** for the half year ended December 31, 2016 in accordance with the requirements of the **Shariah Compliance and Shariah Audit Mechanism for Modarabas**. Based on my review I report that in my opinion:

- i. The Modaraba has introduced a mechanism which has strengthened the *Shariah* compliance, in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the *Shariah* principles;
- ii. Following were the major developments in respect of *Shariah* that took place during this half year:
  - Improvement in Ijarah product to comply with *Shariah* Principles.
  - Proper monitoring of non-*Shariah*, non-tradable investments, to be disposed off when they would be tradable equity instruments.

#### **Training:**

- Staff training to follow the steps of *Shariah* Principles about Ijarah.
  - Staff training regarding dividend purification.
- iii. I confirm that the financing agreement(s) entered into by the Modaraba are *Shariah* 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;
  - iv. To the best of my information and according to the explanations given to me, the business transactions undertaken by the Modaraba and all other matters incidental thereto are in conformity with the *Shariah* requirements as well as the requirements of the Prospectus, Islamic Financial Accounting Standards as applicable in Pakistan and the *Shariah* Compliance and *Shariah* Audit Regulations for Modarabas.
  - v. The Modaraba does not offer any deposit raising products and therefore no review has been done in respect to profit sharing ratio.

#### **Observation:**

Improvements were made in the Ijarah process to fully comply with the *Shariah* principles.

#### **Recommendation(s):**

1. A few remaining Non *Shariah* Non Tradable equity instruments will be disposed off when they would be tradable equity instruments.
2. The management should maintain its efforts to comply with rulings of *Shariah* in its business operations and future transactions.

#### **Conclusion:**

Alhamdulillah, after introduction of *Shariah* Compliance and *Shariah* Audit Mechanism for Modarabas by Securities & Exchange Commission of Pakistan (SECP), the Management of First Elite Capital Modaraba has effectively shown its sincerity to comply with *Shariah* Rulings. According to my best knowledge the business operations of First Elite Capital Modaraba are *Shariah* compliant.

**Mufti Tayyab Amin**  
Shariah Advisor

**Date: February 22, 2017**



## FIRST ELITE CAPITAL MODARABA

### CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2016

	NOTE	December 31, 2016 Rupees (Un-Audited)	June 30, 2016 Rupees (Audited)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances	4	16,704,962	21,690,807
Short term investments	5	20,313,191	18,540,876
Short term finances under musharakah arrangements - Secured		1,031,610	1,080,030
Short term finances under murabahah arrangements - Secured		26,334,414	46,337,432
Ijarah rentals receivable - Secured		1,513,641	1,198,772
Profit receivable - Secured		102,734	93,150
Advances, deposits, prepayments and other receivables		16,464,770	6,229,679
Advance income tax		1,618,942	1,558,171
		<b>84,084,264</b>	<b>96,728,917</b>
<b>Non-current assets</b>			
Assets leased out under ijarah contracts		96,172,708	83,468,750
Property and equipment		1,473,930	1,584,688
		<b>97,646,638</b>	<b>85,053,438</b>
<b>TOTAL ASSETS</b>		<b>181,730,902</b>	<b>181,782,354</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accrued and other liabilities		802,160	1,584,304
Security deposits		6,556,329	7,891,375
Unclaimed profit distribution		7,830,958	7,834,899
		<b>15,189,447</b>	<b>17,310,578</b>
<b>Non-current liabilities</b>			
Security deposits		32,271,973	27,266,700
Employees retirement benefits		7,254,166	6,754,166
		<b>39,526,139</b>	<b>34,020,866</b>
Contingencies and commitments	6	-	-
<b>TOTAL LIABILITIES</b>		<b>54,715,586</b>	<b>51,331,444</b>
<b>NET ASSETS</b>		<b>127,015,316</b>	<b>130,450,910</b>
<b>REPRESENTED BY</b>			
<b>Authorized Certificate Capital</b>			
20,000,000 modaraba certificates of Rs. 10 each		<b>200,000,000</b>	<b>200,000,000</b>
Issued, subscribed and paid-up capital	7	<b>113,400,000</b>	<b>113,400,000</b>
Reserves	8	<b>13,615,316</b>	<b>17,050,910</b>
		<b>127,015,316</b>	<b>130,450,910</b>

The annexed notes from 1 to 13 form an integral part of these financial statements

