



**FIRST
ELITE
CAPITAL
MODARABA**

Half Yearly Report
December 31, 2019
(Un-Audited)

Managed by
**CRESCENT MODARABA MANAGEMENT
COMPANY LIMITED**



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FIRST ELITE CAPITAL MODARABA

CORPORATE INFORMATION

BOARD OF DIRECTORS OF MODARABA MANAGEMENT COMPANY

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

AUDIT COMMITTEE

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

COMPANY SECRETARY

Mr. Muhammad Arif Hilal

LEGAL ADVISOR

International Legal Services

SHARIAH ADVISOR

Mufti Muhammad Umar

AUDITORS OF THE MODARABA

Naveed, Zafar, Ashfaq, Jaffery & Co.
Chartered Accountants

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



FIRST ELITE CAPITAL MODARABA

DIRECTORS' REPORT

Valued Certificate Holders

The Board of Directors of **Crescent Modaraba Management Company Limited**, Manager of **First Elite Capital Modaraba** are pleased to present the reviewed financial statements of the Modaraba for the half year ended December 31, 2019.

Operations & Performance

	December 31 2019 Rupees	December 31 2018 Rupees
Total Income	21,303,637	21,576,287
Depreciation of assets leased out	13,826,577	13,176,141
Administrative and general expenses	8,540,704	10,168,502
Financial charges	1,028	6,686
Total Expenses	22,368,309	23,351,329
Operating Loss	(1,064,672)	(1,775,042)
Management Fee	-	-
Loss before taxation	(1,064,672)	(1,775,042)
Taxation	-	-
Loss after taxation	(1,064,672)	(1,775,042)

During the period under review the Modaraba suffered a loss of Rs.1,064,672/= as compared to loss of Rs.1,775,042/= in corresponding period of last year. The loss per certificate stood at Re.0.09 as at December 31,2019.

In spite of economy slowdown, reduction in industry spreads and stiff competition with Banks, the Modaraba during the period under review extended fresh Ijarah facilities to the tune of Rs.23,918,000/= to the customers. Gross revenue was Rs.21,303,637/= in the first half of the year, which was mainly derived from Ijarah, trading and Investments. During the period under review the Modaraba earned Rs.1,294,285/= from trading of Silage, the rate of return on trading business was better than other products. Administrative and general expenses decreased by Rs.1,627,798/= as compared to corresponding period of last year.

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

On behalf of the Board

AAMIR IFTIKHAR KHAN
CHIEF EXECUTIVE
Lahore
February 24, 2020

Muneeb Ahmed Dar
Chairman



ڈائریکٹر رپورٹ

معزز سرٹیفکیٹ ہولڈرز:-


فرسٹ ایلٹ کیپیٹل مضاربہ زیر انتظام کریسٹل مضاربہ مینجمنٹ کمپنی لمیٹڈ کے بورڈ آف ڈائریکٹر مضاربہ کی 31 دسمبر 2019ء کو ختم ہونے والی مدت کے جائزہ شدہ مالی حسابات پیش کرتے ہیں۔


31 دسمبر 2018ء (روپے)	31 دسمبر 2019ء (روپے)	آپریٹنگ اور کارکردگی:-
21,576,287	21,303,637	کل آمدن
13,176,141	13,826,577	لیزڈ آؤٹ اثاثوں کی فرسودگی
10,168,502	8,540,704	انتظامی و عمومی اخراجات
6,686	1,028	مالی اخراجات (فنانس چارجز)
23,351,329	22,368,309	کل اخراجات
(1,775,042)	(1,064,672)	آپریٹنگ خسارہ
-	-	انتظامی فیس
(1,775,042)	(1,064,672)	خسارہ قبل از ٹیکسیشن
-	-	ٹیکسیشن
(1,775,042)	(1,064,672)	خسارہ بعد از ٹیکسیشن

