



**FIRST  
ELITE  
CAPITAL  
MODARABA**

Half Yearly Report  
December 31, 2021  
(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, 2021.

#### **Operations & Performance**

|   | <b>December 31<br/>2021<br/>Rupees</b> | <b>December 31<br/>2020<br/>Rupees</b> |
|---|--|--|
| Total Income                                      | <b>18,887,863</b>                      | 21,219,397                             |
| Depreciation of assets leased out                 | <b>13,485,542</b>                      | 13,428,597                             |
| Administrative and general expenses               | <b>8,657,568</b>                       | 7,280,250                              |
| Financial charges                                 | <b>5,398</b>                           | 2,579                                  |
| Total Expenses                                    | <b>22,148,508</b>                      | 20,711,426                             |
| Operating (Loss)/profit                           | <b>(3,260,645)</b>                     | 507,971                                |
| Management Fee                                    | -                                      | -                                      |
| (Loss)/Profit before taxation                     | <b>(3,260,645)</b>                     | 507,971                                |
| Taxation  | <b>(236,098)</b>                       | -                                      |
| (Loss)/Profit after taxation                      | <b>(3,496,743)</b>                     | 507,971                                |
| (Loss)/Profit per certificate - basic and diluted | <b>(0.31)</b>                          | 0.04                                   |

During the period under review, the Modaraba suffered a loss of Rs.3,496,743/= as compared to profit of Rs.507,971/= in the corresponding period of last year. The volatile capital market, rising inflation and political unrest in the country affected the results of the Modaraba.

The Modaraba earned a gross revenue of Rs.18,887,863/= in the first half of the year, which was mainly derived from Ijarah and Investments. At present the Management of the Modaraba is mainly focusing on Ijarah financing as well as exploring new profitable avenues of business.

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, 2022

**MUNEEB AHMED DAR**  
CHAIRMAN



## ڈائریکٹرز رپورٹ

معزز سرٹیفکیٹ ہولڈرز:-

فرسٹ ایلٹ کیپیٹل مضاربہ زیر انتظام کریڈٹ مضاربہ منجمنٹ کمپنی لمیٹڈ کے بورڈ آف ڈائریکٹرز مضاربہ کی 31 دسمبر 2021ء کو ختم ہونے والی مدت کے جائزہ شدہ مالی حسابات پیش کرتے ہیں۔

آپریشنز اور کارکردگی:-

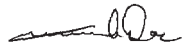
| 31 دسمبر 2020ء<br>(روپے) | 31 دسمبر 2021ء<br>(روپے) |  |
|--------------------------|--------------------------|--|
| 21,219,397               | 18,887,863               | کل آمدن  |
| 13,428,597               | 13,485,542               | لیزڈ آؤٹ اثاثوں کی فرسودگی                         |
| 7,280,250                | 8,657,568                | انتظامی و عمومی اخراجات                            |
| 2,579                    | 5,398                    | مالی اخراجات (فنانس چارجز)                         |
| 20,711,426               | 22,148,508               | کل اخراجات   |
| 507,971                  | (3,260,645)              | آپریٹنگ (خسارہ) / منافع                            |
| -                        | -                        | انتظامی فیس  |
| 507,971                  | (3,260,645)              | (خسارہ) / منافع قبل از ٹیکسیشن                     |
| -                        | (236,098)                | ٹیکسیشن  |
| 507,971                  | (3,496,743)              | (خسارہ) / منافع بعد از ٹیکسیشن                     |
| 0.04                     | (0.31)                   | (خسارہ) / منافع فی سرٹیفکیٹ - بنیادی اور تحلیل شدہ |

زیر غور مدت کے دوران مضاربہ کو -/3,496,743 روپے کا خسارہ ہوا۔ جبکہ گزشتہ سال اسی مدت کے دوران -/507,971 روپے کا منافع تھا۔ غیر مستحکم کیپیٹل مارکیٹ، بڑھتی ہوئی مہنگائی اور ملک میں سیاسی بے چینی نے مضاربہ کے نتائج کو متاثر کیا۔

مضاربہ کو سال کی پہلی ششماہی میں مجموعی آمدنی -/18,887,863 روپے رہی جو کہ بنیادی طور پر اجارہ اور سرمایہ کاری سے حاصل کی گئی۔ اس وقت مضاربہ کی انتظامیہ کی توجہ بنیادی طور پر اجارہ فنانسنگ کے ساتھ ساتھ کاروبار کے نئے منافع بخش راستے تلاش کرنے پر مرکوز 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

