



**FIRST
ELITE
CAPITAL
MODARABA**

Half Yearly Report
December 31, 2020
(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, 2020.

Operations & Performance

	December 31 2020 Rupees	December 31 2019 Rupees
Total Income	21,219,397	19,571,237
Depreciation of assets leased out	13,428,597	13,826,577
Administrative and general expenses	7,280,250	6,808,304
Financial charges	2,579	1,028
Total Expenses	20,711,426	20,635,909
Operating Income / (Loss)	507,971	(1,064,672)
Management Fee	-	-
Profit / (Loss) before taxation	507,971	(1,064,672)
Taxation	-	-
Profit / (Loss) after taxation	507,971	(1,064,672)

During the period under review, the Modaraba earned a profit of Rs. 507,971/= as compared to loss of Rs.1,064,672/= in corresponding period of last year. The profit per certificate stood at Re.0.04 as at December 31,2020.

The Modaraba earned a gross revenue of Rs.21,219,397/= in the first half of the year, which was mainly derived from Ijarah, trading and Investments. At present, the Management of the Modaraba is mainly focusing on trading activities, since the Management expects better rate of return on trading business.

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

On behalf of the Board

AAMIR IFTIKHAR KHAN
CHIEF EXECUTIVE

Lahore
February 24, 2021

MUNEEB AHMED DAR
CHAIRMAN



ڈائریکٹرز رپورٹ

معزز سرٹیفکیٹ ہولڈرز:-

فرسٹ ایلٹ کیپیٹل مضاربہ زیر انتظام کریڈٹ مضاربہ مینجمنٹ کمپنی لمیٹڈ کے بورڈ آف ڈائریکٹرز مضاربہ کی 31 دسمبر 2020ء کو ختم ہونے والی مدت کے جائزہ شدہ مالی حسابات پیش کرتے ہیں۔

آپریٹنگ اور کارکردگی:-

31 دسمبر 2019ء (روپے)

31 دسمبر 2020ء (روپے)

19,571,237	21,219,397	کل آمدن
13,826,577	13,428,597	لیزڈ آؤٹ اثاثوں کی فرسودگی
6,808,304	7,280,250	انتظامی و عمومی اخراجات
1,028	2,579	مالی اخراجات (فنانس چارجز)
20,635,909	20,711,426	کل اخراجات
(1,064,672)	507,971	آپریٹنگ آمدن / (خسارہ)
-	-	انتظامی فیس
(1,064,672)	507,971	منافع / (خسارہ) قبل از ٹیکسیشن
-	-	ٹیکسیشن
(1,064,672)	507,971	منافع / (خسارہ) بعد از ٹیکسیشن

زیر غور مدت کے دوران مضاربہ کو 507,971 روپے کا منافع ہوا۔ جبکہ گزشتہ سال اسی مدت کے دوران 1,064,672 روپے کا خسارہ تھا۔ 31 دسمبر 2020ء کو فی سرٹیفکیٹ منافع 0.04 روپے رہا۔

مضاربہ کو سال کی پہلی ششماہی میں مجموعی آمدنی 21,219,397 روپے رہی جو کہ بنیادی طور پر اجارہ، تجارت اور سرمایہ کاری سے حاصل کی گئی۔ اس وقت مضاربہ کی انتظامیہ بنیادی طور پر تجارتی سرگرمیوں پر توجہ مرکوز کر رہی ہے کیونکہ انتظامیہ کو تجارتی کاروبار پر واپسی کی بہتر شرح کی توقع ہے۔

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 ڈائریکٹرز:-

منیب احمد ڈار

چیرمین

عامر افتخار خان

چیف ایگزیکٹو

24 فروری 2021ء

☆☆☆☆



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 statement of financial position of **First Elite Capital Modaraba** (the Modaraba) as at 31 December 2020 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement, 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 approved 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 Statements 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 is not prepared, in all material respects, in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures for the quarters ended December 31, 2020 and December 31, 2019 in the condensed interim profit and loss account 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 Shaikh, FCA

Naveed Zafar Ashfaq Jaffery & Co.

