



**FIRST
ELITE
CAPITAL
MODARABA**

*Annual Report
Two Thousand Nineteen*

Managed by
**CRESCENT MODARABA MANAGEMENT
COMPANY LIMITED**



C O N T E N T S

VISION AND MISSION STATEMENT	2
CORPORATE INFORMATION	3-4
CHAIRMAN'S REVIEW REPORT	5
DIRECTORS' REPORT	6-8
ڈائریکٹرز رپورٹ	9-11
AUDITORS' REPORT	12
BALANCE SHEET	13
PROFIT AND LOSS ACCOUNT	14
STATEMENT OF COMPREHENSIVE INCOME	15
CASH FLOW STATEMENT	16
STATEMENT OF CHANGES IN EQUITY	17
NOTES TO THE FINANCIAL STATEMENTS	18-43
STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE	44
PATTERN OF CERTIFICATE HOLDING	45
CATEGORIES OF CERTIFICATE HOLDING	46
KEY OPERATING AND FINANCIAL DATA	47
REVIEW REPORT OF AUDITORS ON COMPLIANCE OF CODE OF CORPORATE GOVERNANCE	48
SHARIAH ADVISOR'S REPORT	49-50
NOTICE OF ANNUAL REVIEW MEETING	51
JAMA PUNJI	52



FIRST ELITE CAPITAL MODARABA

VISION STATEMENT

To develop into a leading small venture Islamic Financial Institution that will actively participate in the management of projects in addition to the conventional mode of Modaraba activities.

MISSION STATEMENT

Engage in activities that will maximize return on investment through Shariah mode of financing for Certificate holders of the Modaraba.



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

CFO & COMPANY SECRETARY

Mr. Muhammad Arif Hilal

LEGAL ADVISOR

International Legal Services

SHARIAH ADVISOR

Mufti Muhammad Umar



FIRST ELITE CAPITAL MODARABA

AUDITORS OF THE MODARABA

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

HR & R COMMITTEE

Mr. Muneeb Ahmed Dar	Chairman
Mr. Aamir Iftikhar Khan	Member
Mr. Ghazanfar Farrokh	Member

BANKERS OF THE MODARABA

Bank Alfalah Limited
Bank Islami Pakistan Limited
Meezan Bank 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

SHARE REGISTRAR

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



CHAIRMAN'S REVIEW REPORT

Dear Modaraba Certificate Holders,

As required under the code of corporate Governance, an annual evaluation of the Board of Directors of Crescent Modaraba Management Company Limited Manager of First Elite Capital Modaraba has been carried out. The objective of this evaluation is to measure the Board's overall performance and effectiveness.

For the Financial year ended June 30, 2019, the Board's overall performance and effectiveness have been assessed as satisfactory. Improvements are an ongoing process leading to an action plan.

Due to bad economic condition and general depression in the country, the Modaraba could not yield such results, which could be expected in a stable economic atmosphere. We hope that with the improvement in the business conditions in the country the performance of the Modaraba will also improve.

The Board of Directors received agendas and supporting papers in a timely manner for its meeting and decisions. All directors fully participated in and made contributions to the decision making process of the Board. The Board has in place policies for all relevant areas of the company's operations.

I would like to thank all the Board members for the cooperation and support.

On behalf of the Board, I take this opportunity to thank Registrar of Modaraba, Securities and Exchange Commission of Pakistan and other relevant regulatory bodies for their continued guidance and support.

Muneeb Ahmed Dar
Chairman

September 27, 2019



FIRST ELITE CAPITAL MODARABA

DIRECTORS' REPORT TO THE CERTIFICATE HOLDERS

Valued Certificate Holders

The Board of Directors of Crescent Modaraba Management Company Limited, manager of First Elite Capital Modaraba presents the 28th annual audited accounts of the Modaraba for the year ended June 30, 2019.

Financial Results

Financial results for the year ended June 30, 2019 are summarized as below:

	June 30, 2019 Rupees	June 30, 2018 Rupees
Total Income of Modaraba	45,420,866	69,305,012
Depreciation of Assets Leased Out	28,362,872	28,772,755
Administrative & General Expenses	20,938,917	35,267,605
Financial Charges	9,312	21,571
Management Fee	-	524,308
Taxation	(480,268)	-
(Loss)/Profit after Taxation	(4,370,503)	4,718,773
(Loss)/earnings per certificates - basic and diluted	(0.39)	0.42

Profit Distribution

Keeping in view the loss for the year, Yours Modaraba is not in a position to distribute any dividend this year.

Review of Operations

During the period under review, the Modaraba has made after tax loss of Rs 4,370,503 as compared to profit of Rs 4,718,773 in the corresponding period of the preceding year. The main reason for the loss is that, the whole economy of the country remained in the grip of recession. The atmosphere in the Country was not conducive for investment, which has also affected the business of the Modaraba

Total revenue of Rs 45,420,866 as of June 30, 2019 was mostly derived from Ijarah, Murabahah and Investments. Operating costs are kept under strict control. Due to loss in current year Modaraba is not in the position to transfer the amount to statutory reserves as required by Prudential Regulations for Modarabas.

The certificate holders' equity of Modaraba stood at Rs 113, 247,495.

Economy

Instead of showing any improvement after the IMF deal, the Country's Economic situation has further deteriorated. Key economic indicators mostly show the financial situation of the Country really disappointing. As a result of slowdown in the economy, GDP growth rate is expected to be 3 percent or even less. The fiscal deficit has also increased as compared to the preceding period. Total debt and liabilities has also gone up. Current revenue target of Rs 5,550 billion seems very difficult to be achieved; it's about 44 percent higher than the last year actual collection. Inflation has also increased as compared to previous year figure. SBP policy (interest) rate was 6.50% in mid-2018 and now it is 13.25%. Stock Market has also decreased PSX index now hovering around 31,000 after touching 28,670.

GDP has come down and as a result of GDP decline, per capita GDP has also gone down. Large scale manufacturing has negative growth during last one year. Agriculture growth was



FIRST ELITE CAPITAL MODARABA

less than one percent. The massive currency devaluation has also significant downside impact on our economy. FDI (Foreign Direct Investment) has declined and is down by more than 50 percent.

The only positive thing happened during the last one year is an improvement in the current account deficit. It's an ideal to reduce current account deficit by increasing exports instead of reducing imports, the reduction in imports have considerably slowed down the economy.

Future Outlook

The management of the Modaraba expects that the progressive policies of the present Government shall definitely give a boost to the present recession stricken economy of the country.

The management of the Modaraba intends to continue trading activities besides its core activities like Ijarah, Murabahah and investment in listed Securities to improve the performance of the Modaraba for its certificate holders.

Corporate and Financial Reporting Framework

- The Financial statements, prepared by the management of the Modaraba, present fairly its true state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Modaraba have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International financial reporting standards, as applicable to Modaraba in Pakistan, have been followed in preparation of financial statements and any departures therefrom has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Modaraba's ability to continue as a going concern.
- The Directors, CEO, CFO, Company Secretary and their spouses and minor children do not hold any interest in the certificates of Modaraba, other than that disclosed in the pattern of certificate holding.
- During the year under review four meetings of the Board of Directors were held. Attendance by each Director is as follows:-

	Name of Director	Number of Meetings Attended
I.	Mr. Aamir Iftikhar Khan	4
II.	Dr. Sardar Ahmad Khan	4
III.	Mr. Ghazanfar Farrokh	4
IV.	Mr. Muhammad Javed Amin	4
V.	Mr. Muneeb Ahmed Dar	4
VI.	Mrs. Rukhsana Javed Amin	4
VII.	Mrs. Shahana Javed Amin	4

- During the year under review four meetings of the Audit Committee were held. Mr. Ghazanfar Farrokh, Chairman Mr. Muneeb Ahmed Dar, Member and Mrs. Shahana Javed Amin, Member attended all the four meetings.
- During the year under review one meeting of the Human Resource and



FIRST ELITE CAPITAL MODARABA

Remuneration Committee was held. Mr. Muneeb Ahmed Dar, Chairman Mr. Ghazanfar Farrokh, Member and Mr. Aamir Iftikhar Khan, Member attended the meeting.

Pattern of Certificate Holding

A statement reflecting the pattern of holding of the certificates as on June 30, 2019 is annexed to this Report.

Key Operating & Financial Data

A statement summarizing key operating and financial data for the last six years is attached to the Annual Report.

The Board of Directors

The total number of directors are 7 as per the following

- | | | |
|----|---------|---|
| a) | Male: | 5 |
| b) | Female: | 2 |

The composition of board is as follows:

<u>Name</u>	<u>Category</u>
Mr. Muneeb Ahmed Dar	Non-Executive Director
Mr. Aamir Iftikhar Khan	Executive Director
Dr. Sardar Ahmad Khan	Non-Executive Director
Mr. Ghazanfar Farrokh	Non-Executive Director
Mr. Muhammad Javed Amin	Non-Executive Director
Mrs. Rukhsana Javed Amin	Non-Executive Director
Mrs. Shahana Javed Amin	Non-Executive Director

Director's Remuneration

Through the Articles of the company, the Board of Directors is authorized to fix remuneration of Non-Executive and independent Directors from time to time. In this regard the board of Directors has developed a Remuneration Policy for Non-Executive and independent Directors of the Company.

Auditors

The board has approved the appointment of M/s Naveed Zafar Ashfaq Jaffery & Co. Chartered Accountants for the year 2019-2020 subject to the approval of the Registrar of Modaraba Companies & Modarabas.

Acknowledgement

The Board thanks the regulatory authorities for their continuous guidance and co-operation and places on record its appreciation of the services rendered by the staff members for their hard work, dedication and commitment in discharge of their responsibilities in a difficult situation.

On behalf of the Board

AAMIR IFTIKHAR KHAN
CHIEF EXECUTIVE

Date: September 27, 2019

MUNEEB AHMED DAR
CHAIRMAN



FIRST ELITE CAPITAL MODARABA

پٹرین آف سرٹیفکیٹ ہولڈنگ:- (Pattern of Certificate Holding)

سرٹیفکیٹ ہولڈنگ کی ترتیب جو کہ 30 جون 2019ء کے مطابق ہے اس رپورٹ کے ساتھ منسلک ہے۔

کلیدی آپرٹنگ اور فنانس ڈیٹا:- (Key Operating and Financial Data)

گزشتہ چھ سال کا کلیدی مالیاتی خلاصہ سالانہ رپورٹ کے ساتھ منسلک ہے۔

بورڈ آف ڈائریکٹرز:- (The Board of Directors)

مندرجہ ذیل کے مطابق ڈائریکٹرز کی کل تعداد سات ہے۔

مرد : 5

عورت : 2

بورڈ کی تشکیل مندرجہ ذیل ہے۔

نام	کمپنی
محترم منیب احمد ڈار	نان ایگزیکٹو ڈائریکٹر
محترم عامر افتخار خان	ایگزیکٹو ڈائریکٹر
ڈاکٹر سردار احمد خان	نان ایگزیکٹو ڈائریکٹر
محترم غففر فرخ	نان ایگزیکٹو ڈائریکٹر
محترم محمد جاوید امین	نان ایگزیکٹو ڈائریکٹر
محترمہ رخصانہ جاوید امین	نان ایگزیکٹو ڈائریکٹر
محترمہ شہانہ جاوید امین	نان ایگزیکٹو ڈائریکٹر

ڈائریکٹرز کا مشاہرہ:- (Director's Remuneration)