لاہور

24 فروری 2022ء



## 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 2021 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, 2021 and December 31, 2020 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, 2022



# FIRST ELITE CAPITAL MODARABA

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2021 (UN-AUDITED)

|   | NOTE | December 31,<br>2021<br>Rupees<br>(Un-Audited) | June 30,<br>2021<br>Rupees<br>(Audited) |
|---|------|--|---|
| <b>ASSETS</b>   |      |  |   |
| <b>Current assets</b>                                       |      |  |   |
| Cash and bank balances                                      | 4    | 25,655,036                                     | 15,573,952                              |
| Short term investments                                      | 5    | 10,643,153                                     | 11,008,968                              |
| Short term finances under musharakah arrangements - Secured | 6    | 196,244  | 272,244                                 |
| Short term finances under murabahah arrangements - Secured  | 7    | 16,403   | 16,403                                  |
| Ijarah rentals receivable - Secured                         | 8    | 2,502,892                                      | 2,392,735                               |
| Profit receivable - Secured                                 | 9    | -  | -                                       |
| Advances, deposits, prepayments and other receivables       | 10   | 23,977,173                                     | 36,030,714                              |
| Advance income tax  | 11   | 1,058,392                                      | 1,155,233                               |
| Stock in Trade  |      | 848,000  | 848,000                                 |
|   |      | <b>64,897,293</b>                              | <b>67,298,249</b>                       |
| <b>Non-current assets</b>                                   |      |  |   |
| Assets leased out under ijarah contracts                    | 12   | 84,125,767                                     | 92,564,655                              |
| Property and equipment                                      | 13   | 1,409,970                                      | 2,420,019                               |
| Investment Property   |      | 23,533,287                                     | 23,533,287                              |
|   |      | <b>109,069,024</b>                             | <b>118,517,961</b>                      |
| <b>TOTAL ASSETS</b>   |      | <b>173,966,317</b>                             | <b>185,816,210</b>                      |
| <b>LIABILITIES</b>  |      |  |   |
| <b>Current liabilities</b>                                  |      |  |   |
| Accrued and other liabilities                               | 14   | 1,304,896                                      | 1,590,121                               |
| Security deposits   | 15   | 20,723,794                                     | 18,291,149                              |
| Unclaimed profit distribution                               |      | 8,491,777                                      | 8,179,463                               |
|   |      | <b>30,520,467</b>                              | <b>28,060,733</b>                       |
| <b>Non-current liabilities</b>                              |      |  |   |
| Security deposits   | 15   | 29,601,241                                     | 35,089,266                              |
| Employees retirement benefits                               |      | 9,674,791                                      | 9,277,791                               |
|   |      | <b>39,276,032</b>                              | <b>44,367,057</b>                       |
| Contingencies and commitments                               | 16   | -  | -                                       |
| <b>TOTAL LIABILITIES</b>                                    |      | <b>69,796,499</b>                              | <b>72,427,790</b>                       |
| <b>NET ASSETS</b>   |      | <b>104,169,818</b>                             | <b>113,388,420</b>                      |
| <b>REPRESENTED BY</b>                                       |      |  |   |
| <b>Authorized Certificate Capital</b>                       |      |  |   |
| 20,000,000 modaraba certificates of Rs. 10 each             |      | <b>200,000,000</b>                             | <b>200,000,000</b>                      |
| Issued, subscribed and paid-up capital                      | 17   | <b>113,400,000</b>                             | <b>113,400,000</b>                      |
| Reserves  |      | <b>(9,230,182)</b>                             | <b>(11,579)</b>                         |
|   |      | <b>104,169,818</b>                             | <b>113,388,420</b>                      |