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

Lahore

Date: February 24, 2021



FIRST ELITE CAPITAL MODARABA

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2020 (UN-AUDITED)

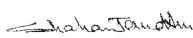
	NOTE	December 31, 2020 Rupees (Un-Audited)	June 30, 2020 Rupees (Audited)
ASSETS			
Current assets			
Cash and bank balances	4	24,811,887	19,171,190
Short term investments	5	15,328,126	11,593,818
Short term finances under musharakah arrangements - Secured	6	348,244	405,244
Short term finances under murabahah arrangements - Secured	7	16,403	1,016,403
Ijarah rentals receivable - Secured	8	3,287,299	3,267,753
Profit receivable - Secured	9	-	48,738
Advances, deposits, prepayments and other receivables	10	4,504,039	3,863,996
Advance income tax	11	1,939,300	1,847,438
Stock in Trade		9,459,366	5,170,619
		59,694,664	46,385,199
Non-current assets			
Assets leased out under ijarah contracts	12	89,205,572	108,087,632
Property and equipment	13	26,332,149	26,624,074
		115,537,721	134,711,706
TOTAL ASSETS		175,232,385	181,096,905
LIABILITIES			
Current liabilities			
Accrued and other liabilities	14	1,306,940	1,955,846
Security deposits	15	13,547,144	7,308,977
Unclaimed profit distribution		8,183,636	8,187,946
		23,037,720	17,452,769
Non-current liabilities			
Security deposits	15	33,423,257	47,672,723
Employees retirement benefits		9,245,063	9,066,663
		42,668,320	56,739,386
Contingencies and commitments	16	-	-
TOTAL LIABILITIES		65,706,040	74,192,155
NET ASSETS		109,526,345	106,904,750
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		(3,873,655)	(6,495,250)
		109,526,345	106,904,750

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 PROFIT OR LOSS FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	HALF YEAR ENDED		QUARTER ENDED	
	December 31, 2020 Rupees (Un-Audited)	December 31, 2019 Rupees (Un-Audited)	December 31, 2020 Rupees (Un-Audited)	December 31, 2019 Rupees (Un-Audited)
INCOME				
Income from ijarah financing	19,270,003	17,032,214	8,665,916	7,471,813
Profit on murabahah and musharakah financing	-	223,632	-	136,131
Reversal of provision	108,026	-	108,026	-
Trading Income	1,092,265	1,294,285	861,620	1,294,285
Return on investments	528,993	852,042	289,242	745,882
Other income	220,110	169,064	70,393	51,730
	21,219,397	19,571,237	9,995,197	9,699,841
EXPENSES				
Depreciation of assets leased out	13,428,597	13,826,577	6,609,040	7,011,449
Administrative and general expenses	7,280,250	6,808,304	3,832,701	2,996,263
Financial charges	2,579	1,028	1,878	1,028
	20,711,426	20,635,909	10,443,619	10,008,740
Operating income / (loss)	507,971	(1,064,672)	(448,422)	(308,899)
Management fee	-	-	-	-
Profit / (Loss) before taxation	507,971	(1,064,672)	(448,422)	(308,899)
Taxation	-	-	-	-
Profit / (Loss) after taxation	507,971	(1,064,672)	(448,422)	(308,899)
Profit / (Loss) per certificate - basic and diluted	0.04	(0.09)	(0.04)	(0.03)

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, 2020

	HALF YEAR ENDED		QUARTER ENDED	
	December 31, 2020 Rupees (Un-Audited)	December 31, 2019 Rupees (Un-Audited)	December 31, 2020 Rupees (Un-Audited)	December 31, 2019 Rupees (Un-Audited)
Profit / (Loss) after taxation	507,971	(1,064,672)	(448,422)	(308,899)
Other comprehensive income / (loss)				
<i>Items that may be reclassified subsequently to profit and loss</i>				
Changes in fair value of available for sale financial assets	2,113,625	1,720,272	305,312	(1,082,212)
Re-classification adjustment for loss included in profit and loss	-	-	-	-
	2,113,625	1,720,272	305,312	(1,082,212)
<i>Items that may not be reclassified subsequently to profit and loss</i>	-	-	-	-
Total comprehensive income/(loss)	2,621,596	655,600	(143,110)	(1,391,111)