کمپنی کے آئیکل کے تحت، بورڈ آف ڈائریکٹرز کو اختیار حاصل ہے کہ وہ وقتاً فوقتاً نان ایگزیکٹو اور انڈیپنڈنٹ ڈائریکٹرز کا مشاہرہ طے کرے۔ اس سلسلے میں بورڈ آف ڈائریکٹرز نے نان ایگزیکٹو اور انڈیپنڈنٹ ڈائریکٹرز کیلئے مشاہرہ پالیسی تیار کی ہے۔

آڈیٹرز:- (Auditors)

بورڈ نے میسرز نوید ظفر اشفاق جعفری اینڈ کمپنی (چارٹرڈ اکاؤنٹنٹس) کو بشرط منظوری رجسٹر آف مضاربہ اینڈ مضاربین بطور آڈیٹر برائے مالی سال 2019-2020 کیلئے تقرری کی منظوری دی ہے۔

اعتراف:- (Acknowledgement)

بورڈ ریگولیٹری حکام کی جانب سے مسلسل رہنمائی اور تعاون کا شکریہ ادا کرتا ہے اور عملے کی جانب سے پیش کی گئی خدمات اور مشکل صورت حال میں پوری ذمہ داری، لگن اور عزم و ہمت کے ساتھ کام کرنے پر ان کو خراج تحسین پیش کرتا ہے۔

از طرف بورڈ آف ڈائریکٹرز:-

منیب احمد ڈار
چیئر مین

عامر افتخار خان
چیف ایگزیکٹو

27 ستمبر 2019ء



FIRST ELITE CAPITAL MODARABA

پیانے کی صنعتکاری کی نمونہ کی واقع ہوئی ہے۔ زراعت میں نمونہ 1 فیصد سے بھی کم رہی۔ بڑے پیانے پر کرنسی کی قدر میں کمی نے بھی ہماری معیشت پر نمایاں منفی اثرات مرتب کئے ہیں۔ ایف ڈی آئی (براہ راست بیرونی سرمایہ کاری) میں کمی واقع ہوئی ہے اور اس میں 50 فیصد سے زیادہ کمی واقع ہوئی ہے۔

پچھلے ایک سال میں جو شیت کام ہوا وہ کرنٹ اکاؤنٹ خسارے میں کمی ہے۔ درآمدات کو کم کرنے کی بجائے برآمدات میں اضافہ کر کے کرنٹ اکاؤنٹ کے خسارے کو کم کرنا مثالی ہے، درآمدات میں کمی نے معیشت کو کافی حد تک سست کر دیا ہے۔

مستقبل کا نظریہ: (Future Outlook)

مضاربہ کی انتظامیہ کو توقع ہے کہ موجودہ حکومت کی ترقی پسندانہ پالیسیاں یقینی طور پر ملک کی موجودہ کساد بازاری سے متاثرہ معیشت کو فروغ دیں گی۔

مضاربہ کی انتظامیہ اسکی بنیادی سرگرمیوں جیسے کہ اجارہ، مراہجہ اور سرمایہ کاری کے علاوہ مضاربہ کے سرٹیفکیٹ ہولڈرز کیلئے کارکردگی کو بہتر بنانے کیلئے تجارتی سرگرمیاں جاری رکھنے کا ارادہ رکھتی ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک: (Corporate & Financial Reporting Frame Work)

- مضاربہ کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے، اسکے تمام امور، آپریشنز کے نتائج، نقدی کا بہاؤ اور ایکویٹی میں تبدیلی کو منصفانہ طور پر پیش کیا گیا ہے۔
- مضاربہ کی اکاؤنٹس بکس کو باقاعدہ طور پر برقرار رکھا گیا ہے۔
- مالیاتی جائزوں اور اکاؤنٹنگ اندازوں کی تیاری میں مناسب اور دانشمندانہ فیصلے پر مبنی پالیسیوں کو مسلسل لاگو کیا گیا ہے۔
- مالیاتی گوشواروں (Financial Statements) کی تیاری میں بین الاقوامی رپورٹنگ کے معیار، جو کہ پاکستان میں مضاربہ پر لاگو ہیں، کی پیروی کی گئی ہے، اور تمام اخراج کا مناسب طور پر انکشاف اور اسکی وضاحت کی گئی ہے۔
- اندرونی کنٹرول کا نظام اپنی ساخت میں انتہائی مضبوط ہے اور اس پر موثر طریقے سے عمل درآمد اور نگرانی کی جاتی ہے۔
- آئندہ بھی ایک کامیاب کاروبار کے طور پر جاری رہنے کیلئے مضاربہ کی اہلیت میں کوئی نمایاں شے نہیں ہے۔
- ڈائریکٹرز، ای او، ای ایف او، کمپنی سیکرٹری اور انکے شوہر/بیوی اور انکے چھوٹے بچے مضاربہ سرٹیفکیٹ میں کوئی دلچسپی (Interest) نہیں رکھتے، ماسوائے اسکے جن کا انکشاف پیئرن آف سرٹیفکیٹ ہولڈنگ میں موجود ہے۔
- زیر جائزہ سال کے دوران بورڈ آف ڈائریکٹرز کے چار (4) اجلاس منعقد کئے گئے تھے۔ ہر ڈائریکٹر کی حاضری درج ذیل ہے۔

اجلاس میں شرکت کی تعداد

ڈائریکٹر کا نام

- | | | |
|------|-----------------------------|---|
| i. | محترم عامر افتخار خان | 4 |
| ii. | ڈاکٹر سردار احمد خان | 4 |
| iii. | محترم غففر فرخ | 4 |
| iv. | محترم محمد جاوید امین | 4 |
| v. | محترم منیب احمد ڈار | 4 |
| vi. | محترم مدد خانہ جاوید امین | 4 |
| vii. | محترم مدد شاہانہ جاوید امین | 4 |
- زیر جائزہ سال کے دوران آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے جن میں محترم غففر فرخ (چیرمین)، محترم منیب احمد ڈار (ممبر)، محترم مدد شاہانہ جاوید امین (ممبر) نے چاروں اجلاسوں میں شرکت کی۔
 - زیر جائزہ سال کے دوران انسانی وسائل اور مشاہرہ (HR & R) کمیٹی کا ایک اجلاس منعقد ہوا جس میں محترم منیب احمد ڈار (چیرمین)، محترم غففر فرخ (ممبر) اور محترم عامر افتخار خان (ممبر) نے شرکت کی۔



ڈائریکٹرز رپورٹ برائے سرٹیفکیٹ ہولڈرز

معزز سرٹیفکیٹ ہولڈرز:-

فرسٹ ایلٹ کیپیٹل مضاربہ زیر انتظام کریڈٹ مضاربہ مینجمنٹ کمپنی لمیٹڈ کے بورڈ آف ڈائریکٹرز مضاربہ کے 30 جون 2019ء کو ختم ہونے والے مالی سال کے سالانہ اکاؤنٹس (28th) آڈٹ شدہ اکاؤنٹس پیش کرتے ہیں۔

مالیاتی نتائج:- (Financial Results)

30 جون 2019ء کو ختم ہونے والے سال کے مختصر مالیاتی نتائج درج ذیل ہیں۔

30 جون 2018ء (روپے)	30 جون 2019ء (روپے)	
69,305,012	45,420,866	مضاربہ کی کل آمدن
28,772,755	28,362,872	لیزڈ آؤٹ اثاثوں کی فرسودگی
35,267,605	20,938,917	انتظامی و عمومی اخراجات
21,571	9,312	مالی اخراجات (فنانس چارجز)
524,308	-	مضاربہ کمپنی کی انتظامی فیس
-	(480,268)	ٹیکسیشن
4,718,773	(4,370,503)	(خسارہ) / منافع بعد از ٹیکسیشن
0.42	(0.39)	(خسارہ) / آمدنی فی سرٹیفکیٹ - بنیادی اور تحلیل شدہ

منافع کی تقسیم:- (Profit Distribution)

اس سال نقصان کو پیش نظر رکھتے ہوئے آپکی مضاربہ کمپنی کوئی بھی منافع تقسیم کرنے کی پوزیشن میں نہیں ہے۔

آپریٹنگ کا جائزہ:- (Review of Operations)

زیر غور مدت کے دوران مضاربہ کو بعد از ٹیکسیشن 4,370,503 روپے کا خسارہ ہوا، جبکہ گزشتہ سال اسی مدت کے دوران 4,718,773 روپے کا منافع ہوا تھا۔ خسارہ کی بنیادی وجہ یہ ہے کہ پورے ملک کی معیشت کساد بازاری کی لپیٹ میں رہی۔ ملکی ماحول سرمایہ کاری کیلئے سازگار نہیں تھا، جس نے مضاربہ کے کاروبار کو بھی متاثر کیا۔

30 جون 2019ء تک 45,420,866 روپے کی کل آمدنی بنیادی طور پر اجارہ، مراحتہ اور سرمایہ کاری سے حاصل کی گئی۔ انتظامی اخراجات کو سخت کنٹرول میں رکھا گیا۔ اس سال خسارہ کی وجہ سے مضاربہ اس پوزیشن میں نہیں ہے کہ مضاربہ کے پروڈینشل ریگولیشنز کے مطابق رقم قانونی ذخائر (Statutory Reserves) میں منتقل کر سکے۔ مضاربہ کے سرٹیفکیٹ ہولڈرز کی ایکویٹی (Equity)

113,247,495 روپے رہی۔

معیشت:- (Economy)

آئی ایم ایف معاہدے کے بعد کسی بہتری کی بجائے ملک کی معاشی صورتحال مزید خراب ہوئی ہے۔ اہم معاشی اشارے زیادہ تر ملک کی مالی صورت حال کو مایوس کن ظاہر کرتے ہیں۔ معیشت میں سست روی کے نتیجے میں جی ڈی پی کی شرح نمو 3 فیصد یا اس سے بھی کم رہنے کا امکان ہے۔ پچھلی مدت کے مقابلے میں مالی خسارے میں بھی اضافہ ہوا ہے۔ کل قرضہ جات اور واجبات میں بھی اضافہ ہوا ہے۔ موجودہ آمدنی کا ہدف، 5,550 ارب روپے حاصل کرنا بہت مشکل لگتا ہے۔ یہ پچھلے سال کے اصل مجموعہ سے تقریباً 44 فیصد زیادہ ہے۔ پچھلے سال کے مقابلہ میں اس سال افراط زر میں بھی اضافہ ہوا ہے۔ 2018ء کے وسط میں ایس پی پی پالیسی (سود) کی شرح 6.50 فیصد تھی اور اب یہ 13.25 فیصد ہے۔ اسٹاک مارکیٹ میں بھی پی پی ایس انڈیکس میں کمی واقع ہوئی ہے جو 28,670 کو چھونے کے بعد اب 31,000 کے آس پاس منڈلا رہا ہے۔

جی ڈی پی میں کمی آئی ہے اور جی ڈی پی میں کمی کے نتیجے میں فی کس جی ڈی پی میں بھی کمی واقع ہوئی ہے۔ پچھلے ایک سال کے دوران بڑے



FIRST ELITE CAPITAL MODARABA

Auditors' Report to the Certificate Holders

We have audited the annexed balance sheet of **FIRST ELITE CAPITAL MODARABA** ("the Modaraba") as at June 30, 2019 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

These financial statements are the modaraba company's (**Crescent Modaraba Management Company Limited**) responsibility who is also responsible to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by the modaraba company, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that

- a) in our opinion, proper books of accounts have been kept by the modaraba company in respect of First Elite Capital Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;
- b) in our opinion:
 - i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of accounts and are further in agreement with accounting policies consistently applied
 - ii. the expenditure incurred during the year was for the purpose of the modaraba's business; and
 - iii. the business conducted, investments made, and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the modaraba;
- c) in our opinion and to the best of our information and according to the explanations given to - us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981 in the manner so required and respectively give a true and fair view of the state of the modaraba's affairs as at June 30, 2019 and of the loss, comprehensive loss, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the modaraba and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

The financial statements of the Modaraba for the year ended June 30, 2018 were audited by Ilyas Saeed & Co, Chartered Accountants, who expressed an unqualified opinion on these statements on September 28, 2018.