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, 2021

|  | HALF YEAR ENDED                                |  | QUARTER ENDED                                  |  |
|--|--|--|--|--|
|  | December<br>31, 2021<br>Rupees<br>(Un-Audited) | December<br>31, 2020<br>Rupees<br>(Un-Audited) | December<br>31, 2021<br>Rupees<br>(Un-Audited) | December<br>31, 2020<br>Rupees<br>(Un-Audited) |
| <b>INCOME</b>  |  |  |  |  |
| Income from ijarah financing                             | 18,044,999                                     | 19,270,003                                     | 9,460,182                                      | 8,665,916                                      |
| Profit on murabahah and musharakah financing             | 3,190  | -  | 1,200  | -  |
| Reversal of provision                                    | 39,210   | 108,026  | 39,210   | 108,026  |
| Trading Income   | 144,750  | 1,092,265                                      | 144,750  | 861,620  |
| Return on investments                                    | 234,900  | 528,993  | 54,618   | 289,242  |
| Other income   | 420,814  | 220,110  | 303,291  | 70,393   |
|  | 18,887,863                                     | 21,219,397                                     | 10,003,251                                     | 9,995,197                                      |
| <b>EXPENSES</b>  |  |  |  |  |
| Depreciation of assets leased out                        | 13,485,542                                     | 13,428,597                                     | 6,606,912                                      | 6,609,040                                      |
| Administrative and general expenses                      | 8,657,568                                      | 7,280,250                                      | 4,932,934                                      | 3,832,701                                      |
| Financial charges  | 5,398  | 2,579  | 3,284  | 1,878  |
|  | 22,148,508                                     | 20,711,426                                     | 11,543,130                                     | 10,443,619                                     |
| <b>Operating (Loss)/Profit</b>                           | <b>(3,260,645)</b>                             | <b>507,971</b>                                 | <b>(1,539,879)</b>                             | <b>(448,422)</b>                               |
| Management fee   | -  | -  | -  | -  |
| <b>(Loss)/Profit before taxation</b>                     | <b>(3,260,645)</b>                             | <b>507,971</b>                                 | <b>(1,539,879)</b>                             | <b>(448,422)</b>                               |
| Taxation   | (236,098)                                      | -  | (236,098)                                      | -  |
| <b>(Loss)/Profit after taxation</b>                      | <b>(3,496,743)</b>                             | <b>507,971</b>                                 | <b>(1,775,977)</b>                             | <b>(448,422)</b>                               |
| <b>(Loss)/Profit per certificate - basic and diluted</b> | <b>(0.31)</b>                                  | <b>0.04</b>                                    | <b>(0.16)</b>                                  | <b>(0.04)</b>                                  |

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, 2021

|  | HALF YEAR ENDED                                |  | QUARTER ENDED                                  |  |
|--|--|--|--|--|
|  | December<br>31, 2021<br>Rupees<br>(Un-Audited) | December<br>31, 2020<br>Rupees<br>(Un-Audited) | December<br>31, 2021<br>Rupees<br>(Un-Audited) | December<br>31, 2020<br>Rupees<br>(Un-Audited) |
| (Loss)/Profit after taxation   | (3,496,743)                                    | 507,971  | (1,775,977)                                    | (448,422)                                      |
| Other comprehensive (Loss)/Income  |  |  |  |  |
| <i>Items that may be reclassified<br/>subsequently to profit or (loss)</i>     |  |  |  |  |
| Changes in fair value of available<br>for sale financial assets                | (2,319,859)                                    | 2,113,625                                      | (669,729)                                      | 305,312  |
| Re-classification adjustment for<br>Gain/(loss) included in profit or (loss)   | -  | -  | -  | -  |
|  | (2,319,859)                                    | 2,113,625                                      | (669,729)                                      | 305,312  |
| <i>Items that may not be reclassified<br/>subsequently to profit or (loss)</i> |  |  |  |  |
| Total comprehensive<br>(Loss)/Income   | (5,816,602)                                    | 2,621,596                                      | (2,445,706)                                    | (143,110)                                      |