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 CASH FLOWS FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	December 31, 2020 Rupees (Un-Audited)	December 31, 2019 Rupees (Un-Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	507,971	(1,064,672)
Adjustments for non-cash and other items:		
Depreciation	267,729	330,710
Amortization of assets leased out under ijarah contracts	13,428,597	13,826,577
Profit on sale of investments	(385,213)	(511,353)
Reversal of provision	(108,026)	-
Gain on disposal of property and equipment	(8,804)	-
Dividend income	(143,780)	(340,689)
Gain on transfer of assets leased out	(1,236,045)	(261,725)
Provision for employees retirement benefits	450,000	500,000
	12,264,458	13,543,520
Operating profit before changes in working capital	12,772,429	12,478,848
Changes in working capital:		
Ijarah rentals receivable	(19,546)	595,695
Profit receivable	48,738	972
Advances, deposits and prepayments	(640,043)	291,833
Accrued and other liabilities	(648,906)	(949,429)
Security deposits	(8,011,299)	6,134,851
Stock in Trade	(4,288,747)	5,528,050
Decrease in short term investment under musharakah and murabahah arrangements	1,057,000	114,000
	(12,502,803)	11,715,972
Cash flows from operations	269,626	24,194,820
(Payments)/receipts for:		
Purchase of ijarah assets	(11,907,300)	(23,918,000)
Transfer of Ijarah assets	17,360,763	6,608,600
Sales proceed from operating assets	33,000	-
Income taxes	(91,862)	(73,789)
Employees retirement benefits	(271,600)	-
Profit Distribution	(4,310)	(10,356)
	5,118,691	(17,393,545)
Net cash generated from / (used in) operating activities	5,388,317	6,801,275
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of short term investments	(7,091,358)	(2,149,823)
Proceeds from sale of short term investments	7,199,958	1,656,441
Dividend received	143,780	340,689
Net cash (used in)/generated from investing activities	252,380	(152,693)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase/(decrease) in cash and cash equivalents	5,640,697	6,648,582
Cash and cash equivalents at the beginning of the period	19,171,190	6,623,240
Cash and cash equivalents at the end of the period	24,811,887	13,271,822

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

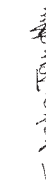
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Certificate Capital Rupees	Statutory Reserve Rupees	Reserves			Total Reserves Rupees	Total equity Rupees
			Unrealized Gain/(Loss) on Available for sale financial assets Rupees	Accumulated losses Rupees			
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)	-	-	-	(1,064,672)		(1,064,672)	(1,064,672)
Loss after taxation	-	-	1,720,272	-		1,720,272	1,720,272
Other comprehensive income	-	-	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
Balance as at June 30, 2020 - Audited	113,400,000	32,018,014	(9,983,417)	(28,529,847)		(6,495,250)	106,904,750
Comprehensive income / (loss)	-	-	-	507,971		507,971	507,971
Profit / (Loss) after taxation	-	-	2,113,625	-		2,113,625	2,113,625
Other comprehensive income	-	-	2,113,625	507,971		2,621,595	2,621,595
Balance as at December 31, 2020 - Un-audited	113,400,000	32,018,014	(7,869,792)	(28,021,876)		(3,873,655)	109,526,345

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


Director


Chief Financial Officer



FIRST ELITE CAPITAL MODARABA

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (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, 2020. The Securities and Exchange Commission of Pakistan vide Circular No. 10 of 2004 dated February 13, 2004 has deferred, till further orders, the applicability of the IAS 17 "Leases" with effect from July 01, 2003. Accordingly, this IAS has not been considered for the purpose of preparation of this financial information.

The comparative interim statement of financial position as at June 30, 2020 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 flows, interim statement of changes in equity and related notes to the condensed interim financial information for the half year ended December 31, 2020 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, 2020 and December 31, 2019 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.

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, 2020.