**Chairman**  
Crescent Modaraba  
Management Company  
Limited

**Chief Executive**  
Crescent Modaraba  
Management Company  
Limited

**Director**  
Crescent Modaraba  
Management Company  
Limited





## FIRST ELITE CAPITAL MODARABA

### CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	HALF YEAR ENDED		QUARTER ENDED	
	December 31, 2016 Rupees (Un-Audited)	December 31, 2015 Rupees (Un-Audited)	December 31, 2016 Rupees (Un-Audited)	December 31, 2015 Rupees (Un-Audited)
<b>INCOME</b>				
Income from ijarah financing	23,389,446	20,672,242	14,090,730	10,305,465
Profit on murabahah and musharakah financing	1,091,986	6,151,177	601,870	3,038,978
Return on investments	1,158,778	1,187,822	911,479	502,397
Other income	310,351	183,294	147,835	119,985
	<b>25,950,561</b>	<b>28,194,535</b>	<b>15,751,914</b>	<b>13,966,825</b>
<b>EXPENSES</b>				
Depreciation of assets leased out	13,538,358	15,871,263	6,961,752	7,710,275
Administrative and general expenses	17,121,448	8,439,719	12,984,258	4,283,959
Financial charges	7,329	10,329	2,814	6,330
	<b>30,667,135</b>	<b>24,321,311</b>	<b>19,948,824</b>	<b>12,000,564</b>
<b>Operating (loss) / profit</b>	<b>(4,716,574)</b>	<b>3,873,224</b>	<b>(4,196,910)</b>	<b>1,966,261</b>
Management fee	-	387,322	-	196,626
<b>(Loss) / Profit before taxation</b>	<b>(4,716,574)</b>	<b>3,485,902</b>	<b>(4,196,910)</b>	<b>1,769,635</b>
Taxation	-	-	-	-
<b>(Loss) / Profit after taxation</b>	<b>(4,716,574)</b>	<b>3,485,902</b>	<b>(4,196,910)</b>	<b>1,769,635</b>
<b>(Loss) / Earnings per certificate - basic and diluted</b>	<b>(0.42)</b>	<b>0.31</b>	<b>(0.37)</b>	<b>0.16</b>

The annexed notes from 1 to 13 form an integral part of these financial statements

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Management Company  
Limited



## FIRST ELITE CAPITAL MODARABA

### CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED DECEMBER 31, 2016

HALF YEAR ENDED		QUARTER ENDED	
December 31, 2016 Rupees (Un-Audited)	December 31, 2015 Rupees (Un-Audited)	December 31, 2016 Rupees (Un-Audited)	December 31, 2015 Rupees (Un-Audited)

#### Other comprehensive income/(loss)

##### *Items that may be reclassified subsequently to profit and loss*

Changes in fair value of available for sale financial assets	1,325,352	(3,398,039)	(329,381)	41,941
Re-classification adjustment for loss included in profit and loss	(44,372)	35,085	(78,764)	(20,995)
	<b>1,280,980</b>	<b>(3,362,954)</b>	<b>(408,145)</b>	<b>20,946</b>

##### *Items that may not be reclassified subsequently to profit and loss*

	-	-	-	-
<b>Other comprehensive (loss) / income before taxation</b>	<b>1,280,980</b>	<b>(3,362,954)</b>	<b>(408,145)</b>	<b>20,946</b>
Taxation	-	-	-	-
<b>Other comprehensive income / (loss) after taxation</b>	<b>1,280,980</b>	<b>(3,362,954)</b>	<b>(408,145)</b>	<b>20,946</b>
<b>(Loss) / profit after taxation</b>	<b>(4,716,574)</b>	<b>3,485,902</b>	<b>(4,196,910)</b>	<b>1,769,635</b>
<b>Total comprehensive (loss) / income</b>	<b>(3,435,594)</b>	<b>122,948</b>	<b>(4,605,055)</b>	<b>1,790,581</b>

The annexed notes from 1 to 13 form an integral part of these financial statements