زیر غور مدت کے دوران مضاربہ کو -/1,064,672 روپے کا خسارہ ہوا۔ جبکہ گزشتہ سال اسی مدت کے دوران خسارہ -/1,775,042 روپے تھا۔ 31 دسمبر 2019ء کو فی سرٹیفکیٹ خسارہ 0.09 روپے رہا۔ معاشی سست روی، صنعتی پھیلاؤ میں کمی اور بینکوں سے سخت مسابقت کے باوجود زیر غور مدت کے دوران مضاربہ نے گاہکوں کو -/23,918,000 روپے کی نئی اجارہ فنانسنگ کی ہے۔ پہلی ششماہی کی مجموعی آمدنی -/21,303,637 روپے رہی جو کہ بنیادی طور پر اجارہ، تجارت اور سرمایہ کاری سے حاصل کی گئی۔ زیر غور مدت کے دوران مضاربہ نے سائیکل کے کاروبار سے -/1,294,285 روپے کمائے۔ تجارتی کاروبار میں شرح منافع دیگر مصنوعات سے بہتر رہی۔ گزشتہ سال کی اسی مدت کے مقابلہ میں انتظامی اور عمومی اخراجات میں -/1,627,798 روپے کی کمی واقع ہوئی۔

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

از طرف بورڈ آف ڈائریکٹر:-


 منیب احمد ڈار
 چیئرمین


 عامر افتخار خان
 چیف ایگزیکٹو
 لاہور
 24 فروری 2020ء



FIRST ELITE CAPITAL MODARABA

INDEPENDENT AUDITORS' REVIEW REPORT
TO THE CERTIFICATE HOLDERS OF FIRST ELITE CAPITAL MODARABA
REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim balance sheet of **First Elite Capital Modaraba** (the Modaraba) as at 31 December 2019 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity, and notes to the financial statements for the six-month period then ended. (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures for the quarters ended December 31, 2019 and December 31, 2018 in the condensed interim profit and loss account and condensed interim statement of comprehensive income has not been reviewed and we do not express a conclusion on them.

The engagement partner on the audit resulting in this independent auditor's report is Shahid Mohsin Sheikh, FCA

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

Lahore

Date: February 24, 2020



FIRST ELITE CAPITAL MODARABA

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2019 (UN-AUDITED)

	NOTE	December 31, 2019 Rupees (Un-Audited)	June 30, 2019 Rupees (Audited)
ASSETS			
Current assets			
Cash and bank balances	4	13,271,822	6,623,240
Short term investments	5	13,882,930	11,157,923
Short term finances under musharakah arrangements - Secured	6	443,244	557,244
Short term finances under murabahah arrangements - Secured	7	2,516,403	2,516,403
Ijarah rentals receivable - Secured	8	1,559,876	2,155,571
Profit receivable - Secured	9	29,167	30,139
Advances, deposits, prepayments and other receivables	10	4,096,769	4,388,602
Advance income tax	11	1,950,387	1,876,598
Stock in Trade		1,827,775	7,355,825
		39,578,373	36,661,545
Non-current assets			
Assets leased out under ijarah contracts	12	122,066,966	118,322,418
Property and equipment	13	26,954,594	27,285,304
		149,021,560	145,607,722
TOTAL ASSETS		188,599,933	182,269,267
LIABILITIES			
Current liabilities			
Accrued and other liabilities	14	1,563,271	2,512,700
Security deposits	15	2,742,246	5,729,874
Unclaimed profit distribution		8,190,581	8,200,937
		12,496,098	16,443,511
Non-current liabilities			
Security deposits	15	53,242,700	44,120,221
Employees retirement benefits		8,958,040	8,458,040
		62,200,740	52,578,261
Contingencies and commitments	16	-	-
TOTAL LIABILITIES		74,696,838	69,021,772
NET ASSETS		113,903,095	113,247,495
REPRESENTED BY			
Authorized Certificate Capital			
20,000,000 modaraba certificates of Rs. 10 each		200,000,000	200,000,000
Issued, subscribed and paid-up capital	17	113,400,000	113,400,000
Reserves		503,095	(152,505)
		113,903,095	113,247,495

