



**FIRST
ELITE
CAPITAL
MODARABA**

*Annual Report
Two Thousand Sixteen*

Managed by
**CRESCENT MODARABA MANAGEMENT
COMPANY LIMITED**



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FIRST ELITE CAPITAL MODARABA



FIRST ELITE CAPITAL MODARABA

VISION STATEMENT

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

MISSION STATEMENT

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



FIRST ELITE CAPITAL MODARABA

CORPORATE INFORMATION

BOARD OF DIRECTORS OF MODARABA MANAGEMENT COMPANY

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

AUDIT COMMITTEE

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

COMPANY SECRETARY

Mr. Muhammad Arif Hilal

LEGAL ADVISOR

International Legal Services

SHARIAH ADVISOR

Mufti Tayyab Amin



FIRST ELITE CAPITAL MODARABA

AUDITORS OF THE MODARABA

Ilyas Saeed & Co.

Chartered Accountants

HR & R COMMITTEE

Mr. Muneeb Ahmed Dar Chairman

Mr. Aamir Iftikhar Khan Member

Mr. Ghazanfar Farrokh Member

BANKERS OF THE MODARABA

Allied Bank Limited

Bank Alfalah Limited

BankIslami Pakistan Limited

PRINCIPAL & REGISTERED OFFICE

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

Tel: 042-35858848, 35858849 Fax: 042-35913703

E-mail: info@fecm.com.pk

Web: www.fecm.com.pk

REGISTRAR

CorpTec Associates (Pvt.) Limited

503-E, Johar Town, Lahore.

Tel: 042-35170336-7

Fax: 042-35170338

E-mail: info@corptec.com.pk



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DIRECTORS' REPORT TO THE CERTIFICATE HOLDERS

Valued Certificate Holders

The Board of Directors of **Crescent Modaraba Management Company Limited**, manager of **First Elite Capital Modaraba** presents the 25th annual audited accounts of the Modaraba for the year ended June 30, 2016.

Financial Results

Financial results for the year ended June 30, 2016 are summarized as under:

	June 30, 2016 Rupees	June 30, 2015 Rupees
Total Income of Modaraba	49,772,154	58,553,808
Depreciation of Assets Leased Out	29,315,050	32,319,789
Administrative & General Expenses	23,080,046	16,685,767
Financial Charges	17,455	11,370
Modaraba Company's Management Fee	-	953,688
Taxation	384,148	-
(Loss) / Profit after Taxation	(3,024,545)	8,583,194

Profit Distribution

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

Review of Operations

During the current year, the Modaraba has made after tax loss of Rs.3,024,545/= as compared to profit of Rs.8,583,194/= in corresponding period of the preceding year. The loss is mainly due to provisioning of the non-performing loans as per the requirements of Prudential Regulations for the Modarabas. The Management of the Modaraba has decided to pursue the recovery through litigation and certain recovery and criminal cases have already been filed against the customers in the courts. During the year the Modaraba for compliance of the Prudential Regulations for Modarabas, had provided the sum of Rs.5,651,059/= as impairment against overdue Murabahah Principal payments and Rs.2,731,469/= against Murabahah profit which resulted in reduction of the profit for the year. Since 2003 the Modaraba has successfully reported profits and distributed dividends to its certificate holders.

The Modaraba is continuously building statutory reserves out of the profit of each year, which accumulated to Rs.31,074,260/= but due to loss in current year Modaraba is not in the position to transfer the amount to statutory reserves as required by Prudential Regulations for Modarabas. The Certificate Holders equity of Modaraba stand at Rs.130,450,910= as at June 30, 2016.

Future Outlook

Despite the tough competition with conventional Commercial Banks, Islamic Banks, Leasing Companies and other financial institutions operating in Pakistan the Management of the Modaraba while remaining cautious and prudent take benefit of good opportunities that add value of all stake holders. The Management of the Modaraba will also remain focused on recovery of overdue amounts from customers.

Corporate and Financial Reporting Framework

- The Financial statements, prepared by the management of the Modaraba, present fairly its true state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Modaraba have been maintained.



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

	Name of Director	Number of Meetings Attended
I.	Mr. Aamir Iftikhar Khan	4
II.	Dr. Sardar Ahmad Khan	-
III.	Mr. Ghazanfar Farrokh	2
IV.	Mr. Muhammad Javed Amin	3
V.	Mr. Muneeb Ahmed Dar	4
VI.	Mrs. Rukhsana Javed Amin	2
VII.	Mrs. Shahana Javed Amin	3

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

Pattern of Certificate Holding

A statement reflecting the pattern of holding of the certificates as on June 30, 2016 is annexed to this Report.