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

Engagement Partner: Shahid Mohsin Shaikh

Date: September 27, 2019

Place: Lahore



FIRST ELITE CAPITAL MODARABA

BALANCE SHEET AS AT JUNE 30, 2019

	Note	June 30, 2019 Rupees	June 30, 2018 Rupees
ASSETS			
CURRENT ASSETS			
Cash and bank balances	4	6,623,240	14,238,575
Short term investments	5	11,157,923	14,899,848
Short term finances under musharakah arrangements - Secured	6	557,244	747,244
Short term finances under murabahah arrangements - Secured	7	2,516,403	9,561,352
Ijarah rentals receivable - Secured	8	2,155,571	1,288,775
Profit receivable - Secured	9	30,139	36,181
Advances, deposits, prepayments and other receivables	10	4,388,602	6,214,860
Advance income tax	11	1,876,598	1,947,760
Stock in Trade	12	7,355,825	-
		36,661,545	48,934,595
NON-CURRENT ASSETS			
Assets leased out under ijarah contracts	13	118,322,418	113,844,945
Property and equipment	14	27,285,304	28,040,772
		145,607,722	141,885,717
TOTAL ASSETS		182,269,267	190,820,312
LIABILITIES			
CURRENT LIABILITIES			
Accrued and other liabilities	15	2,512,700	2,916,258
Security deposits	16	5,729,874	5,196,862
Unclaimed profit distribution		8,200,937	7,822,711
		16,443,511	15,935,831
NON-CURRENT LIABILITIES			
Security deposits	16	44,120,221	37,505,279
Employees retirement benefits	17	8,458,040	9,433,938
		52,578,261	46,939,217
Contingencies and commitments	18	-	-
TOTAL LIABILITIES		69,021,772	62,875,048
NET ASSETS		113,247,495	127,945,264
REPRESENTED BY			
Authorized certificate capital 20,000,000 (2018: 20,000,000) modaraba certificates of Rs. 10 each		200,000,000	200,000,000
Issued, subscribed and paid-up certificate capital	19	113,400,000	113,400,000
Unappropriated losses		(23,763,891)	(16,224,713)
Other reserves	20	23,611,386	30,769,977
		113,247,495	127,945,264

The annexed notes 1 to 38 form an integral part of these financial statements.

**For Crescent Modaraba Management Company Limited
(Management Company of First Elite Capital Modaraba)**

Chairman

Chief Executive

Director

Chief Financial Officer



FIRST ELITE CAPITAL MODARABA

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2019

	Note	June 30, 2019 Rupees	June 30, 2018 Rupees
INCOME			
Income from ijarah financing	21	40,931,449	43,365,304
Income from murabahah financing	22	412,234	1,544,727
Return on investments	23	3,617,327	940,947
Reversal of provision for doubtful Murabahah Finance		24,618	19,266,418
Reversal of provision for doubtful receivables		-	2,933,731
Other income	24	435,238	1,253,885
		45,420,866	69,305,012
EXPENSES			
Depreciation of assets leased out under ijarah contracts	13	(28,362,872)	(28,772,755)
Administrative and general expenses	25	(20,938,917)	(35,267,605)
Financial charges		(9,312)	(21,571)
		(49,311,101)	(64,061,931)
Management fee	26	-	5,243,081
			(524,308)
(Loss)/Profit before taxation		(3,890,235)	4,718,773
Taxation	27	(480,268)	-
(Loss)/Profit after taxation		(4,370,503)	4,718,773
(Loss)/Profit per certificate - basic and diluted	28	(0.39)	0.42

The annexed notes 1 to 38 form an integral part of these financial statements.

For Crescent Modaraba Management Company Limited
(Management Company of First Elite Capital Modaraba)

Chairman

Chief Executive

Director

Chief Financial Officer



FIRST ELITE CAPITAL MODARABA

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2019

	Note	June 30, 2019 Rupees	June 30, 2018 Rupees
(Loss)/Profit after taxation		(4,370,503)	4,718,773
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Changes in fair value of available for sale investments		(7,158,591)	(1,609,346)
Reclassification adjustments for (gain)/ loss included in profit or loss		-	(186,695)
		(7,158,591)	(1,796,041)
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plan	17.3	233,325	82,980
Total comprehensive (loss)/income		(11,295,769)	3,005,712

The annexed notes 1 to 38 form an integral part of these financial statements.

For Crescent Modaraba Management Company Limited
(Management Company of First Elite Capital Modaraba)

Chairman

Chief Executive

Director

Chief Financial Officer



FIRST ELITE CAPITAL MODARABA

CASH FLOWS STATEMENT FOR THE YEAR ENDED JUNE 30, 2019

	Note	June 30, 2019 Rupees	June 30, 2018 Rupees
CASH GENERATED FROM OPERATIONS	29	28,956,106	30,352,055
Receipts/(payments) for:			
Income taxes		241,681	(684,719)
Purchase of Ijarah assets		(52,215,500)	(63,103,000)
Transfer of Ijarah assets		20,533,710	26,748,651
Staff retirement benefits paid		(2,083,700)	-
Profit distribution		(3,023,774)	(3,879)
		(36,547,583)	(37,042,947)
Net cash (used in)/ generated from operating activities		(7,591,477)	(6,690,892)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(54,000)	(3,334,673)
Proceeds from sale of property and equipment		-	800,000
Purchase of investments		(6,298,792)	(2,120,678)
Proceeds from sale of investments		5,155,711	1,617,093
Dividend received		1,173,223	878,091
Net cash (used in)/ generated from investing activities		(23,858)	(2,160,167)
CASH FLOW FROM FINANCING ACTIVITIES		-	-
NET DECREASE IN CASH AND CASH EQUIVALENTS		(7,615,335)	(8,851,059)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		14,238,575	23,089,634
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	30	6,623,240	14,238,575

The annexed notes 1 to 38 form an integral part of these financial statements.

For Crescent Modaraba Management Company Limited
(Management Company of First Elite Capital Modaraba)


Chairman


Chief Executive


Director


Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2019

Balance as at June 30, 2017

Comprehensive profit for the year ended June 30, 2018

Profit after taxation

Other comprehensive (loss)/income

Transferred to statutory reserve

Balance as at June 30, 2018

Transaction with owners

Profit distribution @ 3.00% i.e. Re. 0.30 per certificate

Comprehensive loss for the year ended June 30, 2019

(Loss)/profit after taxation

Other comprehensive (loss) / income

Balance as at June 30, 2019

The annexed notes 1 to 38 form an integral part of these financial statements.




FIRST ELITE CAPITAL MODARABA

	Reserves				Total	Rupees	Rupees
	Paid-up Certificate Capital	Statutory reserve	Available for sale financial assets	Revenue Reserves Unappropriated losses			
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2017	113,400,000	31,074,260	548,004	(20,082,712)	11,539,552	124,939,552	
Comprehensive profit for the year ended June 30, 2018	-	-	-	4,718,773	4,718,773	4,718,773	
Profit after taxation	-	-	(1,796,041)	82,980	(1,713,061)	(1,713,061)	
Other comprehensive (loss)/income	-	-	(1,796,041)	4,801,753	3,005,712	3,005,712	
Transferred to statutory reserve	-	943,754	-	(943,754)	-	-	
Balance as at June 30, 2018	113,400,000	32,018,014	(1,248,037)	(16,224,713)	14,545,264	127,945,264	
Transaction with owners	-	-	-	(3,402,000)	(3,402,000)	(3,402,000)	
Comprehensive loss for the year ended June 30, 2019	-	-	-	(4,370,503)	(4,370,503)	(4,370,503)	
(Loss)/profit after taxation	-	-	(7,158,591)	233,325	(6,925,266)	(6,925,266)	
Other comprehensive (loss) / income	-	-	(7,158,591)	(4,137,178)	(11,295,769)	(11,295,769)	
Balance as at June 30, 2019	113,400,000	32,018,014	(8,406,628)	(23,763,891)	(152,505)	113,247,495	

For Crescent Modaraba Management Company Limited
(Management Company of First Elite Capital Modaraba)


Chairman


Director


Chief Financial Officer



FIRST ELITE CAPITAL MODARABA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

1 STATUS AND NATURE OF THE BUSINESS

First Elite Capital Modaraba ("the Modaraba") is a perpetual, multi-purpose and multi-dimensional 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 Act, 2017, vide Registration No. L 01630 dated 30th May, 1989. 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 Limited. 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

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 ("the Ordinance"), the Modaraba Companies and Modaraba Rules, 1981 ("the Rules"), Prudential Regulations for Modarabas ("the Regulations") and other directives ("the Directives") issued by the Securities and Exchange Commission of Pakistan together with approved accounting standards as applicable in Pakistan to Modarabas. Approved accounting standards comprise of such International Financial Reporting Standards ("IFRS"), the International Accounting Standards ("IAS") and the Islamic Financial Accounting Standards ("IFAS") as notified under the provisions of the Companies Act, 2017 and made applicable to modarabas under the Ordinance, the Rules, the Regulations and the Directives. The requirements of the Ordinance, the Rules, the Regulations or the Directives take precedence wherever they differ from the requirements of approved standards. Further, where the requirements of IFAS differ from the requirements of other approved standards, the IFASs take precedence.

SECP vide its circular no. 10 of 2004 dated 13 February 2004, had deferred, till further orders, the applicability of International Accounting Standard (IAS) 17 "Leases" on Modarabas with effect from 1 July 2003 and advised the management companies of Modarabas that they may continue to prepare the financial statements of the Modarabas without applying the requirements of IAS 17 to the Modarabas. However, the requirements of IAS 17 were considered for the purpose of leasing transactions (net investment in finance lease, assets given on finance lease, liabilities against assets subject to finance lease, and assets obtained on finance lease entered into by the Modaraba upto 30 June 2008. From 1 July 2008, all new lease transactions (both for assets given and assets obtained) are being accounted for in accordance with the requirements of IFAS 2 as explained hereunder. Islamic Financial Accounting Standard 2 'Ijarah' issued by the Institute of Chartered Accountants of Pakistan was adopted by the Securities and Exchange Commission of Pakistan ('the SECP') vide SRO 431(1)/ 2007 dated 22 May 2007. During the year ended 30 June 2009, SECP vide its letter no. SC/M/RW/SC/2009 dated 9 March 2009, directed that the management companies of Modarabas may apply the accounting treatment of IFAS 2, only to the leasing (Ijarah) transactions entered on or after 1 July 2008. Under the above IFAS 2, the 'Ijarah' transactions are accounted for in the following manner:

- Mustajir (lessor) presents the assets subject to Ijarah in their balance sheet according to the nature of the asset, distinguished from the assets in own use.
- Costs, including depreciation on the assets given on Ijarah, incurred in earning the Ijarah income are recognized as expenses.
- Ijarah income is recognized in income on an accrual basis as and when the rental becomes due, unless another systematic basis is more representative of the time pattern in which the benefit of the use derived from the leased asset is diminished.

Consequently, in preparation of these financial statements the Modaraba has accounted for leasing transactions executed before 1 July 2008 as finance leases consistent with prior years and has treated leasing transactions executed on or after 1 July 2008 in accordance with the requirements of IFAS 2.