The annexed notes from 1 to 22 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

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	HALF YEAR ENDED		QUARTER ENDED	
	December 31, 2019 Rupees (Un-Audited)	December 31, 2018 Rupees (Un-Audited)	December 31, 2019 Rupees (Un-Audited)	December 31, 2018 Rupees (Un-Audited)
INCOME				
Income from ijarah financing	18,729,554	20,320,241	9,169,153	10,010,801
Profit on murabahah and musharakah financing	223,632	239,140	136,131	96,958
Trading Income	1,294,285	-	1,294,285	-
Return on investments	852,042	713,971	745,882	284,218
Other income	204,124	302,935	86,790	142,933
	21,303,637	21,576,287	11,432,241	10,534,910
EXPENSES				
Depreciation of assets leased out	13,826,577	13,176,141	7,011,449	6,632,344
Administrative and general expenses	8,540,704	10,168,502	4,728,663	5,779,050
Financial charges	1,028	6,686	1,028	2,882
	22,368,309	23,351,329	11,741,140	12,414,276
Operating loss	(1,064,672)	(1,775,042)	(308,899)	(1,879,366)
Management fee	-	-	-	-
Loss before taxation	(1,064,672)	(1,775,042)	(308,899)	(1,879,366)
Taxation	-	-	-	-
Loss after taxation	(1,064,672)	(1,775,042)	(308,899)	(1,879,366)
Loss per certificate - basic and diluted	(0.09)	(0.16)	(0.03)	(0.17)

The annexed notes from 1 to 22 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

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	HALF YEAR ENDED		QUARTER ENDED	
	December 31, 2019 Rupees (Un-Audited)	December 31, 2018 Rupees (Un-Audited)	December 31, 2019 Rupees (Un-Audited)	December 31, 2018 Rupees (Un-Audited)
Loss after taxation	(1,064,672)	(1,775,042)	(308,899)	(1,879,366)
Other comprehensive loss				
<i>Items that may be reclassified subsequently to profit and loss</i>				
Changes in fair value of available for sale financial assets	1,720,272	(2,752,509)	(1,082,212)	(586,979)
Re-classification adjustment for loss included in profit and loss	-	-	-	-
	1,720,272	(2,752,509)	(1,082,212)	(586,979)
<i>Items that may not be reclassified subsequently to profit and loss</i>	-	-	-	-
Total comprehensive profit/(loss)	655,600	(4,527,551)	(1,391,111)	(2,466,345)

The annexed notes from 1 to 22 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

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	December 31, 2019 Rupees (Un-Audited)	December 31, 2018 Rupees (Un-Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(1,064,672)	(1,775,042)
Adjustments for non-cash and other items:		
Depreciation	330,710	404,161
Amortization of assets leased out under ijarah contracts	13,826,577	13,176,141
Profit on sale of investments	(511,353)	-
Dividend income	(340,689)	(714,093)
Gain on transfer of assets leased out	(261,725)	(602,136)
Provision for employees retirement benefits	500,000	500,000
	13,543,520	12,764,073
Operating profit before changes in working capital	12,478,848	10,989,031
Changes in working capital:		
Ijarah rentals receivable	595,695	(1,233,679)
Profit receivable	972	6,165
Advances, deposits and prepayments	291,833	1,942,943
Accrued and other liabilities	(949,429)	(1,433,848)
Unclaimed profit distribution	(10,356)	1,238,178
Security deposits	6,134,851	2,783,010
Decrease in short term investment under musharakah and murabahah arrangements	114,000	7,012,127
	6,177,566	10,314,896
Cash flows from operations	18,656,414	21,303,927
(Payments)/receipts for:		
Purchase of ijarah assets	(23,918,000)	(24,892,500)
Transfer of ijarah assets	6,608,600	10,257,513
Income taxes	(73,789)	(145,879)
Employees retirement benefits	-	(1,822,700)
Profit distribution	-	(3,402,000)
	(17,383,189)	(20,005,566)
Net cash generated from / (used in) operating activities	1,273,225	1,298,361
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of short term investments	(2,149,823)	(4,450,659)
Proceeds from sale of short term investments	1,656,441	-
Proceeds from sale of Stocks	5,528,050	-
Dividend received	340,689	714,093
Net cash (used in)/generated from investing activities	5,375,357	(3,736,566)
CASH FLOWS FROM FINANCING ACTIVITIES		
	-	-
Net increase/(decrease) in cash and cash equivalents	6,648,582	(2,438,205)
Cash and cash equivalents at the beginning of the period	6,623,240	14,238,575
Cash and cash equivalents at the end of the period	13,271,822	11,800,370