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, 2021

|   | December<br>31, 2021<br>Rupees<br>(Un-Audited) | December<br>31, 2020<br>Rupees<br>(Un-Audited) |
|---|--|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                   |  |  |
| (Loss)/Profit before taxation   | (3,260,645)                                    | 507,971  |
| <b>Adjustments for non-cash and other items:</b>                              |  |  |
| Depreciation  | 194,313  | 267,729  |
| Amortization of assets leased out under ijarah contracts                      | 13,485,543                                     | 13,428,597                                     |
| Loss/(Profit) on sale of investments  | 209,893  | (385,213)                                      |
| Reversal of provision   | (39,210)                                       | (108,026)                                      |
| Gain on disposal of property and equipment                                    | (196,964)                                      | (8,804)  |
| Dividend income   | (444,793)                                      | (143,780)                                      |
| Gain on transfer of assets leased out   | (244,224)                                      | (1,236,045)                                    |
| Provision for employees retirement benefits                                   | 450,000  | 450,000  |
|   | <b>13,414,558</b>                              | <b>12,264,458</b>                              |
| <b>Operating profit before changes in working capital</b>                     | <b>10,153,913</b>                              | <b>12,772,429</b>                              |
| <b>Changes in working capital:</b>  |  |  |
| Ijarah rentals receivable   | (110,157)                                      | (19,546)                                       |
| Profit receivable   | -  | 48,738   |
| Advances, deposits and prepayments  | 12,053,541                                     | (640,043)                                      |
| Accrued and other liabilities   | (285,225)                                      | (648,906)                                      |
| Security deposits   | (3,055,380)                                    | (8,011,299)                                    |
| Stock in Trade  | -  | (4,288,747)                                    |
| Decrease in short term investment under musharakah and murabahah arrangements | 115,210  | 1,057,000                                      |
|   | <b>8,717,989</b>                               | <b>(12,502,803)</b>                            |
| <b>Cash flows from operations</b>   | <b>18,871,902</b>                              | <b>269,626</b>                                 |
| <b>(Payments)/receipts for:</b>   |  |  |
| Purchase of ijarah assets   | (18,680,000)                                   | (11,907,300)                                   |
| Transfer of Ijarah assets   | 13,964,572                                     | 17,360,763                                     |
| Sales proceed from operating assets   | 925,698  | 33,000   |
| Income taxes  | (139,257)                                      | (91,862)                                       |
| Employees retirement benefits   | (53,000)                                       | (271,600)                                      |
| Profit distribution   | (3,089,686)                                    | (4,310)  |
|   | <b>(7,071,673)</b>                             | <b>5,118,691</b>                               |
| <b>Net cash generated from/(used in) operating activities</b>                 | <b>11,800,230</b>                              | <b>5,388,317</b>                               |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                   |  |  |
| Purchase of short term investments  | (5,511,822)                                    | (7,091,358)                                    |
| Proceeds from sale of short term investments                                  | 3,347,883                                      | 7,199,958                                      |
| Dividend received   | 444,793  | 143,780  |
| <b>Net cash (used in)/generated from investing activities</b>                 | <b>(1,719,146)</b>                             | <b>252,380</b>                                 |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                   |  |  |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                   | <b>10,081,084</b>                              | <b>5,640,697</b>                               |
| <b>Cash and cash equivalents at the beginning of the period</b>               | <b>15,573,952</b>                              | <b>19,171,190</b>                              |
| <b>Cash and cash equivalents at the end of the period</b>                     | <b>25,655,036</b>                              | <b>24,811,887</b>                              |

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, 2021


|   | Certificate<br>Capital<br>Rupees | Statutory<br>Reserve<br>Rupees | Unrealized Gain/(Loss)<br>on Available for sale<br>financial assets<br>Rupees | Accumulated<br>losses<br>Rupees | Total<br>Reserves<br>Rupees | Total equity<br>Rupees |
|---|----------------------------------|--------------------------------|---|---------------------------------|-----------------------------|------------------------|
| <b>Balance as at June 30, 2020 - Audited</b>  | 113,400,000                      | 32,018,014                     | (9,983,417)   | (28,529,847)                    | (6,495,250)                 | 106,904,750            |
| <b>Comprehensive income / (loss)</b>  |                                  |                                |   |                                 |                             |                        |
| Profit after taxation   | -                                | -                              | -   | 507,971                         | 507,971                     | 507,971                |
| Other comprehensive income  | -                                | -                              | 2,113,625   | -                               | 2,113,625                   | 2,113,625              |
|   | -                                | -                              | 2,113,625   | 507,971                         | 2,621,595                   | 2,621,595              |
| <b>Balance as at December 31, 2020 - Un-audited</b>                                       | 113,400,000                      | 32,018,014                     | (7,869,792)   | (28,021,876)                    | (3,873,655)                 | 109,526,345            |
| <b>Balance as at June 30, 2021 - Audited</b>  | 113,400,000                      | 32,870,088                     | (8,574,251)   | (24,307,416)                    | (11,579)                    | 113,388,420            |
| Profit distribution @ 3.00% i.e. Re.0.30 per certificate for the year ended June 30, 2021 | -                                | -                              | -   | (3,402,000)                     | (3,402,000)                 | (3,402,000)            |
| <b>Comprehensive (loss)/income</b>  |                                  |                                |   |                                 |                             |                        |
| Loss after taxation   | -                                | -                              | -   | (3,496,743)                     | (3,496,743)                 | (3,496,743)            |
| Other comprehensive loss  | -                                | -                              | (2,319,859)   | -                               | (2,319,859)                 | (2,319,859)            |
|   | -                                | -                              | (2,319,859)   | (6,898,743)                     | (9,218,602)                 | (9,218,602)            |
| <b>Balance as at December 31, 2021 - Un-audited</b>                                       | 113,400,000                      | 32,870,088                     | (10,894,110)  | (31,206,159)                    | (9,230,182)                 | 104,169,818            |