FIRST ELITE CAPITAL MODARABA

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain financial instruments at fair value/amortized cost and employees retirement benefits at present value. In these financial statements, except for the cash flow statement, all transactions have been accounted for on accrual basis.

2.3 Judgments, estimates and assumptions

The preparation of financial statements 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. Subsequently, 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. Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

2.3.1 Recoverable amount and impairment

The Modaraba reviews carrying amounts of its assets for possible impairment and makes formal estimates of recoverable amount if there is any such indication. Investments in marketable securities are tested for impairment by reference to their prices in the active market. An allowance for impairment is made for all investments for which there is an indication of permanent diminution in market values. Musharakah, Murabahah and Ijarah finances, and related other receivables are tested for impairment taking into account the borrowers' payment/credit history, adequacy of security and requirements of Prudential Regulations for Modarabas.

2.3.2 Depreciation method, rates and useful lives of property and equipment

The Modaraba reassesses useful lives, depreciation method and rates for each item of property and equipment annually by considering expected pattern of economic benefits that the Modaraba expects to derive from that item.

2.3.3 Obligation under defined benefit plan

The Modaraba's obligation under the defined benefit plan is based on assumptions of future outcomes, the principal ones being in respect of increases in remuneration, remaining working lives of employees and discount rates to be used to determine present value of defined benefit obligation.

2.3.4 Provisions

Provisions, other than allowances for impairment, are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Modaraba would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

2.4 Functional currency

These financial statements are prepared in Pak Rupees which is the Modaraba's functional currency.

2.5 NEW AND AMENDED STANDARDS AND INTERPRETATIONS BECOME EFFECTIVE

The Company has adopted the following amendments in accounting standard and interpretation of IFRSs which became effective for the current year:

IAS 7 – Statement of Cash Flows - Disclosure Initiative - (Amendment)

IAS 12 – Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

IFRS 12 – Disclosure of Interests in Other Entities – Annual Improvements to IFRS Standards 2014–2016 Cycle



FIRST ELITE CAPITAL MODARABA

The adoption of the above amendments, and improvements to accounting standards and interpretations did not have any effect on the financial statements.

2.6 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

2.6.1 The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretation:

Standards, amendments or Interpretation	IASB Effective Date (annual periods beginning on or after)
IFRS 15 Revenue from Contracts with Customers	01 July 2018
IFRS 2 Share-based Payment – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 16 Leases	01 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	01 January 2019
IAS 19 Employee Benefits – Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IFRS 3 Business Combinations – Annual Improvements to IFRS Standards 2015–2017 Cycle	01 January 2019
IFRS 11 Joint Arrangements – Annual Improvements to IFRS Standards 2015–2017 Cycle	01 January 2019
IAS 12 Income Taxes – Annual Improvements to IFRS Standards 2015–2017 Cycle	01 January 2019
IAS 23 Borrowing Costs – Annual Improvements to IFRS Standards 2015–2017 Cycle	01 January 2019
Conceptual Framework for Financial Reporting	01 January 2020

2.6.2 Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards, amendments or Interpretation	IASB Effective Date (annual periods beginning on or after)
IFRS-14 Regulatory Deferral accounts	01 January 2016
IFRS-17 Insurance Contracts	01 January 2021

The Company expects that the adoption of the above standards will have no material effect on the Company's financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

3.1 Property and equipment

These comprise operating fixed assets of the Modaraba.

Operating fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation.

Major renewals and improvements to operating fixed assets are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Modaraba and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of operating fixed assets are



FIRST ELITE CAPITAL MODARABA

recognized in profit or loss as incurred.

The Modaraba recognizes depreciation in profit or loss by applying reducing balance method over the useful life of each operating fixed asset using rates specified in note 14 to the financial statements.

An operating fixed asset is de-recognized when permanently retired from use. Any gain or loss on disposal of operating fixed assets is recognized in profit or loss.

3.2 Assets leased out under ijarah contracts

Assets leased out are stated at cost less accumulated depreciation. Depreciation is recognized in profit or loss over the period of lease by applying straight line method. In respect of additions and sales / transfers during the year, amortization is charged proportionately to the period of lease.

3.3 Certificate capital

Certificate capital is recognized as equity. Incremental costs directly attributable to the issue of certificates are recognized as deduction from the equity.

3.4 Employees retirement benefits

3.4.1 Short term employee benefits

The Modaraba recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

3.4.2 Post employment benefits

The Modaraba operates an unfunded gratuity scheme (defined benefit plan) for all its employees who have completed the minimum qualifying service period. The amount recognized on balance sheet represents the present value of defined benefit obligation. Actuarial gains or loss are recognized immediately in other comprehensive income as required by IAS-19 Employee Benefits. The details of the scheme are referred to in note 17 to the financial statements.

3.5 Financial instruments

3.5.1 Recognition

A financial instrument is recognized when the Modaraba becomes a party to the contractual provisions of the instrument.

3.5.2 Classification

The Modaraba classifies its financial instruments into following classes depending on the purpose for which the financial assets and liabilities are acquired or incurred. The Modaraba determines the classification of its financial assets and liabilities at initial recognition.

3.5.2(a) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Assets in this category are presented as current assets except for maturities greater than twelve months from the reporting date, where these are presented as non-current assets.

3.5.2(b) Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as such on initial recognition or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Assets in this category are presented as non-current assets unless the management intends to dispose of the asset within twelve months from the reporting date. The particular measurement methods adopted are disclosed in the individual policy statements



FIRST ELITE CAPITAL MODARABA

associated with each instrument.

3.5.2(c) Financial liabilities at amortized cost

Non-derivative financial liabilities that are not financial liabilities at fair value through profit or loss are classified as financial liabilities at amortized cost. Financial liabilities in this category are presented as current liabilities except for maturities greater than twelve months from the reporting date where these are presented as non-current liabilities.

3.5.3 Measurement

The particular measurement methods adopted are disclosed in the individual policy statements associated with each instrument.

3.5.4 De-recognition

Financial assets are de-recognized if the Modaraba's contractual rights to the cash flows from the financial assets expire or if the Modaraba transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are de-recognized if the Modaraba's obligations specified in the contract expire or are discharged or cancelled. Any gain or loss on de-recognition of financial assets and financial liabilities is recognized in profit or loss.

3.5.5 Off-setting

A financial asset and a financial liability is offset and the net amount reported in the balance sheet if the Modaraba has legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.5.6 "Regular way" purchases and sales of financial assets

All regular way purchases and sales of financial assets are recognized on trade date. Regular way purchases or sales of financial assets are those contracts which require delivery of assets within the time frame generally established by the regulation or convention in the market.

3.6 Investments in listed securities

Investments in listed equity and other securities, which are intended to be held for an indefinite period of time and may be sold in response to need for liquidity or significant changes in equity prices are classified as 'available for sale financial assets'. On initial recognition these are measured at cost, being their fair value on date of acquisition, plus attributable transaction costs. Subsequent to initial recognition, these are measured at fair value. Changes in fair value are recognized as other comprehensive income until the investment is derecognized or impaired. Gains and losses on de-recognition and impairment losses are recognized in profit or loss.

3.7 Accrued and other liabilities

3.7.1 Financial liabilities

These are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being their fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

3.7.2 Non-financial liabilities

These, both on initial recognition and subsequently, are measured at cost.

3.8 Advances and other receivables

3.8.1 Financial assets

These are classified as 'loans and receivables'. On initial recognition, these are measured at cost, being their fair value at the date of transaction, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.



FIRST ELITE CAPITAL MODARABA

3.8.2 Non-financial assets

These, on initial recognition and subsequently, are measured at cost.

3.9 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and cash at banks. Cash and cash equivalents are carried at cost.

3.10 Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of returns allowances, trade discounts and rebates, and represents amounts received or receivable for goods and services provided and other operating income earned in the normal course of business. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Modaraba, and the amount of revenue and the associated costs incurred or to be incurred can be measured reliably.

Revenue from different sources is recognized as follows:

Ijarah rentals are recognized over the period of lease as and when the related rentals become due.

Profit on murabahah finances is recognized on time proportion basis as and when accrued.

Profit on musharakah finances is recognized on time proportion basis as and when accrued.

Return on saving accounts is recognized on time proportion basis as and when accrued.

Dividend income is recognized when right to receive payment is established.

3.11 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include holding company, associated companies with or without common directors, directors and major shareholders and their close family members, key management personnel and staff and retirement benefit funds.

3.12 Comprehensive income

Comprehensive income is the change in equity resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders. Total comprehensive income comprises all components of profit or loss and other comprehensive income. Other comprehensive income comprises items of income and expense, including reclassification adjustments, that are not recognized in profit or loss as required or permitted by approved accounting standards, and is presented in 'statement of profit or loss and other comprehensive income'.

3.13 Income tax

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income.

3.13.1 Current taxation

Current tax is the amount of tax payable on taxable income for the year and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

3.13.2 Deferred taxation

Deferred tax is accounted for using the balance sheet approach providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of



FIRST ELITE CAPITAL MODARABA

the portion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by the Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. However, the modaraba has not recognised any amount in respect of deferred that in these financial statements as the modaraba intends to continue availing the tax exemption in future years by distributing at least 90% of its profit to its certificate holders every year.

3.14 Earnings per certificate (EPC)

Basic EPC is calculated by dividing the profit or loss attributable to certificate holders of the Modaraba by the weighted average number of certificates outstanding during the period.

Diluted EPC is calculated by adjusting basic EPC by the weighted average number of certificates that would be issued on conversion of all dilutive potential certificates into certificates and post-tax effect of changes in profit or loss attributable to certificate holders of the Modaraba that would result from conversion of all dilutive potential certificates into certificates.

3.15 Impairment

3.15.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit or loss. Impairment losses in respect of Musharakah, Murabahah and Ijarah finances are determined by reference to the borrowers' payment/ credit history, adequacy of security and requirements of the Prudential Regulations for Modarabas. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

3.15.2 Non-financial assets

The carrying amount of the Modaraba's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the asset or its cash generating unit exceeds its estimated recoverable amount.



FIRST ELITE CAPITAL MODARABA

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used in determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

3.16 Provisions and contingencies

Provisions are recognized when the Modaraba has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provision is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

3.17 Profit distribution to certificate holders

Profit distribution to certificate holders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability, to the extent it is unclaimed/unpaid, in the Modaraba's financial statements in the year in which the dividends are approved by the Board of Directors of the Management Company.

3.18 Stock in trade

Stock in trade is valued at lower of cost and net realizable value. Cost of stock in trade is based on weighted average cost and net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

	Note	June 30, 2019 Rupees	June 30, 2018 Rupees
4 CASH AND BANK BALANCES			
Cash in hand		57,944	79,305
Cash at bank			
Current accounts		319,853	46,478
Saving / deposit accounts	4.1	6,245,443	14,112,792
		6,565,296	14,159,270
		<u>6,623,240</u>	<u>14,238,575</u>
4.1	Effective rate of return on deposit/saving accounts, for the year, ranges from 6.75% to 10.25% (2018: 4% to 7%).		

5 SHORT TERM INVESTMENTS

These represent investments in listed securities and have been classified as available for sale financial assets.