The annexed notes from 1 to 22 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

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED DECEMBER 31, 2019


	Certificate Capital Rupees	Statutory Reserve Rupees	Unrealized Gain/(Loss) on Available for sale financial assets Rupees	Accumulated losses Rupees	Total Reserves Rupees	Total equity Rupees
Balance as at June 30, 2018 - Audited	113,400,000	32,018,014	(1,248,037)	(16,224,713)	14,545,264	127,945,264
Transaction with owners						
Profit distribution @ 3.00% i.e. Re. 0.30 per certificate	-	-	-	(3,402,000)	(3,402,000)	(3,402,000)
	-	-	-	(3,402,000)	(3,402,000)	(3,402,000)
Comprehensive income / (loss)						
Loss after taxation	-	-	-	(1,775,042)	(1,775,042)	(1,775,042)
Other comprehensive loss	-	-	(2,752,509)	-	(2,752,509)	(2,752,509)
	-	-	(2,752,509)	(1,775,042)	(4,527,551)	(4,527,551)
Balance as at December 31, 2018 - Un-audited	113,400,000	32,018,014	(4,000,546)	(21,401,755)	6,615,713	120,015,713
Balance as at June 30, 2019 - Audited	113,400,000	32,018,014	(8,406,628)	(23,763,891)	(152,505)	113,247,495
Comprehensive income / (loss)						
Loss after taxation	-	-	-	(1,064,672)	(1,064,672)	(1,064,672)
Other comprehensive income	-	-	1,720,272	-	1,720,272	1,720,272
	-	-	1,720,272	(1,064,672)	655,600	655,600
Balance as at December 31, 2019 - Un-audited	113,400,000	32,018,014	(6,686,356)	(24,828,563)	503,095	113,903,095

The annexed notes from 1 to 22 form an integral part of these financial statements

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 CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2019 (UN-AUDITED)

1 REPORTING ENTITY

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 repealed Companies Ordinance, 1984 (now the Companies Act, 2017). 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 (PSX). The Modaraba is primarily engaged in the business of ijarah, musharakah and murabahah financing, investment in marketable securities and other related businesses.

2 BASIS OF PREPARATION

This interim financial information is not audited and has been presented in condensed form and does not include all the information as is required to be provided in a full set of annual financial statements. This condensed interim financial information should be read in conjunction with the audited financial statements of the Modaraba for the year ended June 30, 2019.

The comparative interim statement of financial position as at June 30, 2019 and the related notes to the condensed interim financial information are based on audited financial statements. The comparative interim statement of profit or loss, interim statement of comprehensive income, interim statement of cash flow, interim statement of changes in equity and related notes to the condensed interim financial information for the half year ended December 31, 2019 are based on unaudited, reviewed interim financial information. The interim statement of profit or loss account and interim statement of comprehensive income for the quarters ended December 31, 2019 and December 31, 2018 are neither audited nor reviewed.

2.1 Statement of Compliance

This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the provisions of the Companies Act, 2017, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and the directives issued by SECP differ with the requirements of IFRSs or IFAS, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 or the directives issued by the SECP prevail.