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, 2021 (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 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, trading of stock 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, 2021. 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, 2021 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, 2021 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, 2021 and December 31, 2020 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, 2021.

#### 4 CASH AND BANK BALANCES

|                    | Un-Audited<br>December<br>31, 2021<br>Rupees | Audited<br>June<br>30, 2021<br>Rupees |
|--------------------|--|---------------------------------------|
| Cash in hand       | 344,603                                      | 207,385                               |
| Cash at bank in    |  |                                       |
| - current accounts | 554,427                                      | 287,755                               |
| - saving accounts  | 24,756,006                                   | 15,078,812                            |
|                    | <u>25,655,036</u>                            | <u>15,573,952</u>                     |



## FIRST ELITE CAPITAL MODARABA

|  | Note   | Un-Audited<br>December<br>31, 2021<br>Rupees | Audited<br>June<br>30, 2021<br>Rupees |
|--|--|--|---------------------------------------|
| <b>5 SHORT TERM INVESTMENTS</b>  |  |  |                                       |
| Available for sale   |  |  |                                       |
| Cost of investment   |  | 25,273,653                                   | 23,319,609                            |
| Accumulated Impairment   |  | (3,736,390)                                  | (3,736,390)                           |
| Fair value adjustment  |  | (10,894,110)                                 | (8,574,251)                           |
|  |  | <u>10,643,153</u>                            | <u>11,008,968</u>                     |
| <b>6 SHORT TERM FINANCES UNDER MUSHARAKAH ARRANGEMENTS - SECURED</b>   |  |  |                                       |
| Considered good  |  | 196,244                                      | 272,244                               |
| Considered doubtful  |  | 637,500                                      | 637,500                               |
|  |  | <u>833,744</u>                               | <u>909,744</u>                        |
| Less: Provision for doubtful receivables under Musharakah arrangements   |  | <u>(637,500)</u>                             | <u>(637,500)</u>                      |
|  |  | <u>196,244</u>                               | <u>272,244</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.  |  |  |                                       |
| <b>7 SHORT TERM FINANCES UNDER MURABAHAH ARRANGEMENTS - SECURED</b>  |  |  |                                       |
| Considered good  |  | 16,403                                       | 16,403                                |
| Considered doubtful  |  | 55,201,968                                   | 55,061,178                            |
|  |  | <u>55,038,371</u>                            | <u>55,077,581</u>                     |
| Less: Provision for doubtful receivables under Murabahah arrangements  |  | <u>(55,021,968)</u>                          | <u>(55,061,178)</u>                   |
|  |  | <u>16,403</u>                                | <u>16,403</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.  |  |  |                                       |
| <b>7.1</b>   | The Modaraba has filed Three (2021: Three) execution petitions for claim of Rs. 25,868,727/- (2021: 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.                  |  |                                       |
| <b>7.2</b>   | The Modaraba has filed a claim for Rs. 22,063,889/- (2021: 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.  |  |                                       |
| <b>7.3</b>   | The Modaraba has filed Twenty Five (2021: Twenty Five) suits for recovery of receivables amounting to Rs. 26,475,820 (2021: 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. |  |                                       |
| <b>7.4</b>   | The Modaraba has filed One (2021: One) criminal complaint under section 20 of the Financial Institutions (Recovery of Finances) Ordinance, 2001. against party in Banking Court, Lahore.   |  |                                       |
| <b>8 IJARAH RENTALS RECEIVABLE - SECURED</b>   |  |  |                                       |
| 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  |  | 2,502,892                                    | 2,392,735                             |
| Considered doubtful  |  | 6,429,359                                    | 6,155,056                             |
|  |  | <u>8,932,251</u>                             | <u>8,547,791</u>                      |
| Less: Provision for doubtful receivables   |  | <u>(6,429,359)</u>                           | <u>(6,155,056)</u>                    |
|  |  | <u>2,502,892</u>                             | <u>2,392,735</u>                      |
| The Modaraba has filed One (2021: Nil) recovery suit for recovery of Rs.7,626,078/= and one (2021: One) execution petition for claim of Rs. 209,616/- (2021: 209,616/-) against two different parties in Banking Court, Lahore/Modaraba Tribunal, 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. |  |  |                                       |
| <b>9 PROFIT RECEIVABLE - SECURED</b>   |  |  |                                       |
| This represents profit receivable on murabahah and musharakah finance.   |  |  |                                       |
| Considered good  |  | -  | -                                     |
| Considered doubtful  |  | 21,687,469                                   | 21,690,660                            |
|  |  | <u>21,687,469</u>                            | <u>21,690,660</u>                     |
| Less: Provision for doubtful receivables   |  | <u>(21,687,469)</u>                          | <u>(21,690,660)</u>                   |
|  |  | <u>-</u>                                     | <u>-</u>                              |
| <b>10 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>  |  |  |                                       |
| Advances to employees-considered good  |  | 3,768,387                                    | 2,531,441                             |
| Prepayments  |  | 1,434,612                                    | 1,404,827                             |
| Deposits and other advances  |  | 60,451                                       | 60,450                                |
| Accrued profit on bank deposit   |  | -  | 3,977                                 |
| Other Receivable - unsecured   | 10.1   | 18,713,723                                   | 32,030,019                            |
|  |  | <u>23,977,173</u>                            | <u>36,030,714</u>                     |