Cost	5.1	23,300,941	19,884,275
Accumulated changes in fair value (trading suspended)		(3,736,390)	(3,736,390)
Accumulated changes in fair value (others)		(8,406,628)	(1,248,237)
	5.1	<u>11,157,923</u>	<u>14,899,848</u>



5.1 Particulars of investments

Engineering

Crescent Steel & Allied Products Limited

Fertilizer

Fauji Fertilizer Bin Qasim Limited
Fauji Fertilizer Company Limited

Cements

Gharibwal Cement Company Limited
Fauji Cement Company Limited

Textile Composite

Sunrise Textiles Limited

Technology & Communication

Callmate Telips Telecom Limited
Pakistan Telecommunication Company Limited
Pak Electron Limited

Power Generation

Hub Power Company Limited

Oil & Gas marketing Co.

Sui Northern Gas Pipelines Limited
Pakistan State Oil Company Limited
Pakistan Petroleum Limited
Sui Southern Gas Pipelines Limited
Oil and Gas Development Company Limited

Investment Banks/Co.

Dadabhoy Leasing Company Limited
Bankers Equity Limited
Javed Omer Vohra & Company Limited

Food and personal care

Treet Corporation Limited

TOTAL

5.2 Shares of Javed Omer Vohra & Company Limited are in CDC Freeze Account



FIRST ELITE CAPITAL MODARABA

No. Of Shares/ Certificates		Average Cost		Fair Value	
June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
		Rupees		Rupees	
500	-	24,505	-	18,890	-
17,000	17,000	972,425	972,425	309,910	656,200
-	51,450	-	2,789,754	-	5,087,891
40,000	35,000	1,623,054	1,540,691	414,400	732,200
1,000	1,000	27,796	27,796	15,730	22,850
153,900	153,900	2,023,076	2,023,076	-	-
5,100	5,100	530,323	530,323	-	-
85,000	85,000	4,200,073	4,200,073	702,950	972,399
32,000	17,000	2,446,492	2,024,271	640,640	602,820
5,000	5,000	329,560	329,560	393,750	460,800
17,000	8,500	2,056,383	1,239,756	1,181,330	851,870
20,737	16,031	2,906,769	2,571,028	3,517,617	5,102,828
7,525	500	1,392,481	105,985	1,086,836	107,450
25,000	3,500	661,068	115,651	517,000	114,870
17,000		2,646,148		2,235,330	
1,000	1,000	9,000	9,000	-	-
2,000	2,000	26,100	26,100	-	-
8,800	8,800	1,164,611	1,164,611	16,720	16,720
7,000	5,000	261,077	214,175	106,820	170,950
445,562	415,781	23,300,941	19,884,275	11,157,923	14,899,848



FIRST ELITE CAPITAL MODARABA

6 SHORT TERM FINANCES UNDER MUSHARAKAH ARRANGEMENTS - SECURED

These represent investments made under musharakah arrangements on profit and loss sharing basis and are secured by specific charge over operating fixed assets and demand promissory notes. The share of profit of Modaraba is 40% per annum. The details are as follows:

	Note	June 30, 2019 Rupees	June 30, 2018 Rupees
Considered good		-	-
Considered doubtful		1,194,744	1,384,744
		1,194,744	1,384,744
Provision for doubtful receivables	6.1	(637,500)	(637,500)
		557,244	747,244
6.1 Movement in provision for doubtful receivables is as follows:			
As at beginning of the year		637,500	637,500
Recognized during the year		-	-
As at end of the year		637,500	637,500

7 SHORT TERM FINANCES UNDER MURABAHAH ARRANGEMENTS - SECURED

Considered good		2,516,403	9,561,352
Considered doubtful		55,357,955	55,382,573
		57,874,358	64,943,925
Provision for doubtful receivables	7.1	(55,357,955)	(55,382,573)
		2,516,403	9,561,352

These represent receivable against murbahaha transactions on deferred payment basis at a specified margin. These are secured against pledge of marketable securities, mortgage of property, vehicles, hypothecation of stocks, demand promissory notes and personal guarantees. Profit margin on murabahah transactions ranges from 13% to 20% (2018: 13% to 20%) per annum receivable on monthly basis.

7.1 Movement in provision for doubtful receivables is as follows:			
As at beginning of the year		55,382,573	60,551,344
Recognized during the year	25	-	14,097,647
Reversed during the year		(24,618)	(19,266,418)
		(24,618)	(5,168,771)
As at end of the year		55,357,955	55,382,573

7.1.1 The Modaraba has filed Four (2018: Six) execution petitions for claim of Rs. 47,932,616/- (2018: 108,717,064/-) against different parties in Modaraba Tribunal Punjab, Lahore. The management is hotly pursuing its cases in the Court of law. There are almost no chances of any unfavorable decision(s) against First Elite Capital Modaraba.

7.1.2 The Modaraba has filed a claim for Rs. 22,063,889/- (2018: Rs. 22,063,889/-) against Sunrise Textile Limited (under liquidation) in High Court, Lahore. The Modaraba has applied to the official liquidators, appointed by the honorable Lahore High Court in C.O.No. 10/1995 for recovery of its dues. The management is hotly pursuing its cases in the Court of law. There are almost no chances of any unfavorable decision(s) against First Elite Capital Modaraba.

7.1.3 The Modaraba has filed Twenty Five (2018: Eleven) suits for recovery of receivables amounting to Rs. 26,475,820 (2018: Rs. 20,417,620/-) against different parties in Banking Court, Lahore. The management is hotly pursuing its cases in the Court of law. There are almost no chances of any unfavorable decision(s) against First Elite Capital Modaraba.

7.1.4 The Modaraba has filed One (2018: One) criminal complaint under section 20



FIRST ELITE CAPITAL MODARABA

of the Financial Institutions (Recovery of Finances) Ordinance, 2001. against parties in Banking Court, Lahore

8 IJARAH RENTALS RECEIVABLE - SECURED

These represent rentals receivable against assets leased out under Ijarah contracts. These are secured against the promissory note (Signed cheques) in favor of Modaraba for the entire lease rental amount. The details are as follows:

	Note	June 30, 2019 Rupees	June 30, 2018 Rupees
Considered good		2,155,571	1,288,775
Considered doubtful		3,684,459 5,840,030	2,484,652 3,773,427
Provision for doubtful receivables	8.1	(3,684,459)	(2,484,652)
		<u>2,155,571</u>	<u>1,288,775</u>
8.1 Movement in provision for doubtful receivables is as follows:			
As at beginning of the year		2,484,652	3,152,120
Recognized during the year		2,013,998	2,892,801
Reversed during the year		(814,191)	(3,560,269)
	21	<u>1,199,807</u>	<u>(667,468)</u>
As at end of the year		<u>3,684,459</u>	<u>2,484,652</u>
8.1.1 The Modaraba has filed One (2018: One) execution petition for claim of Rs. 209,616/- (2018: 209,616/-) against one party in Modaraba Tribunal Punjab, Lahore. The management is hotly pursuing its case in the Court of law. There are almost no chances of any unfavorable decision(s) against First Elite Capital Modaraba.			
8.2 Future Ijarah rentals receivable			
Not later than one year		38,646,034	4,825,599
Later than one year but not later than five years		57,878,135	105,113,963
Later than five years		-	-
		<u>96,524,169</u>	<u>109,939,562</u>

9 PROFIT RECEIVABLE - SECURED

This represents profit receivable on murabahah and musharikah finance

Considered good		30,139	36,181
Considered doubtful		21,698,811	21,700,043
		<u>21,728,950</u>	<u>21,736,224</u>
Provision for doubtful receivables	9.1	(21,698,811)	(21,700,043)
		<u>30,139</u>	<u>36,181</u>
9.1 Movement in provision for doubtful receivables is as follows:			
As at beginning of the year		21,700,043	36,760,724
Recognized during the year		-	-
Reversed during the year	22	(1,232)	(15,060,681)
		<u>(1,232)</u>	<u>(15,060,681)</u>
As at end of the year		<u>21,698,811</u>	<u>21,700,043</u>



FIRST ELITE CAPITAL MODARABA

	Note	June 30, 2019 Rupees	June 30, 2018 Rupees
10 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances to employees - unsecured but considered good against salaries		497,238	590,423
against retirement benefits	10.1	1,801,968	2,192,218
Advances to suppliers - unsecured		-	1,114,000
Security deposits		60,450	60,450
Prepayments		1,954,981	2,144,062
Accrued profit on bank deposits		10,736	-
Other receivables - unsecured			
Considered good		63,229	113,707
Considered doubtful		2,765,941	2,765,941
	10.2	2,829,170	2,879,648
Provision for doubtful receivables	10.3	(2,765,941)	(2,765,941)
		63,229	113,707
		<u>4,388,602</u>	<u>6,214,860</u>
10.1	These represents advances to officers of the Modaraba amounting to Rs. 1,801,968 (2018: 2,192,218).		
10.2	This include amounts recoverable from customers Rs 1,118,768 (2018: Rs.1,118,768) in respect of expenses incurred by the Modaraba on their behalf. The Modaraba has filed execution petition for the recovery of amount against one party (2018: One) of amounting Rs.9,213,446 (2018: Rs.9,213,446) with the Modaraba Tribunal Punjab, Lahore.		
10.3	Movement in provision for doubtful receivables is as follows:		
As at beginning of the year		2,765,941	5,699,672
Reversed during the year		-	(2,933,731)
As at end of the year		<u>2,765,941</u>	<u>2,765,941</u>
11 ADVANCE INCOME TAX			
Opening balance		1,947,760	1,263,041
Add : tax deducted / paid during the year		62,604	684,719
Less: provision against tax year 2018		(133,766)	-
As at end of the year		<u>1,876,598</u>	<u>1,947,760</u>
12 STOCK IN TRADE			
Stock in Trade	12.1	7,355,825	-
12.1	This represents stock of silage and wheat straw purchased by Modaraba during the year for the purpose of trading.		



13 ASSETS LEASED OUT UNDER IJARAH CONTRACTS

Year ended June 30, 2019

PARTICULARS	COST			DEPRECIATION			Carrying Value As at June 30, 2019
	As at July 01, 2018	Additions	Disposals	As at June 30, 2019	For the year	Adjustment	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Vehicles	141,978,316	50,113,500	(32,109,900)	159,981,916	26,695,955	(18,169,034)	116,414,631
Office equipment	-	85,000	-	85,000	28,335	-	56,665
Machinery	14,622,003	2,017,000	(13,777,000)	2,862,003	1,638,582	(8,342,711)	1,851,122
	156,600,319	52,215,500	(45,886,900)	162,928,919	28,362,872	(26,511,745)	118,322,418

Year ended June 30, 2018

PARTICULARS	COST			DEPRECIATION			Carrying Value As at June 30, 2018
	As at July 01, 2017	Additions	Disposals	As at June 30, 2018	For the year	Adjustment	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Vehicles	129,662,316	63,103,000	(50,787,000)	141,978,316	23,831,952	(25,600,210)	106,937,952
Office equipment	-	-	-	-	-	-	-
Machinery	19,154,197	-	(4,532,194)	14,622,003	4,940,803	(3,842,109)	6,906,993
	148,816,513	63,103,000	(55,319,194)	156,600,319	28,772,755	(29,442,319)	113,844,945

32

PROPERTY AND EQUIPMENT

Year ended June 30, 2019

PARTICULARS	COST				DEPRECIATION					Net book value as at June 30, 2019
	As at July 01, 2018	Additions	Disposals	As at June 30, 2019	Rate %age	As at July 01, 2018	For the year	Adjustment	As at June 30, 2019	
	Rupees	Rupees	Rupees	Rupees		Rupees	Rupees	Rupees	Rupees	
Land - Freehold	23,533,287	-	-	23,533,287	-	-	-	-	-	23,533,287
Furniture and fixtures	282,815	-	-	282,815	10	176,167	10,664	-	186,831	95,984
Office equipment	2,386,264	54,000	-	2,440,264	10	1,560,778	83,734	-	1,644,512	795,752
Vehicles	5,876,335	-	-	5,878,335	20	2,302,984	715,070	-	3,018,054	2,860,281
	32,080,701	54,000	-	32,134,701		4,039,929	809,468	-	4,849,397	27,285,304