Key Operating & Financial Data

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

Auditors

The board has approved the appointment of M/s Ilyas Saeed & Co. Chartered Accountants for the year 2016-2017 subject to the approval of the Registrar of Modaraba Companies & Modarabas.

Acknowledgement

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 for their hard work, dedication and commitment in discharge of their responsibilities in a difficult situation.

On behalf of the Board

AAMIR IFTIKHAR KHAN
CHIEF EXECUTIVE
Crescent Modaraba Management Company Limited

Date: October 06, 2016



FIRST ELITE CAPITAL MODARABA

- لاگو ہیں، کی بیرونی کی گئی ہے، اور تمام اخراج کا مناسب طور پر انکشاف اور اسکی وضاحت کی گئی ہے۔
- اندرونی کنٹرول کا نظام اپنی ساخت میں انتہائی مضبوط ہے اور اس پر موثر طریقے سے عمل درآمد اور نگرانی کی جاتی ہے
- مضارب کی صلاحیت اور کارکردگی پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- ڈائریکٹرز ہی ای او، سی ایف او، کینی بیکر ٹری اور اسکے شوہر ایوی اور اسکے چھوٹے بچے مضارب بہ شیکلیٹ میں کوئی دلچسپی (interest) نہیں رکھتے، ماسوائے اسکے جن کا انکشاف پیٹرن آف سرٹیفکیٹ ہولڈنگ میں موجود ہے۔
- سال کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد کیے گئے تھے، ہر ڈائریکٹر کی حاضری درج ذیل ہے:

اجلاس میں شرکت کی تعداد	ڈائریکٹر کا نام	
04	محترم عامر افتخار خان	i.
-	ڈاکٹر سردار احمد خان	ii.
02	محترم غضنفر فرخ	iii.
03	محترم محمد جاوید امین	iv.
04	محترم نبیب احمد ڈار	v.
02	محترمہ رخسانہ جاوید امین	vi.
03	محترمہ شہانہ جاوید امین	vii.

- سال کے دوران آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے جن میں سے محترم نبیب احمد ڈار، محترمہ شہانہ جاوید امین نے چاروں جبکہ محترم غضنفر فرخ نے تین اجلاسوں میں شرکت کی۔

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

سرٹیفکیٹ ہولڈنگ کی ترتیب جو کہ 30 جون 2016 کے مطابق ہے اس رپورٹ کے ساتھ منسلک ہے۔

کلیدی آپریٹنگ اور فنانشل ڈیٹا:- (Key Operating and Financial Data)

گزشتہ 6 سال کا کلیدی مالیاتی خلاصہ سالانہ رپورٹ کے ساتھ منسلک ہے۔

آڈیٹرز:- (Auditors)

بورڈ نے میسرز الیاس سعید اینڈ کمپنی (چارٹرڈ اکاؤنٹنٹس) کو بشرط منظوری رجسٹر آف مضارب اینڈ مضارب کمپنیز بطور آڈیٹر برائے مالی سال 2016-2017 کیلئے تقرری کی منظوری دی ہے۔

اعتراف:- (Acknowledgement)

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

از طرف بورڈ آف ڈائریکٹرز:-

Amir Khan

عامر افتخار خان

چیف ایگزیکٹو

کرینٹ مضارب مینجمنٹ کمپنی لمیٹڈ

106 اکتوبر 2016ء

☆☆☆☆



FIRST ELITE CAPITAL MODARABA

ڈائریکٹرز رپورٹ برائے سرٹیفکیٹ ہولڈرز

معزز سرٹیفکیٹ ہولڈرز:-

فرسٹ ایلٹ کیپیٹل مضاربہ زیر انتظام کریڈٹ مضماریہ مینجمنٹ کمپنی لمیٹڈ کے بورڈ آف ڈائریکٹرز کی طرف سے 30 جون 2016ء کو ختم ہونے والے مالی سال کیلئے سالانہ بیسیویں (25th) آڈٹ شدہ اکاؤنٹس پیش ہیں۔ مالیاتی نتائج:-