## FIRST ELITE CAPITAL MODARABA

**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:

|   | Note   | Un-Audited<br>December<br>31, 2021<br>Rupees | Audited<br>June<br>30, 2021<br>Rupees |
|---|--|--|---------------------------------------|
| Considered good   |  | 18,713,723                                   | 32,030,019                            |
| Considered doubtful   |  | 2,765,941                                    | 2,765,941                             |
|   |  | 21,479,664                                   | 34,795,960                            |
| Less: Provision for doubtful receivables                        |  | (2,765,941)                                  | (2,765,941)                           |
|   |  | 18,713,723                                   | 32,030,019                            |
| <b>11 ADVANCE INCOME TAX</b>                                    |  |  |                                       |
| Opening balance   |  | 1,155,233                                    | 1,847,438                             |
| Add: tax deducted / paid during the period                      |  | 139,257                                      | 112,850                               |
| Less: provision for the period                                  |  | (236,098)                                    | (805,055)                             |
| Closing balance   |  | 1,058,392                                    | 1,155,233                             |
| <b>12 ASSETS LEASED OUT UNDER IJARAH CONTRACT</b>               |  |  |                                       |
| Leased Assets   | 12.1   | 84,125,767                                   | 92,564,655                            |
| <b>12.1 Movement in assets leased out under ijarah contract</b> |  |  |                                       |
| Opening net book value  |  | 92,564,655                                   | 108,087,632                           |
| Additions during the period                                     |  | 18,680,000                                   | 36,024,800                            |
| Disposal during the period                                      |  | (13,633,346)                                 | (24,520,885)                          |
|   |  | 97,611,309                                   | 119,591,547                           |
| Depreciation charged during the period                          |  | (13,485,542)                                 | (27,026,892)                          |
| Closing net book value  |  | 84,125,767                                   | 92,564,655                            |
| <b>13 PROPERTY AND EQUIPMENT</b>                                |  |  |                                       |
| Operating Fixed Assets  | 13.1   | 1,409,970                                    | 2,420,019                             |
| <b>13.1 Movement in operating fixed assets</b>                  |  |  |                                       |
| Opening net book value  |  | 2,420,019                                    | 26,624,074                            |
| Additions during the period                                     |  | -  | -                                     |
| Disposal during the period                                      |  | (815,736)                                    | (23,673,848)                          |
|   |  | 1,604,283                                    | 2,950,226                             |
| Depreciation charged during the period                          |  | (194,313)                                    | (530,207)                             |
| Closing net book value  |  | 1,409,970                                    | 2,420,019                             |
| <b>14 ACCRUED AND OTHER LIABILITIES</b>                         |  |  |                                       |
| Management fee payable  |  | -  | -                                     |
| Accrued expenses  |  | 892,602                                      | 1,200,695                             |
| Advance ijarah rentals  |  | 296,190                                      | 250,463                               |
| Withholding tax payable   |  | 12,753                                       | 10,952                                |
| Charity payable   |  | 12,624                                       | 12,624                                |
| Other payables - unsecured                                      |  | 90,727                                       | 115,387                               |
|   |  | 1,304,896                                    | 1,590,121                             |
| <b>15 SECURITY DEPOSITS</b>                                     |  |  |                                       |
| Security deposits under ijarah contracts                        |  | 50,325,035                                   | 53,380,415                            |
| Current maturity presented under current liabilities            |  | (20,723,794)                                 | (18,291,149)                          |
|   |  | 29,601,241                                   | 35,089,266                            |
| <b>16 CONTINGENCIES AND COMMITMENTS</b>                         |  |  |                                       |
| <b>16.1 Contingencies</b>                                       |  |  |                                       |
| <b>16.1.1</b>   | 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.  |  |                                       |
| <b>16.1.2</b>   | 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. |  |                                       |
| <b>16.1.3</b>   | The Modaraba filled 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.