Year ended June 30, 2018

PARTICULARS	COST			DEPRECIATION				Net book value as at June 30, 2018
	As at July 01, 2017	Additions	Disposals	As at June 30, 2018	Rate %age	For the year	Adjustment	
	Rupees	Rupees	Rupees	Rupees		Rupees	Rupees	
Land - Freehold	-	23,533,287	-	23,533,287	-	-	-	23,533,287
Furniture and fixtures	264,280	18,535	-	282,815	10	165,933	-	106,648
Office equipment	2,276,264	110,000	-	2,386,264	10	1,470,363	-	825,486
Vehicles	4,935,835	1,873,000	(930,500)	5,878,335	20	2,364,324	(860,091)	3,575,351
	7,476,379	25,534,822	(930,500)	32,080,701		899,400	(860,091)	28,040,772



FIRST ELITE CAPITAL MODARABA

	Note	June 30, 2019 Rupees	June 30, 2018 Rupees
15 ACCRUED AND OTHER LIABILITIES			
Management fee payable		524,308	524,308
Accrued expenses		1,528,781	1,574,928
Advance ijarah rentals		127,073	109,206
Security deposit		-	334,200
Withholding tax payable		5,334	20,166
Charity payable		15,902	5,328
Other payables		311,302	348,122
		2,512,700	2,916,258
16 SECURITY DEPOSITS			
Security deposits under ijarah contracts	16.1	49,850,095	42,702,141
Current maturity presented under current liabilities		(5,729,874)	(5,196,862)
		44,120,221	37,505,279
16.1 These are amounts received by Modaraba against Ijarah contracts, these are adjusted against the value of assets at the end of Ijarah contract.			
17 EMPLOYEES RETIREMENT BENEFITS			
The amounts recognized on balance sheet are as follows:			
Present value of defined benefit obligation	17.1	8,458,040	9,433,938
17.1 Movement in present value of defined benefit obligation			
As at beginning of the year		9,433,938	8,286,565
Current service cost	17.2	585,839	588,144
Interest cost on defined benefit obligation	17.2	755,288	642,209
Benefit Paid		(2,083,700)	-
		8,691,365	9,516,918
Remeasurements:			
Actuarial (gains)/losses from changes in demographic assumptions		-	-
Actuarial (gains)/losses from changes in financial assumptions		97,242	24,241
Experience adjustments		(330,567)	(107,221)
	17.3	(233,325)	(82,980)
As at the close of the year		8,458,040	9,433,938
17.2 Expenses to be charged to P&L			
Current service cost		585,839	588,144
Interest cost on defined benefit obligation		755,288	642,209
		1,341,127	1,230,353
17.3 Remeasurements recognized in other comprehensive income			
Actuarial (gains) / losses from changes in demographic assumptions		-	-
Actuarial (gains) / losses from changes in financial assumptions		97,242	24,241
Experience adjustments		(330,567)	(107,221)
		(233,325)	(82,980)



FIRST ELITE CAPITAL MODARABA

Note	June 30, 2019 Rupees	June 30, 2018 Rupees
17.4 Significant actuarial assumptions		
Discount rate used for interest cost charged in P&L	9.00%	7.75%
Discount rate used for year end obligation	14.25%	9.00%
Salary increase used for year end obligation		
Salary increase FY 2019	N/A	7%
Salary increase FY 2020	12.25%	7.00%
Salary increase FY 2021	12.25%	7.00%
Salary increase FY 2022	12.25%	7.00%
Salary increase FY 2023	12.25%	7.00%
Salary increase FY 2024	12.25%	7.00%
Salary increase FY 2025 onwards	12.25%	7.00%
Next salary is increased at	July 01, 2019	July 01, 2018
Mortality rates	SLIC (2001 - 2005) Setback 1 Year	SLIC (2001 - 2005) Setback 1 Year
Withdrawal rates	Age-based (per Appendix)	Age-based (per appendix)
Retirement assumption	Age 60	Age 60

17.5 Historical information

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Historical information					
Present value of defined benefit obligation	Rupees 8,458,040	9,433,938	8,286,565	6,754,166	5,689,317
Actuarial adjustment arising during the year	% 2.76	0.88	6.39	0.26	0.27

17.6 Future expectation

The estimated expenses to be charged to P & L during the year ending June 30, 2020 amounts to Rs.1.65 million. The actual cost will be determined after valuation of the Fund as at June 30, 2020 when the actuarial gains and losses arising during the year ending June 30, 2020 will be available.

17.7 Additional disclosure items

Year end sensitivity analysis (± 100 bps) on defined benefit obligation

Discount rate + 100 bps	8,042,906	9,016,762
Discount rate - 100 bps	8,911,860	9,893,351
Salary increase + 100 bps	8,926,786	9,909,341
Salary increase - 100 bps	8,022,189	8,994,802
Average duration of the defined benefit obligation	5 years	5 years

18 CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

18.1.1 The Modaraba received a show notice bearing bar code no. 100000010651796 dated 14-03-2016 issued u/s 182 of the Ordinance wherein Deputy Commissioner Inland Revenue intended to impose the penalty of Rs.2,500/- per day of default for failing to file the



FIRST ELITE CAPITAL MODARABA

Withholding Statement for the month of December 2015. The Modaraba through its Authorized Representative (AR) has factually contested the above notice and explained the problem in IRIS system due to which the Modaraba was unable to file the Withholding Statement within the prescribed period. No further Correspondence has been received till date in this regard.

- 18.1.2** For the Assessment year 2002-2003 the assessment was made by the Taxation Officer/Officer Inland Revenue making additions under different heads and tax liability determined at Rs. 5,123,287/- which was reduced to Rs. 7,765/- by the learned Commissioner Inland Revenue Appeals (CIR-A). The Tax department filed a second appeal before the Appellate Tribunal Inland Revenue (Learned Tribunal) who vide order ITA No. 1844/LB/2006 dated 28-05-2008 upheld the Order of CIR (A) and dismissed the departmental appeal. Resultantly, a net tax liability of Rs. 7,765/- was deposited on 07-11-2008 and confirmed by the tax department through letter bearing reference 188/unit/05 dated 07-11-2008.

The Tax department had filed a reference to the Honorable Lahore High Court against the Order passed by the Learned Tribunal in respect of "Provision for Doubtful Debts", "Provision for Gratuity" and "Excess Perquisites" whereby the disallowances are 2,781,440/-, 87,290/- and 323,113/- respectively.

- 18.1.3** The Modaraba has filed appeals before the Learned Tribunal in respect of Assessment Years 1998-99, 1999-00 & 2000-01 against the orders of the CIR-A who upheld certain issues and some were remanded back to the Taxation Officer/Officer Inland Revenue. The case was decided in favor of the Modaraba whereby Learned Tribunal deleted additions/disallowances of 'Depreciation Allowance', 'Excess Perquisites u/s 24(i) of the Income Tax Ordinance, 1979. (Repealed Ordinance)' & 'Fee & Subscription' etc., except the issue of allowability of "Provision for Doubtful Debts/Doubtful Morabahah" which was sent back to the Taxation Officer for verification of claim through combined order ITA No. 4575/LB/06 & ITA No. 1193 & 5568/LB/04 dated 12-11-2008. The Taxation Officer/Officer Inland Revenue had to finalize the re-assessment proceedings within one year from the end of the financial year in which he was served with the order i.e. upto 30-06-2010 as per Section 124(2) of the Income Tax Ordinance, 2001. No intimation has yet been received from the tax department regarding Re-assessment Proceedings or filing of Reference to the Honorable High Court.

Note	June 30, 2019 Rupees	June 30, 2018 Rupees
18.2 Commitments	Nil	Nil
19 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
Modaraba certificates of Rs. 10 each		
10,000,000 (2018: 10,000,000) certificates issued for cash	100,000,000	100,000,000
1,340,000 (2018: 1,340,000) certificates issued as full paid bonus certificates	13,400,000	13,400,000
	113,400,000	113,400,000
20 OTHER RESERVES		
Statutory reserve	20.1 32,018,014	32,018,014
Unrealized loss on Available for sale financial assets	(8,406,628)	(1,248,037)
	23,611,386	30,769,977



FIRST ELITE CAPITAL MODARABA

20.1 These include statutory reserves which represent profits set aside by the Modaraba to comply with the Prudential Regulations for Modarabas issued by the SECP. These regulations require the Modaraba to transfer not less than 20% and not more than 50% of its after tax profit till such time that reserves equal 100% of the paid up capital. Thereafter, a sum not less than 5% of the after tax profit is to be transferred. During the current year, the Modaraba has transferred an amount of Rs. Nil (2018: Rs. 943,754) which represents Nil (2018: 20%) of the profit/loss after taxation for the year.

	Note	June 30, 2019 Rupees	June 30, 2018 Rupees
21 INCOME FROM IJARAH FINANCING			
Income from ijarah rental		40,960,793	41,765,152
Ijarah income (suspended) / recovered - net	8.1 & 21.1	(1,199,807)	667,468
		39,760,986	42,432,620
Gain on disposal of ijarah assets		1,170,463	932,684
		40,931,449	43,365,304
21.1 This represents ijarah income recovered/suspended in accordance with the prudential regulations applicable to the Modaraba.			
22 INCOME FROM MURABAHAH FINANCING			
Income from murabahah		411,002	1,544,727
Murabahah income recovered	9.1 & 22.1	1,232	-
		412,234	1,544,727
22.1 This represents Murabahah income recovered in accordance with the prudential regulations applicable to the Modaraba.			
23 RETURN ON INVESTMENTS			
Dividend income		1,173,223	878,091
Gain on sale of investments		2,444,104	62,856
		3,617,327	940,947
24 OTHER INCOME			
Gain on disposal of property and equipment		-	729,591
Return on bank deposits		435,238	524,294
		435,238	1,253,885
25 ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries and benefits	25.1	9,215,403	10,153,261
Rent, rates and taxes		71,395	96,950
Utilities		469,578	341,401
Repair and maintenance		533,850	399,733
Printing and stationery		705,800	603,606
Communication		264,006	256,117
Postage		137,523	130,783
Travelling and conveyance		572,370	610,890
Insurance		3,850,193	3,941,737
Provision for doubtful debts under murabahah arrangements	7.1	-	14,097,647
Advertisement		51,480	13,460
Fee and subscription		622,851	489,361
Newspapers, books and periodicals		6,498	7,935
Entertainment		141,693	80,425
Auditors' remuneration	25.2	362,500	362,500
Legal and professional charges		2,796,855	2,530,996



FIRST ELITE CAPITAL MODARABA

	Note	June 30, 2019 Rupees	June 30, 2018 Rupees
Depreciation	14	809,467	899,400
Zakat and charity		17,490	5,328
Others		309,965	246,075
		20,938,917	35,267,605

25.1 These include charge in respect of employees retirement benefits amounting to Rs. 1,341,127/- (2018: Rs. 1,230,353/-).

	June 30, 2019 Rupees	June 30, 2018 Rupees
25.2 Auditors' remuneration		
Annual statutory Audit	250,000	250,000
Half yearly review	52,500	52,500
Review report under Code of Corporate Governance	45,000	45,000
Out of pocket expenses	15,000	15,000
	362,500	362,500

26 MANAGEMENT FEE

The Modaraba Management Company is entitled to a fee for services rendered to the Modaraba under the provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 upto a maximum of 10% per annum of the net annual profits of the Modaraba. The fee for the year ended 30 June 2019 is Nil (30 June 2018 has been recognized at 10% of the profit for the year before charging such fee).