30 جون 2016ء کو ختم ہونے والے سال کے مختصراً مالیاتی نتائج درج ذیل ہیں۔

30 جون 2016ء (روپے)	30 جون 2015ء (روپے)	
49,772,154	58,553,808	مضاربہ کی کل آمدن
29,315,050	32,319,789	لیزڈ آؤٹ اثاثوں کی فرسودگی
23,080,046	16,685,767	انتظامی و عمومی اخراجات
17,455	11,370	مالی اخراجات (فنانس چارجز)
-	953,688	مضاربہ کمپنی کی انتظامی فیس
384,148	-	ٹیکسیشن
(3,024,545)	8,583,194	خسارہ/منافع بعد از ٹیکسیشن

منافع کی تقسیم:- (Profit Distribution)

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

آپریٹنگ کا جائزہ:- (Review of Operations)

موجودہ سال کے دوران مضاربہ کو بعد از ٹیکس = 3,024,545/ روپے کا خسارہ ہوا، جبکہ گزشتہ سال اسی مدت کے دوران مضاربہ کو = 8,583,194/ روپے کا منافع ہوا تھا۔ نقصان کی بنیادی وجہ مضاربوں کیلئے پروڈیٹس ریگولیشنز کی ضروریات کے مطابق غیر فعال قرضوں (non-performing loan) کی پروڈیٹنگ (Provisioning) ہے۔ مضاربہ کی مینجمنٹ نے فیصلہ کیا ہے کہ قرضوں کی واپسی کیلئے قانونی چارہ جوئی کرے گی اور نابدہ کسٹمز کے خلاف عدالتوں میں بعض مالیاتی و فوجداری مقدمات قائم کرنا اسی سلسلے کی ایک کڑی ہے۔ سال کے دوران مضاربہ نے پروڈیٹس ریگولیشنز کی تعمیل کے لیے = 5,651,059/ روپے بطور اصل واجبات مراجمہ (Murabahah) اور = 2,731,469/ روپے مراجمہ (Murabahah) کے منافع کی پروڈیٹنگ (Provisioning) کی ہے جسکی وجہ سے اس سال منافع میں کمی واقع ہوئی ہے۔ مضاربہ 2003ء سے کامیابی کے ساتھ اپنے سرٹیفکیٹ ہولڈرز کو منافع رپورٹ اور منافع تقسیم کرتا رہا ہے۔ مضاربہ مسلسل ہر سال کے منافع میں سے قانونی ذخائر (Statutory Reserves) میں رقم منتقل کرتا رہا ہے جو کہ = 31,074,260/ روپے تک جمع ہوئی۔ لیکن موجودہ سال میں خسارے کی وجہ سے مضاربہ اس قابل نہیں ہے کہ مضاربہ پروڈیٹس ریگولیشنز کے مطابق رقم قانونی ذخائر (Statutory Reserves) میں منتقل کر سکے۔ مضاربہ سرٹیفکیٹ ہولڈرز کی ایکویٹی (Equity) 30 جون 2016ء کے مطابق = 130,450,910/ روپے رہی۔

مستقبل کا نقطہ نظر:- (Future Outlook)

روایتی کرنشل بینکوں، اسلامی بینکوں، لیزنگ کمپنیوں اور پاکستان میں کام کرنے والے دیگر مالیاتی اداروں کے ساتھ سخت مقابلے کے باوجود مضاربہ کی انتظامیہ نے محتاط اور ذمہ دارانہ رویہ اختیار کرتے ہوئے اچھے مواقع سے فائدہ اٹھایا جس سے تمام اسٹیک ہولڈرز کی قدر و قیمت میں اضافہ ہوا۔ مضاربہ کی انتظامیہ نے صارفین سے واجبات کی موصولی پر اپنی تمام تر توجہ مرکوز کر رکھی ہے۔

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

- مضاربہ کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے اس کے تمام امور، آپریٹنگ کے نتائج، نقدی کا بہاؤ اور ایکویٹی میں تبدیلی کو منصفانہ طور پر پیش کیا گیا ہے۔
- مضاربہ کی اکاؤنٹس کس کو باقاعدہ طور پر برقرار رکھا گیا ہے۔
- مالیاتی جائزوں اور اکاؤنٹنگ اندازوں کی تیاری میں مناسب اور دانشمندانہ فیصلے پر مبنی پالیسیوں کو مسلسل لاگو کیا گیا ہے۔
- مالیاتی گوشواروں (Financial Statements) کی تیاری میں بین الاقوامی رپورٹنگ کے معیار، جو پاکستان میں مضاربہ پر



FIRST ELITE CAPITAL MODARABA

Auditors' Report to the Certificate Holders

We have audited the annexed balance sheet of **FIRST ELITE CAPITAL MODARABA** ("the Modaraba") as at June 30, 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