2.2 Basis of measurement

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

2.3 Judgments, estimates and assumptions

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

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

2.4 Functional Currency

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



FIRST ELITE CAPITAL MODARABA

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Modaraba for the year ended June 30, 2019.

	Note	Un-Audited December 31, 2019 Rupees	Audited June 30, 2019 Rupees
4 CASH AND BANK BALANCES			
Cash in hand		147,909	57,944
Cash at bank in			
- current accounts		306,162	319,853
- saving accounts		12,817,751	6,245,443
		<u>13,271,822</u>	<u>6,623,240</u>
5 SHORT TERM INVESTMENTS			
Available for sale			
Cost of investment		24,305,676	23,300,941
Accumulated Impairment		(3,736,390)	(3,736,390)
Fair value adjustment		(6,686,356)	(8,406,628)
		<u>13,882,930</u>	<u>11,157,923</u>
6 SHORT TERM FINANCES UNDER MUSHARAKAH ARRANGEMENTS - SECURED			
Considered good		443,244	557,244
Considered doubtful		637,500	637,500
		<u>1,080,744</u>	<u>1,194,744</u>
Less: Provision for doubtful receivables under Musharakah arrangements		(637,500)	(637,500)
		<u>443,244</u>	<u>557,244</u>

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.

7 SHORT TERM FINANCES UNDER MURABAHAH ARRANGEMENTS - SECURED			
Considered good		2,516,403	2,516,403
Considered doubtful		55,316,181	55,357,955
		<u>57,832,584</u>	<u>57,874,358</u>
Less: Provision for doubtful receivables under Murabahah arrangements		(55,316,181)	(55,357,955)
		<u>2,516,403</u>	<u>2,516,403</u>

These represent receivable against murabahah transactions on deferred payment basis at a specified margin. These are secured against pledge of marketable securities, mortgage of property, hypothecation of stocks, demand promissory notes and personal guarantees. Profit margin on murabahah transactions ranges from 14% to 20% per annum receivable on monthly basis.

The Modaraba has filed execution petitions with the Modaraba Tribunal Punjab and suit with Banking Court, Lahore against various parties for recoveries, also claim has been filed against one company, with official liquidators appointed by Lahore High Court.

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:			
Considered good		1,559,876	2,155,571
Considered doubtful		5,266,016	3,684,459
		<u>6,825,892</u>	<u>5,840,030</u>
Less: Provision for doubtful receivables		(5,266,016)	(3,684,459)
		<u>1,559,876</u>	<u>2,155,571</u>

The Modaraba has filed execution petition against one party with the Modaraba Tribunal Punjab, Lahore for recovery.

9 PROFIT RECEIVABLE - SECURED			
This represents profit receivable on murabahah finance.			
Considered good		29,167	30,139
Considered doubtful		21,691,955	21,698,811
		<u>21,721,122</u>	<u>21,728,950</u>
Less: Provision for doubtful receivables		(21,691,955)	(21,698,811)
		<u>29,167</u>	<u>30,139</u>