June 30, 2019 Rupees	June 30, 2018 Rupees
-	524,308

27 TAXATION

Current taxation		
For the year	346,502	-
Prior years	133,766	-
	480,268	-

28 (LOSS)/PROFIT PER CERTIFICATE - BASIC AND DILUTED

(Loss)/profit attributable to certificate holders	Rupees	(4,370,503)	4,718,773
Weighted average number of certificates outstanding during the year	No. of certificates	11,340,000	11,340,000
(Loss)/profit per certificate	Rupees	(0.39)	0.42

There is no diluting effect on the basic earnings per certificate of the Modaraba



FIRST ELITE CAPITAL MODARABA

	June 30, 2019 Rupees	June 30, 2018 Rupees
29 CASH GENERATED FROM OPERATIONS		
(Loss)/profit before taxation	(3,890,235)	4,718,773
Adjustments for non-cash and other items		
Depreciation of assets under own use	809,468	899,400
Depreciation of assets leased out under ijarah contracts	28,362,872	28,772,755
Gain on sale of investments	(2,444,104)	(62,856)
Dividend income	(1,173,223)	(878,091)
Gain on transfer of assets leased out	(1,158,555)	(871,776)
Gain on sale of property and equipment	-	(729,591)
Provision for doubtful debts under murabahah arrangements	-	14,097,647
Provision for taxation	(480,268)	-
Provision for employees retirement benefits	1,341,127	1,230,353
Reversal of provision for doubtful murabahah receivables	(24,618)	(19,266,418)
Reversal of provision for doubtful receivables	-	(2,933,731)
	25,232,699	20,257,692
Operating profit before changes in working capital	21,342,464	24,976,465
Changes in working capital		
Finances under murabahah arrangements	7,069,567	3,559,068
Finances under musharakah arrangements	190,000	191,260
Ijarah rentals receivable	(866,796)	773,377
Profit receivable	6,042	121,359
Advances, deposits, prepayments and other receivables	1,826,258	71,037
Stock in Trade	(7,355,825)	-
Security deposits	7,147,954	(379,075)
Accrued and other liabilities	(403,558)	1,038,564
	7,613,642	5,375,590
Cash generated from operations	28,956,106	30,352,055
	Note	
	June 30, 2019 Rupees	June 30, 2018 Rupees
30 CASH AND CASH EQUIVALENTS		
Cash and bank balances	4	6,623,240
		14,238,575
31 TRANSACTIONS AND BALANCES WITH RELATED PARTIES		

The related party of the Modaraba comprise of the modaraba management company, directors and key management personnel. Transactions with related parties are disclosed below.

31.1 Transaction with related party during the year

Name	Nature of relationship	Nature of transaction		
Crescent Modaraba Management Company Limited	Management Company	Profit Distribution	340,200	-
Crescent Modaraba Management Company Limited	Management Company	Management fee	-	524,308
Muhammad Javed Amin	Director	Profit distribution	57,133	-
Shahana Javed Amin	Director	Profit distribution	13,500	-
Rukhsana Javed Amin	Director	Profit distribution	2,610	-
Ghazanfar Farrokh	Director	Profit distribution	32	-



FIRST ELITE CAPITAL MODARABA

31.2 Payable to related parties

Name	Nature of relationship	Nature of transaction		
Crescent Modaraba Management Company Limited	Management Company	Management fee payable	524,308	524,308

Note	Loans and receivables Rupees	2019	Loans and receivables Rupees	2018
		Available for sale financial assets Rupees		Available for sale financial assets Rupees

32 FINANCIAL INSTRUMENTS

32.1 Financial instruments by class and category

Financial assets

Cash and bank balances	4	6,623,240	-	14,238,575	-
Short term investments	5	-	11,157,923	-	14,899,848
Finances under musharakah arrangements	6	557,244	-	747,244	-
Finances under murabahah arrangements	7	2,516,403	-	9,561,352	-
Ijarah rentals receivable	8	2,155,571	-	1,288,775	-
Profit receivable	9	30,139	-	36,181	-
Advances to employees	10	2,299,206	-	2,782,641	-
Security deposits	10	60,450	-	60,450	-
Other receivables	10	63,229	-	113,707	-
		14,305,482	11,157,923	28,828,925	14,899,848

Note	2019	2018
	Financial liabilities at Amortized cost Rupees	Financial liabilities at amortized cost Rupees

Financial liabilities

Accrued expenses	15	1,528,781	1,574,928
Management fee payable		524,308	524,308
Charity payable		15,902	5,328
Other payables	15	311,302	348,122
		2,380,293	24,52,686

32.2 Fair values of financial instruments

Fair value is the amount for which an asset could be exchanged or liability be settled between knowledgeable willing parties in an arm's length transaction. As at the reporting date, fair values of all financial instruments are considered to approximate their carrying amounts.

32.2.1 Methods of determining fair values

Fair values of financial instruments for which prices are available from the active market are measured by reference to those market prices. Fair values of financial assets and liabilities with no active market are determined in accordance with generally accepted pricing models based on discounted cash flow analysis based on inputs from other than observable market.

32.2.2 Discount/interest rates used for determining fair values

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve as at the reporting date plus an adequate credit spread.

33 FINANCIAL RISK EXPOSURE AND MANAGEMENT

The Modaraba's objective in managing risks is creation and protection of certificate holders' value. Risk is inherent in the Modaraba's activities, but it is managed through a process of ongoing identification, measurement and monitoring subject to risk limits and other controls. The process of risk management is critical to Modaraba's continuing profitability. The Modaraba is exposed to credit risk, liquidity risk and market risk arising from the financial instruments it holds.



FIRST ELITE CAPITAL MODARABA

The Modaraba primarily invests in ijarah assets, musharakah, murabahah and diversified portfolio of listed securities. These are subject to varying degrees of risks. The way these risks affect revenues, expenses, assets, liabilities and forecast transactions of the Modaraba and the manner in which these risks are managed is as follows:

33.1 Credit risk

Credit risk is the risk of financial loss to the Modaraba, if the counterparty to a financial instrument fails to meet its obligations.

	Note	June 30, 2019 Rupees	June 30, 2018 Rupees
33.1.1 Maximum exposure to credit risk			
The maximum exposure to credit risk as at the reporting date is as follows:			
Loans and receivables			
Cash at bank	4	6,565,296	14,159,270
Finances under musharakah arrangements	6	1,194,744	1,384,744
Finances under murabahah arrangements	7	57,874,358	64,943,925
Ijarah rentals receivable	8	5,840,030	3,773,427
Profit receivable	9	21,728,950	21,736,224
Other receivables	10	2,829,170	2,879,648
		96,032,548	108,877,238

33.1.2 Concentration of credit risk

The Modaraba identifies concentrations of credit risk by reference to type of counter party and balances with customers are further analyzed by reference to industry distribution. Maximum exposure to credit risk by type of counterparty is as follows:

Customers and other parties	89,467,252	94,717,968
Banking companies and financial institutions	6,565,296	14,159,270
	96,032,548	108,877,238

Concentration of credit risk in respect of balances with customers by industrial distribution is as follows:

	2019					
	Ijarah rentals Receivable	Finances under Murabahah arrangements	Finances under Musharakah arrangements	Profit receivables	Others receivables	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Services	40,400	65,500	-	533,301	212,690	851,891
Textile	133,162	23,911,156	-	14,288,302	476,036	38,808,656
Transport	-	-	1,194,744	923,610	509,804	2,628,158
Fuel and energy	-	-	-	-	-	-
Electrical and engineering	-	-	-	255,647	-	255,647
Packaging	-	3,180,619	-	3,013,864	132,928	6,327,411
Individuals	5,666,468	30,717,083	-	2,714,226	1,497,712	40,595,489
	5,840,030	57,874,358	1,194,744	21,728,950	2,829,170	89,467,252



FIRST ELITE CAPITAL MODARABA

	2018					
	Ijarah rentals Receivable	Finances under Murabahah arrangements	Finances under Musharakah arrangements	Profit receivables	Others receivables	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Services	40,520	65,500	-	533,301	192,985	832,306
Textile	133,162	23,911,156	-	14,288,302	476,036	38,808,656
Transport	-	-	1,384,744	923,610	580,387	2,888,741
Fuel and energy	-	-	-	-	-	-
Electrical and engineering	-	2,044,949	-	291,064	-	2,336,013
Packaging	-	3,180,619	-	3,013,864	132,928	6,327,411
Individuals	3,599,745	35,741,705	-	2,686,083	1,497,312	43,524,845
	3,773,427	64,943,929	1,384,744	21,736,224	2,879,648	94,717,972

33.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, except for balances with customers where credit quality is assessed by reference to historical information about counterparty default rates and present ages.

33.1.3(a) Counterparties with external credit ratings

These include banking companies, which are counterparties to cash deposits. These counterparties have reasonably high credit ratings as determined by various credit rating agencies and management does not expect non-performance by these counterparties on their obligations to the Modaraba.

33.1.3(b) Counterparties without external credit ratings

These include customers which are counter parties to finances under murabahah, musharakah and ijarah arrangements, profit receivable thereon and other receivable from parties. The Modaraba is exposed to credit risk in respect of these balances. The analysis of ages of customer balances as at the reporting date is as follows:

	2019		2018	
	Gross Carrying Amount	Accumulated Impairment	Gross carrying Amount	Accumulated Impairment
	Rupees	Rupees	Rupees	Rupees
Neither past due nor impaired	2,594,598	-	9,374,217	-
Past due by upto 90 days	2,154,342	-	1,271,314	-
Past due by 90 to 180 days	602,991	602,991	390,241	390,241
Past due by 180 days to 1 year	664,530	664,530	583,046	583,046
Past due by 1 to 2 years	1,179,060	1,179,060	3,213,708	3,213,708
Past due by 2 to 3 years	487,496	471,089	28,901,462	28,901,462
Past due by 3 years or more	81,784,235	81,226,992	50,983,984	49,882,252
	89,467,252	84,144,662	94,717,972	82,970,709

The Management believes that the existing impairment allowance is adequate and no further allowance is necessary.

33.1.4 Collateral held

The Modaraba's investments in ijarah assets are secured by registration of title to the underlying assets in the name of Modaraba. Particulars of collateral held against financing under musharakah and murabahah arrangements and profit receivable thereon is referred to in relevant notes to the financial statements.

33.1.5 Credit risk management

The Modaraba's portfolio of loans and receivables is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk. The Modaraba does not have significant concentration of credit risk with a single counterparty. Formal policies and procedures of credit



FIRST ELITE CAPITAL MODARABA

management and administration of receivables are established and executed. In monitoring customer credit risk, the ageing profile of total receivable balances and individually significant balances, along with collection activities are reported Management Company on a monthly basis. High risk customers are identified and restrictions are placed on future financing and credit period extensions.

33.2 Liquidity risk

Liquidity risk is the risk that the Modaraba will not be able to meet its financial obligations as they fall due. Given the nature of Modaraba's operations and existing financial liabilities, the Modaraba's exposure to liquidity risk is very limited and liquidity risk management is limited to ensuring that it has sufficient cash on demand to meet expected operational cash flows.

33.3 Market risk

33.3.1 Currency risk

The Modaraba is not exposed to currency risk.

33.3.2 Profit rate risk

Profit rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in profit rates. The Modaraba's exposure to profit rate risk is limited as all of its investments in ijarah assets, musharakah, murabahah are fixed rate instruments.