## FIRST ELITE CAPITAL MODARABA

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. IT/A-74/19/931 dated 04-11-2019 and IT/A-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.

- 16.1.4** Proceedings, under Section 161(1A)/205 of the Ordinance for the Tax Year 2015 were initiated by the Deputy Commissioner Inland Revenue (DCIR), Unit-VII, Range II, Zone VI, Corporate Regional Tax Office, Lahore through its notice bearing barcode no.100000024618839 dated 18-10-2017.

The Modaraba duly complied the notice by submitting all the relevant reconciliations alongwith documents through various replies. Last reply bearing reference No. IT/F-05/21/06 in this regard was submitted on 04-01-2021.

Subsequently, the DCIR concluded the proceedings by passing order bearing barcode No. 100000098602176 u/s 161/205 of the Ordinance dated 12-06-2021 raising an impugned demand of Rs. 2,538,710/-. Being aggrieved from the said order, the Modaraba filed an appeal before CIR-A on 09-07-2021 which is pending for adjudication till date.

- 16.2 Commitments** NIL NIL  
There are no significant commitments as at the reporting date

|  | Un-Audited<br>December<br>31, 2021<br>Rupees | Audited<br>June<br>30, 2021<br>Rupees |
|--|--|---------------------------------------|
| <b>17 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b> |  |                                       |
| Modaraba certificates of Rs. 10 each.            |  |                                       |
| 10,000,000 (June 30, 2021: 10,000,000)           |  |                                       |
| certificates issued for cash                     | 100,000,000                                  | 100,000,000                           |
| 1,340,000 (June 30, 2021: 1,340,000)             |  |                                       |
| certificates issued as bonus certificates        | 13,400,000                                   | 13,400,000                            |
|  | <b>113,400,000</b>                           | <b>113,400,000</b>                    |

## 18 TAXATION

- 18.1** The tax exemption by virtue of Clause 100 of Part 1 of the second Schedule to the Income Tax Ordinance, 2001 has been withdrawn through Tax Laws (Second amendment), 2021 dated March 21, 2021 which is subsequently adopted in Finance Act, 2021.
- 18.2** Provision for current taxation is based on taxable income for the period at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any.

## 19 RELATED PARTY TRANSACTIONS AND BALANCES

Details of transactions with related parties are as follows:

|  | Un-Audited<br>December<br>31, 2021<br>Rupees | Audited<br>June<br>30, 2021<br>Rupees |
|--|--|---------------------------------------|
| <b>19.1 Transaction with related party during the period</b> |  |                                       |
| <b>Nature of relationship</b>                                | <b>Nature of transaction</b>                 |                                       |
| Management Company   | Management fee                               | -                                     |
| Management Company   | Profit distribution                          | 340,200                               |
| <b>19.2 Payable to related parties</b>                       |  |                                       |
| <b>Nature of relationship</b>                                | <b>Nature of transaction</b>                 |                                       |
| Management Company   | Management fee payable                       | -                                     |
| Management Company   | Profit distribution payable                  | -                                     |

## 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, 2022.

## 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**