4 CASH AND BANK BALANCES

Note	Un-Audited December 31, 2020 Rupees	Audited June 30, 2020 Rupees
Cash in hand	324,568	156,705
Cash at bank in		
- current accounts	293,448	299,844
- saving accounts	24,193,871	18,714,641
	<u>24,811,887</u>	<u>19,171,190</u>



FIRST ELITE CAPITAL MODARABA

Note	Un-Audited December 31, 2020 Rupees	Audited June 30, 2020 Rupees
5 SHORT TERM INVESTMENTS		
Available for sale		
Cost of investment	26,934,308	25,313,625
Accumulated Impairment	(3,736,390)	(3,736,390)
Fair value adjustment	(7,869,792)	(9,983,417)
	<u>15,328,126</u>	<u>11,593,818</u>
6 SHORT TERM FINANCES UNDER MUSHARAKAH ARRANGEMENTS - SECURED		
Considered good	-	-
Considered doubtful	985,744	1,042,744
	<u>985,744</u>	<u>1,042,744</u>
Less: Provision for doubtful receivables under Musharakah arrangements	(637,500)	(637,500)
	<u>348,244</u>	<u>405,244</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 MURABAHARR ARRANGEMENTS - SECURED		
Considered good	16,403	1,016,403
Considered doubtful	55,201,678	55,309,704
	<u>55,218,081</u>	<u>56,326,107</u>
Less: Provision for doubtful receivables under Murabahah arrangements	(55,201,678)	(55,309,704)
	<u>16,403</u>	<u>1,016,403</u>

These represent receivable against murabahah transactions on deferred payment basis at a specified margin. These are secured against mortgage of property, and personal guarantees. Profit margin on murabahah transactions ranges from 13% to 20% per annum receivable on monthly basis.

- 7.1** The Modaraba has filed Three (2020: Three) execution petitions for claim of Rs. 25,868,727/- (2020: 25,868,727/-) 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.
- 7.2** The Modaraba has filed a claim for Rs. 22,063,889/- (2020: 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.
- 7.3** The Modaraba has filed Twenty Five (2020: Twenty Five) suits for recovery of receivables amounting to Rs. 26,475,820 (2019: Rs. 26,475,820/-) 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.
- 7.4** The Modaraba has filed One (2020: One) criminal complaint under section 20 of the Financial Institutions (Recovery of Finances) Ordinance, 2001. against party 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:		
Considered good	3,287,299	3,267,753
Considered doubtful	7,087,857	7,699,651
	<u>10,375,156</u>	<u>10,967,404</u>
Less: Provision for doubtful receivables	(7,087,857)	(7,699,651)
	<u>3,287,299</u>	<u>3,267,753</u>

The Modaraba has filed One (2020: One) execution petition for claim of Rs. 209,616/- (2020: 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.

9 PROFIT RECEIVABLE - SECURED		
This represents profit receivable on murabahah finance.		
Considered good	-	48,738
Considered doubtful	21,690,659	21,690,660
	<u>21,690,659</u>	<u>21,739,398</u>
Less: Provision for doubtful receivables	(21,690,659)	(21,690,660)
	<u>-</u>	<u>48,738</u>