33.3.3 Price risk

Price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from profit rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments.

The Modaraba is exposed to unfavorable changes in the fair value of the investments in listed equity securities as a result of the changes in the equity prices. The particulars of investments exposed to price risk as at the reporting date are referred to note 5 to the financial statements.

34 CAPITAL MANAGEMENT

The Modaraba's policy is to maintain a strong capital base so as to maintain investor confidence and to sustain future development of the business. The Management Company monitors the return on assets of the Modaraba, including finances under ijarah, murabahah and musharakah arrangements and investments in capital market which are managed through appropriate risk management policies. For major aspects of capital management, the Modaraba adheres to the requirements of the Ordinance, Rules and Regulations including the requirements of statutory reserve. The level of profit distribution to certificate holders is kept at the required level in order to avail the tax exemption. There were no changes in the Modaraba's approach to capital management during the year.

35 REMUNERATION OF OFFICERS AND OTHER EMPLOYEES

The aggregate amount charged to profit or loss account and statement of comprehensive income in respect of all officers and other employees on account of managerial remuneration, allowances and perquisites, post employment benefits and the number of such executives and employees is as follows:

	2019		
	Officers	Other Employees	Total
	Rupees	Rupees	Rupees
Managerial remuneration	2,404,800	2,178,407	4,583,207
Allowances and perquisites	1,796,910	1,494,159	3,291,069
Post employment benefits	710,797	630,330	1,341,127
	<u>4,912,507</u>	<u>4,302,896</u>	<u>9,215,403</u>
Number of employees at year end	<u>3</u>	<u>10</u>	<u>13</u>
Average no. of employees during the year	<u>4</u>	<u>11</u>	<u>15</u>



FIRST ELITE CAPITAL MODARABA

	2018		
	Officers	Other Employees	Total
	Rupees	Rupees	Rupees
Managerial remuneration	3,176,000	2,374,978	5,550,978
Allowances and perquisites	1,966,320	1,407,598	3,373,918
Post employment benefits	734,319	413,054	1,147,373
	<u>5,876,639</u>	<u>4,195,630</u>	<u>10,072,269</u>
Number of employees at year end	<u>5</u>	<u>11</u>	<u>16</u>
Average no. of employees during the year	<u>5</u>	<u>11</u>	<u>16</u>

36 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Management Company on September 27, 2019.

37 RECOVERABLE AMOUNTS AND IMPAIRMENT

Impairment on ijarah, murabahah and musharakah finances, and profit receivable thereon is recognized in accordance with the requirements of Prudential Regulations for Modarabas pertaining to classification and provisioning. In the opinion of the management, no further impairment, in addition to that already recognized in accordance with Prudential Regulations, is necessary. Further, the recoverable amounts of all other assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these financial statements.

38 GENERAL

Figures have been rounded off to the nearest rupee.

Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison.

**For Crescent Modaraba Management Company Limited
(Management Company of First Elite Capital Modaraba)**

Chairman

Chief Executive

Director

Chief Financial Officer



FIRST ELITE CAPITAL MODARABA

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017 Year ended June 30, 2019

The Crescent Modaraba Management Company Limited ("The Management Company") is a Public Limited Company and is not listed on Stock Exchange. However, the First Elite Capital Modaraba ("the Modaraba") is listed on Pakistan Stock Exchange Limited. The Board of Directors ("the Board") of Crescent Modaraba Management Company Limited is responsible for the management of the affairs of the Modaraba.

The Management Company of the Modaraba has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 7 as per the following:
 - a. Male : 5
 - b. Female : 2
2. The composition of board is as follows:

Name	Category
Mr. Muneeb Ahmed Dar	Non-Executive Director
Mr. Aamir Iftikhar Khan	Executive Director
Dr. Sardar Ahmad Khan	Non-Executive Director
Mr. Ghazanfar Farrokh	Non-Executive Director
Mr. Muhammad Javed Amin	Non-Executive Director
Mrs. Rukhsana Javed Amin	Non-Executive Director
Mrs. Shahana Javed Amin	Non-Executive Director

 - 2.1 Currently there are no independent directors but the company proposes to elect the independent directors in the next election of directors which are due in Year 2020 as relaxed in Section 6(1) of the Regulations.
3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company.
4. The Management Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Management Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board of directors of the Management Company/certificate holders of the Modaraba, (where ever applicable), as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board has arranged Directors' Training program for the following:
 - a) Mr. Muneeb Ahmed Dar
 - b) Mr. Ghazanfar Farrokh
 - c) Mrs. Shahana Javed Amin
 - d) Mr. Aamir Iftikhar Khan
10. The board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:
 - a) Audit Committee

Mr. Ghazanfar Farrokh	Chairman
Mr. Muneeb Ahmed Dar	Member
Mrs. Shahana Javed Amin	Member
 - b) HR and Remuneration Committee

Mr. Muneeb Ahmed Dar	Chairman
Mr. Aamir Iftikhar Khan	Member
Mr. Ghazanfar Farrokh	Member
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committees were as per following:
 - a) Audit Committee Quarterly
 - b) HR and Remuneration Committee Annually
15. The board has outsourced the internal audit function to M/S Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Management Company.
16. The statutory auditors of the Modaraba have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold certificates of the Modaraba and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

On behalf of the board

Muneeb Ahmed Dar
Chairman

Date: September 27, 2019



FIRST ELITE CAPITAL MODARABA

PATTERN OF CERTIFICATE HOLDERS AS AT JUNE 30, 2019

NUMBER OF CERTIFICATE HOLDERS	CERTIFICATE HOLDINGS FROM TO		TOTAL CERTIFICATE HELD
2,296	1	100	110,668
443	101	500	146,854
1,161	501	1,000	694,640
370	1,001	5,000	908,210
94	5,001	10,000	753,126
44	10,001	15,000	536,574
30	15,001	20,000	552,891
16	20,001	25,000	382,612
21	25,001	30,000	591,670
7	30,001	35,000	237,718
8	35,001	40,000	307,487
6	40,001	45,000	264,050
10	45,001	50,000	485,007
3	50,001	55,000	158,253
4	55,001	60,000	227,700
2	65,001	70,000	135,578
2	75,001	80,000	158,000
2	80,001	85,000	165,427
1	85,001	90,000	87,500
2	95,001	100,000	200,000
2	105,001	110,000	215,000
1	110,001	115,000	115,000
1	115,001	120,000	119,500
1	120,001	125,000	123,000
1	135,001	140,000	140,000
1	165,001	170,000	166,000
1	175,001	180,000	179,000
1	190,001	195,000	190,443
1	195,001	200,000	200,000
1	200,001	205,000	203,000
1	225,001	230,000	226,500
1	295,001	300,000	300,000
1	390,001	395,000	392,620
1	530,001	535,000	531,972
1	1,130,001	1,135,000	1,134,000
4,538			11,340,000



FIRST ELITE CAPITAL MODARABA

CATEGORIES OF CERTIFICATE HOLDING AS AT JUNE 30, 2019

CATEGORIES OF CERTIFICATE HOLDERS	NUMBERS	CERTIFICATE HELD	PERCENTAGE
ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES			
Crescent Modaraba Management Co. Ltd.	1	1,134,000	10.00
NIT			
CDC-Trustee National Investment (Unit) Trust	1	392,620	3.46
DIRECTORS, CEO AND THEIR SPOUSES AND MINOR CHILDREN			
	4	244,250	2.15
Mr. Muhammad Javed Amin		190,443	
Mrs. Shahana Javed Amin		45,000	
Mrs. Rukhsana Javed Amin		8,700	
Mr. Ghazanfar Farrokh		107	
EXECUTIVE			
	-	-	-
PUBLIC SECTOR COMPANIES AND CORPORATIONS			
State Life Insurance Corporation of Pakistan	1	531,972	4.69
BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE COMPANIES, INSURANCE COMPANIES, TAKAFUL, MODARABAS			
	9	86,616	0.76
JOINT STOCK COMPANIES			
	21	246,995	2.18
INDIVIDUALS			
	4,501	8,703,547	76.75
TOTAL:	4,538	11,340,000	100.00
CERTIFICATES HOLDERS HOLDING FIVE PERCENTAGE OR MORE INTEREST IN THE LISTED COMPANY.			
Crescent Modaraba Management Company Limited		1,134,000	10.00



FIRST ELITE CAPITAL MODARABA

KEY OPERATING AND FINANCIAL DATA

YEAR	2019	2018	2017	2016	2015	2014
	Rupees in million					
Revenues	45.42	69.31	52.20	49.77	58.55	62.54
(Loss)/Profit after Management Fee & Taxation	(4.37)	4.72	(2.77)	(3.02)	8.58	9.07
Paid up Capital	113.40	113.40	113.40	113.40	113.40	113.40
Certificate Holder's Equity	113.25	127.95	124.94	130.45	142.19	138.16
Current Liabilities	16.44	15.94	15.14	17.31	27.50	22.44
Fixed Assets	145.61	141.88	108.87	85.05	103.83	107.24
Current Assets	36.66	48.93	77.15	96.73	99.52	88.87
Dividend (%)	-	3.00	-	-	5.50	5.50
(Loss)/Earning per Certificate	(0.39)	0.42	(0.24)	(0.27)	0.76	0.80
Break up Value	9.99	11.28	11.02	11.50	12.54	12.18



FIRST ELITE CAPITAL MODARABA

INDEPENDENT AUDITORS' REVIEW REPORT

To the Certificate Holders of First Elite Capital Modaraba

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **Crescent Modaraba Management Company Limited**, the management company of **First Elite Capital Modaraba** for the year ended June 30, 2019 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

Naveed Zafar Ashfaq Jaffery & Co.

Chartered Accountants

Engagement Partner: Shahid Mohsin Shaikh

Date: September 27, 2019

Place: Lahore



Shariah Advisor's Report

I have conducted the Shariah review of **First Elite Capital Modaraba** managed by **Crescent Modaraba Management Company Limited** for the year ended June 30, 2019 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. No major developments took place during the year.
- 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.
- vi. The Charity amounts have been credited to charity account.

Recommendation(s)

- A few remaining Non Shariah Non Tradable equity instruments will be disposed off when they would be tradable equity instruments.
- Non Shariah Compliant shares of Fauji Fertilizer Bin Qasim Limited should be disposed off at the earliest.
- The management should maintain its efforts to comply with rulings of Shariah in its business operations and future transactions.



FIRST ELITE CAPITAL MODARABA

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.

May Allah bless us with the best Tawfeeq to accomplish his cherished tasks, make us successful in this world and in the hereafter, and forgive our mistakes.

Mufti Muhammad Umar
Shariah Advisor

Date: September 27, 2019



FIRST ELITE CAPITAL MODARABA

NOTICE OF ANNUAL REVIEW MEETING

Notice is hereby given that 20th Annual Review Meeting of certificate holders of First Elite Capital Modaraba will be held on Friday, October 25, 2019 at 11:30 a.m. at 50-A, Garden Block, New Garden Town, Lahore to review the performance of the Modaraba for the year ended June 30, 2019. The Certificate Holders whose names appear on the Register of Certificate Holders of the Modaraba as on October 17, 2019 will be eligible to attend the Meeting.

Muhammad Arif Hilal

Company Secretary

Crescent Modaraba Management Company Limited

Manager of First Elite Capital Modaraba

Date: October 04, 2019

Place: LAHORE



FIRST ELITE CAPITAL MODARABA

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Managed By

Crescent Modaraba Management Company Limited

PRINCIPAL & REGISTERED OFFICE
50-A, Garden Block,
New Garden Town, Lahore - Pakistan
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