**Chairman**  
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Management Company  
Limited

**Chief Executive**  
Crescent Modaraba  
Management Company  
Limited

**Director**  
Crescent Modaraba  
Management Company  
Limited



## FIRST ELITE CAPITAL MODARABA

### CONDENSED INTERIM CASH FLOW STATEMENT FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	December 31, 2016 Rupees (Un-Audited)	December 31, 2015 Rupees (Un-Audited)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss) / Profit before taxation	(4,716,574)	3,485,902
Adjustments for non-cash items and other items	21,466,926	15,044,379
Operating profit before changes in working capital	16,750,352	18,530,281
Changes in working capital	(7,671,461)	(8,320,151)
Cash flows from operations	9,078,891	10,210,130
(Payments)/receipts for		
Purchase of property and equipment	-	(8,500)
Transfer / Purchase of murabahah assets	11,574,850	(5,000,000)
Purchase of ijarah assets	(37,415,500)	(12,603,510)
Transfer of ijarah assets	11,173,184	10,227,626
Income taxes	(60,771)	(43,103)
Profit distribution	(3,941)	(76,142)
Net cash flows from operating activities	(5,653,288)	2,706,501
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of short term investments	(6,173,706)	(4,380,862)
Proceeds from sale of short term investments	6,375,832	4,466,342
Dividend received	465,317	792,293
Net cash generated from investing activities	667,443	877,773
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net (decrease) / increase in cash and cash equivalents	(4,985,845)	3,584,274
Cash and cash equivalents at the beginning of the period	21,690,807	13,414,329
Cash and cash equivalents at the end of the period	16,704,962	16,998,603

The annexed notes from 1 to 13 form an integral part of these financial statements

Chairman  
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Management Company  
Limited

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Management Company  
Limited

Director  
Crescent Modaraba  
Management Company  
Limited


**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**





**FIRST ELITE CAPITAL MODARABA**

	Certificate Capital Rupees	Reserves			Total Rupees	Total equity Rupees
		Statutory Reserve Rupees	Available for sale financial assets Rupees	Accumulated losses Rupees		
<b>Balance as at June 30, 2015 - Audited</b>	113,400,000	31,074,260	5,217,391	(7,505,581)	28,786,070	142,186,070
<b>Transaction with owners</b>						
Profit distribution @ 5.5% i.e. Re. 0.55 per certificate	-	-	-	(6,237,000)	(6,237,000)	(6,237,000)
Transfer to statutory reserve	-	697,180	-	(697,180)	-	-
	-	697,180	-	(6,934,180)	(6,237,000)	(6,237,000)
<b>Comprehensive income / (loss)</b>						
Profit after taxation	-	-	-	3,485,902	3,485,902	3,485,902
Other comprehensive loss	-	-	(3,362,954)	-	(3,362,954)	(3,362,954)
<b>Total comprehensive (loss) / income</b>	-	-	(3,362,954)	3,485,902	122,948	122,948
<b>Balance as at December 31, 2015 - Un-audited</b>	113,400,000	31,771,440	1,854,437	(10,953,859)	22,672,018	136,072,018
<b>Balance as at June 30, 2016 - Audited</b>	113,400,000	31,074,260	2,761,773	(16,785,123)	17,050,910	130,450,910
<b>Comprehensive income / (loss)</b>						
(Loss) after taxation	-	-	-	(4,716,574)	(4,716,574)	(4,716,574)
Other comprehensive income	-	-	1,280,980	-	1,280,980	1,280,980
<b>Total comprehensive income / (loss)</b>	-	-	1,280,980	(4,716,574)	(3,435,594)	(3,435,594)
<b>Balance as at December 31, 2016 - Un-audited</b>	113,400,000	31,074,260	4,042,753	(21,501,697)	13,615,316	127,015,316

The annexed notes from 1 to 13 form an integral part of these financial statements.

  
**Chairman**  
Crescent Modaraba  
Management Company Limited

  
**Chief Executive**  
Crescent Modaraba  
Management Company Limited

  
**Director**  
Crescent Modaraba  
Management Company Limited



### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED DECEMBER 31, 2016

#### 1 REPORTING ENTITY

First Elite Capital Modaraba ("the Modaraba") is a perpetual, multi-purpose and multi-dimensional non-trading modaraba formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed there under and is managed by Crescent Modaraba Management Company Limited ("the Management Company), a company incorporated in Pakistan under the Companies Ordinance, 1984. The registered office of the Modaraba is situated at 50-A Garden Block, New Garden Town, Lahore. The Modaraba was floated on September 26, 1991 and is listed on Pakistan Stock Exchange (PSX). The Modaraba is primarily engaged in the business of ijarah, musharakah and murabahah financing, investment in marketable securities and other related businesses.