FIRST ELITE CAPITAL MODARABA

	Note	Un-Audited December 31, 2020 Rupees	Audited June 30, 2020 Rupees
10 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances to employees-considered good		2,538,414	2,205,406
Prepayments		1,649,676	1,506,526
Deposits and other advances		60,450	60,450
Accrued profit on bank deposit		32,476	32,692
Other Receivable - unsecured	10.1	223,023	58,922
		<u>4,504,039</u>	<u>3,863,996</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		223,023	58,922
Considered doubtful		2,765,941	2,765,941
		<u>2,988,964</u>	<u>2,824,863</u>
Less: Provision for doubtful receivables		<u>(2,765,941)</u>	<u>(2,765,941)</u>
		<u>223,023</u>	<u>58,922</u>
This include amounts recoverable from customers Rs 1,118,768 (2020: Rs.1,118,768) in respect of expenses incurred by the Modaraba on their behalf.			
11 ADVANCE INCOME TAX			
Opening balance		1,847,438	1,876,598
Add: tax deducted / paid during the period		91,862	93,905
Less: provision for the period		-	(123,065)
Closing balance		<u>1,939,300</u>	<u>1,847,438</u>
12 ASSETS LEASED OUT UNDER IJARAH CONTRACT			
Leased Assets	12.1	<u>89,205,572</u>	<u>108,087,632</u>
12.1 Movement in assets leased out under ijarah contract			
Opening net book value		108,087,632	118,322,418
Additions during the period		11,907,300	26,294,500
Disposal during the period		<u>(17,360,763)</u>	<u>(8,325,421)</u>
		<u>102,634,169</u>	<u>136,291,497</u>
Depreciation charged during the period		<u>(13,428,597)</u>	<u>(28,203,865)</u>
Closing net book value		<u>89,205,572</u>	<u>108,087,632</u>
13 PROPERTY AND EQUIPMENT			
Operating Fixed Assets	13.1	<u>26,332,149</u>	<u>26,624,074</u>
13.1 Movement in operating fixed assets			
Opening net book value		26,624,074	27,285,304
Additions during the period		-	-
Disposal during the period		<u>(24,196)</u>	<u>-</u>
		<u>26,599,878</u>	<u>27,285,304</u>
Depreciation charged during the period		<u>(267,729)</u>	<u>(661,230)</u>
Closing net book value		<u>26,332,149</u>	<u>26,624,074</u>
14 ACCRUED AND OTHER LIABILITIES			
Management fee payable		84,308	249,308
Accrued expenses		895,121	1,362,295
Advance ijarah rentals		127,073	89,547
Withholding tax payable		12,073	18,279
Charity payable		12,690	12,690
Other payables - unsecured		175,675	223,727
		<u>1,306,940</u>	<u>1,955,846</u>
15 SECURITY DEPOSITS			
Security deposits under ijarah contracts		46,970,401	54,981,700
Current maturity presented under current liabilities		<u>(13,547,144)</u>	<u>(7,308,977)</u>
		<u>33,423,257</u>	<u>47,672,723</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 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.		



FIRST ELITE CAPITAL MODARABA

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(i) 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.

16.1.4 The Modaraba filed its Common Reporting Standards Return (CRS Report) As the Tax Year 2018 on 13-05-2019.

The proceedings were initiated by Assistant Commissioner Inland Revenue, E&C, Unit-07, Range-02, Zone-06, CRTO, Lahore vide notice bearing bar code No. 10000059200918 Dated 25-09-2019 under Section 182(2) of Income Tax Ordinance, 2001 wherein the officer intended to impose penalty for late filing of CRS Return. The Modaraba through its AR (Authorized Representative) complied with the above notice through its replies bearing reference Nos. ITA-74/19/931 dated 04-11-2019 and ITA-74/19/938 dated 07-11-2019 claiming that the Return was filed within Due date for filing of return for the CRS. The Learned ACIR passed the Order bearing barcode No. 10000064637626 dated 29-11-2019 and imposed penalty of Rs 1,230,000/-. Being aggrieved from the impugned order the Modaraba preferred appeal before Commissioner Inland Revenue Appeals VI, Lahore. This appeal was heard on 22-06-2020 and the appellate order is awaiting till date.

16.2 Commitments

There are no significant commitments as at the reporting date

Un-Audited December 31, 2020 Rupees	Audited June 30, 2020 Rupees
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17 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Modaraba certificates of Rs. 10 each. 10,000,000 (June 30, 2020: 10,000,000) certificates issued for cash	100,000,000	100,000,000
1,340,000 (June 30, 2020: 1,340,000) certificates issued as bonus certificates	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 non-trading modaraba is exempt from income tax under clause 100 of Part-I of Second Schedule to the Income Tax Ordinance 2001, if the Modaraba distributes at least ninety percent of its profits, as reduced by the amount transferred to statutory reserve, as cash dividends to the certificate holders and the Modaraba intends to avail the exemption.

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	84,308	249,308

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, 2021.

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