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

- a) in our opinion, proper books of account have been kept by the Modaraba Company in respect of First Elite Capital Modaraba as required by the Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;
- b) in our opinion--
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Modaraba's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Modaraba;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2016 and of the loss, other comprehensive loss, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980.), was deducted by the Modaraba and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

ILYAS SAEED & CO
Chartered Accountants
Engagement Partner: Irfan Ilyas

Date: October 06, 2016
Place: Lahore



FIRST ELITE CAPITAL MODARABA

BALANCE SHEET AS AT JUNE 30, 2016

	Note	June 30, 2016 Rupees	June 30, 2015 Rupees
ASSETS			
CURRENT ASSETS			
Cash and bank balances	4	21,690,807	13,414,329
Short term investments	5	18,540,876	22,393,707
Short term finances under musharakah arrangements - Secured	6	1,080,030	1,221,160
Short term finances under murabahah arrangements - Secured	7	46,337,432	50,964,945
Ijarah rentals receivable - Secured	8	1,198,772	2,136,778
Profit receivable - Secured	9	93,150	641,149
Advances, deposits, prepayments and other receivables	10	6,229,679	6,859,454
Advance income tax	11	1,558,171	1,884,619
		96,728,917	99,516,141
NON-CURRENT ASSETS			
Assets leased out under ijarah contracts	12	83,468,750	101,985,763
Property and equipment	13	1,584,688	1,839,568
		85,053,438	103,825,331
TOTAL ASSETS		181,782,354	203,341,472
LIABILITIES			
CURRENT LIABILITIES			
Accrued and other liabilities	14	1,584,304	3,085,549
Security deposits	15	7,891,375	16,135,405
Management fee payable		-	953,688
Unclaimed profit distribution		7,834,899	7,325,563
		17,310,578	27,500,205
NON-CURRENT LIABILITIES			
Security deposits	15	27,266,700	27,965,880
Employees retirement benefits	16	6,754,166	5,689,317
		34,020,866	33,655,197
Contingencies and commitments	17	-	-
TOTAL LIABILITIES		51,331,444	61,155,402
NET ASSETS		130,450,910	142,186,070
REPRESENTED BY			
Authorized capital 20,000,000 (2015: 20,000,000) modaraba certificates of Rs. 10 each		200,000,000	200,000,000
Issued, subscribed and paid-up capital	18	113,400,000	113,400,000
Reserves		17,050,910	28,786,070
		130,450,910	142,186,070

The annexed notes 1 to 36 form an integral part of these financial statements.

Chairman
CRESCENT MODARABA
MANAGEMENT CO. LTD.

Chief Executive
CRESCENT MODARABA
MANAGEMENT CO. LTD.

Director
CRESCENT MODARABA
MANAGEMENT CO. LTD.



FIRST ELITE CAPITAL MODARABA

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2016

	Note	June 30, 2016 Rupees	June 30, 2015 Rupees
INCOME			
Income from ijarah financing	20	40,351,042	48,257,144
Income from murabahah financing	21	6,552,344	6,458,046
Return on investments	22	2,214,349	1,877,401
Other income	23	654,419	1,961,217
		49,772,154	58,553,808
EXPENSES			
Depreciation of assets leased out under ijarah contracts	12	29,315,050	32,319,789
Administrative and general expenses	24	23,080,046	16,685,767
Financial charges		17,455	11,370
		52,412,551	49,016,926
Operating (loss)/profit		(2,640,397)	9,536,882
Management fee	25	-	953,688
(Loss)/Profit before taxation		(2,640,397)	8,583,194
Taxation - Current	11	(384,148)	-
(Loss)/Profit after taxation		(3,024,545)	8,583,194
(Loss)/Earnings per certificate - basic and diluted	26	(0.27)	0.76

The annexed notes 1 to 36 form an integral part of these financial statements.

Chairman
CRESCENT MODARABA
MANAGEMENT CO. LTD.

Chief Executive
CRESCENT MODARABA
MANAGEMENT CO. LTD.

Director
CRESCENT MODARABA
MANAGEMENT CO. LTD.