FIRST ELITE CAPITAL MODARABA

	Note	Un-Audited December 31, 2019 Rupees	Audited June 30, 2019 Rupees
10 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances to employees-considered good		2,264,258	2,299,206
Prepayments		1,707,154	1,954,981
Deposits and other advances		60,450	60,450
Accrued profit on bank deposit		-	10,736
Other Receivable - - unsecured	10.1	64,907	63,229
		<u>4,096,769</u>	<u>4,388,602</u>
10.1 These mainly include amounts recoverable from customers in respect of expenses incurred by the Modaraba on their behalf. Particulars of other receivables are as follows:			
Considered good		64,907	63,229
Considered doubtful		2,765,941	2,765,941
		<u>2,830,848</u>	<u>2,829,170</u>
Less: Provision for doubtful receivables		(2,765,941)	(2,765,941)
		<u>64,907</u>	<u>63,229</u>
11 ADVANCE INCOME TAX			
Opening balance		1,876,598	1,947,760
Add: tax deducted / paid during the period		73,789	62,604
Less: provision for the period		-	(133,766)
Closing balance		<u>1,950,387</u>	<u>1,876,598</u>
12 ASSETS LEASED OUT UNDER IJARAH CONTRACT			
Leased Assets	12.1	122,066,966	118,322,418
12.1 Movement in assets leased out under ijarah contract			
Opening net book value		118,322,418	113,844,945
Additions during the period		23,918,000	52,215,500
Disposal during the period		(6,346,875)	(19,375,155)
		<u>135,893,543</u>	<u>146,685,290</u>
Depreciation charged during the period		(13,826,577)	(28,362,872)
Closing net book value		<u>122,066,966</u>	<u>118,322,418</u>
13 PROPERTY AND EQUIPMENT			
Operating Fixed Assets	13.1	26,954,594	27,285,304
13.1 Movement in operating fixed assets			
Opening net book value		27,285,304	28,040,772
Additions during the period		-	54,000
Disposal during the period		-	-
		<u>27,285,304</u>	<u>28,094,772</u>
Depreciation charged during the period		(330,710)	(809,468)
Closing net book value		<u>26,954,594</u>	<u>27,285,304</u>
14 ACCRUED AND OTHER LIABILITIES			
Management fee payable		424,308	524,308
Accrued expenses		498,265	1,528,781
Advance ijarah rentals		157,347	127,073
Withholding tax payable		14,710	5,334
Charity payable		15,902	15,902
Other payables - unsecured		452,739	311,302
		<u>1,563,271</u>	<u>2,512,700</u>
15 SECURITY DEPOSITS			
Security deposits under ijarah contracts		55,984,946	49,850,095
Current maturity presented under current liabilities		(2,742,246)	(5,729,874)
		<u>53,242,700</u>	<u>44,120,221</u>
16 CONTINGENCIES AND COMMITMENTS			
16.1 Contingencies			
16.1.1	The Modaraba received a show cause 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 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.		
16.1.2	For the Assessment year 2002-2003 the assessment was made by the Taxation		



FIRST ELITE CAPITAL MODARABA

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.

- 16.1.3** 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(j) of the Income Tax Ordinance, 1979. (Repealed Ordinance)' & 'Fee & Subscription' etc., except the issue of allowability of "Provision for Doubtful Debts/Doubtful Morabaha" 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.

16.2 Commitments

There are no significant commitments as at the reporting date

Un-Audited
December
31, 2019
Rupees

Audited
June
30, 2019
Rupees

17 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Modaraba certificates of Rs. 10 each.
10,000,000 (June 30, 2019: 10,000,000)
certificates issued for cash
1,340,000 (June 30, 2019: 1,340,000)
certificates issued as bonus certificates

100,000,000	100,000,000
13,400,000	13,400,000
113,400,000	113,400,000

18 TAXATION

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

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

19 RELATED PARTY TRANSACTIONS AND BALANCES

Transactions with related party include management fee payable to the Crescent Modaraba Management Company Limited. The details are as follows:

19.1 Transaction with related party during period

Nature of relationship	Nature of transaction		
Management Company	Management fee	-	-
Management Company	Profit distribution	-	-

19.2 Payable to related parties

Nature of relationship	Nature of transaction		
Management Company	Management fee payable	424,308	524,308

20 EVENTS AFTER THE REPORTING PERIOD

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

21 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information have been approved by the Board of Directors of the Management Company and authorized for issue on February 24, 2020.

22 GENERAL

Figures have been rounded off to the nearest Rupee.

For CRESCENT MODARABA MANAGEMENT COMPANY LIMITED
(MANAGEMENT COMPANY OF FIRST ELITE CAPITAL MODARABA)

Chairman

Chief Executive

Director

Chief Financial Officer

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FIRST ELITE CAPITAL MODARABA

Managed By

CRESCENT MODARABA MANAGEMENT COMPANY LIMITED