#### 2 BASIS OF PREPARATION

This interim financial information is not audited and has been presented in condensed form and does not include all the information as is required to be provided in a full set of annual financial statements. This condensed interim financial information should be read in conjunction with the audited financial statements of the Modaraba for the year ended June 30, 2016. The Securities and Exchange Commission of Pakistan vide Circular No. 10 of 2004 date February 13, 2004 has deferred, till further orders, the applicability of the IAS 17 "Leases" with effect from July 01, 2003. Accordingly, this IAS has not been considered for the purpose of preparation of this financial information.

The comparative interim balance sheet as at June 30, 2016 and the related notes to the condensed interim financial information are based on audited financial statements. The comparative interim profit and loss account, interim statement of comprehensive income, interim cash flow statement, interim statement of changes in equity and related notes to the condensed interim financial information for the half year ended December 31, 2016 are based on unaudited, reviewed interim financial information. The interim profit and loss account and interim statement of comprehensive income for the quarters ended December 31, 2016 and December 31, 2015 are neither audited nor reviewed.

##### 2.1 Statement of compliance

This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and the directives issued by SECP differ with the requirements of IFRSs or IFAS, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 or the directives issued by the SECP prevail.

##### 2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for certain financial instruments at fair value or amortized cost and employees retirement benefits at present value. In this financial information, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.



## FIRST ELITE CAPITAL MODARABA

### 2.3 Judgments, estimates and assumptions

The preparation of financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

### 2.4 Functional currency

This financial information is prepared in Pak Rupees which is the Modaraba's functional currency.

## 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Modaraba for the year ended June 30, 2016.

	Note	December 31, 2016 Rupees	June 30, 2016 Rupees
<b>4 CASH AND BANK BALANCES</b>			
Cash in hand		179,538	122,904
Cash at bank in			
- current accounts		24,689	1,086,536
- saving accounts		16,500,735	20,481,367
		<u>16,704,962</u>	<u>21,690,807</u>
<b>5 SHORT TERM INVESTMENTS</b>			
Cost of investment		20,006,828	19,515,493
Accumulated Impairment		(3,736,390)	(3,736,390)
Fair value adjustment		4,042,753	2,761,773
		<u>20,313,191</u>	<u>18,540,876</u>
<b>6 CONTINGENCIES AND COMMITMENTS</b>			
<b>Contingencies</b>			
There is no significant change in the status of contingencies since June 30, 2016.			
<b>Commitments</b>			
There are no significant commitments at the reporting date except for those under ijarah contracts regarding use by lessees of assets leased out to them under ijarah contracts against future rentals.			
<b>7 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>			
Modaraba certificates of Rs. 10 each. 10,000,000 (June 30, 2016: 10,000,000) certificates issued for cash		100,000,000	100,000,000
1,340,000 (June 30, 2016: 1,340,000) certificates issued as bonus certificates		13,400,000	13,400,000
		<u>113,400,000</u>	<u>113,400,000</u>



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### 8 STATUTORY RESERVE

It includes Rs. Nil (2015 Rs. 697,180/-) transferred to special reserve created in compliance with the Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan.

### 9 TAXATION

9.1 No provision for current tax has been made in these financial statements as the income of non-trading modaraba is exempt from income tax under clause 100 of Part-I of Second Schedule to the Income Tax Ordinance 2001, if the Modaraba distributes at least ninety percent of its profits, as reduced by the amount transferred to statutory reserve, as cash dividends to the certificate holders and the Modaraba intends to avail the exemption.

9.2 No deferred tax has been provided in these financial statements as the management intends to continuously avail the tax exemption by distributing the minimum prescribed amount as cash dividend to certificate holders.

### 10 RELATED PARTY TRANSACTIONS AND BALANCES

There is no related party transaction for the current and previous periods.

### 11 EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period that may require any adjustment or disclosure in this condensed interim financial information.

### 12 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information have been approved by the Board of Directors of the Management Company and authorized for issue on February 22, 2017.

### 13 GENERAL

13.1 No further allowances for impairment are required other than those already made as the management does not envisage any other material doubtful recoveries.

13.2 There are no other significant activities since June 30, 2016 affecting the interim financial information.

13.3 Figures have been rounded off to the nearest Rupee.

**Chairman**  
Crescent Modaraba  
Management Company  
Limited

**Chief Executive**  
Crescent Modaraba  
Management Company  
Limited

**Director**  
Crescent Modaraba  
Management Company  
Limited



**FIRST ELITE CAPITAL MODARABA**

Managed By

**CRESCENT MODARABA MANAGEMENT COMPANY LIMITED**

**PRINCIPAL & REGISTERED OFFICE**

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