FIRST ELITE CAPITAL MODARABA

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2016

	Note	June 30, 2016 Rupees	June 30, 2015 Rupees
Items that may be reclassified subsequently to profit or loss			
Changes in fair value of available for sale investments	5	(2,407,717)	1,615,666
Reclassification adjustments for (Gain)\loss included in profit or loss	21.1	(47,901)	84,361
		(2,455,618)	1,700,027
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plan		(17,997)	(15,264)
Other comprehensive (loss)/income before taxation		(2,473,615)	1,684,763
Taxation		-	-
Other comprehensive (loss)/income after taxation		(2,473,615)	1,684,763
(Loss)/Profit after taxation		(3,024,545)	8,583,194
Total comprehensive (loss)/income		(5,498,160)	10,267,957

The annexed notes 1 to 36 form an integral part of these financial statements.

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FIRST ELITE CAPITAL MODARABA

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2016

	Note	June 30, 2016 Rupees	June 30, 2015 Rupees
CASH GENERATED FROM OPERATIONS	27	21,867,700	(2,461,109)
(Payments)/receipts for:			
Income taxes		326,448	(288,945)
Employees retirement benefits		-	(135,600)
Purchase of Ijarah assets		(32,115,919)	(43,856,994)
Transfer of Ijarah assets		21,785,875	15,077,310
Management fee		(953,688)	(1,008,270)
Profit distribution		(6,237,000)	(6,237,000)
		(17,194,284)	(36,449,499)
Net cash generated from/(used in) operating activities		4,673,416	(38,910,608)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(8,500)	(77,800)
Purchase of investments		(14,678,572)	(11,753,065)
Proceeds from sale of investments		16,904,435	10,797,550
Dividend received		1,385,699	1,139,176
Net cash generated from/(used in) investing activities		3,603,062	105,861
CASH FLOW FROM FINANCING ACTIVITIES		-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		8,276,478	(38,804,747)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		13,414,329	52,219,076
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	28	21,690,807	13,414,329

The annexed notes 1 to 36 form an integral part of these financial statements.

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Director
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FIRST ELITE CAPITAL MODARABA

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2016

Note	Reserves				Total equity
	Issued Subscribed And paid-up Capital	Statutory reserve	Available for sale financial assets	Accumulated losses	
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2014	113,400,000	29,014,293	3,517,364	(7,776,544)	138,155,113
Profit distribution @ 5.5% i.e. Re. 0.55 per certificate for the year ended June 30, 2014					
Comprehensive income for the year ended June 30, 2015					
Profit after taxation	-	-	-	(6,237,000)	(6,237,000)
Other comprehensive income	-	-	-	8,583,194	8,583,194
	-	-	1,700,027	(15,264)	1,684,763
	-	-	1,700,027	8,567,930	10,267,957
Transferred to statutory reserve	-	2,059,967	-	(2,059,967)	-
Balance as at June 30, 2015	113,400,000	31,074,260	5,217,391	(7,505,581)	142,186,070
Profit distribution @ 5.5% i.e. Re. 0.55 per certificate for the year ended June 30, 2015					
Comprehensive income for the year ended June 30, 2016					
Loss after taxation	-	-	-	(3,024,545)	(3,024,545)
Other comprehensive loss	-	-	(2,455,618)	(17,997)	(2,473,615)
	-	-	(2,455,618)	(3,042,542)	(5,498,160)
Transferred to statutory reserve	-	-	-	-	-
Balance as at June 30, 2016	113,400,000	31,074,260	2,761,773	(16,785,123)	130,450,910

The annexed notes 1 to 36 form an integral part of these financial statements.


 Chairman

CRESCENT MODARABA MANAGEMENT CO. LTD.


 Director

CRESCENT MODARABA MANAGEMENT CO. LTD.



FIRST ELITE CAPITAL MODARABA

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

1 REPORTING ENTITY

First Elite Capital Modaraba ("the Modaraba") is a perpetual, multi-purpose and multi-dimensional non-trading modaraba formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed there under and is managed by Crescent Modaraba Management Company Limited ("the Management Company"), a company incorporated in Pakistan under the Companies Ordinance 1984, vide Registration No. L 01630 dated 30th May, 1989. The registered office of the Modaraba is situated at 31/10-A Abu Baker Block, New Garden Town, Lahore. The Modaraba was floated on September 26, 1991 and is listed on Pakistan Stock Exchange Limited. The Modaraba is primarily engaged in the business of ijarah, musharakah and murabahah financing, investment in marketable securities and other related businesses.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 ("the Ordinance"), the Modaraba Companies and Modaraba Rules, 1981 ("the Rules"), Prudential Regulations for Modarabas ("the Regulations") and other directives ("the Directives") issued by the Securities and Exchange Commission of Pakistan together with approved accounting standards as applicable in Pakistan to Modarabas. Approved accounting standards comprise of such International Financial Reporting Standards ("IFRS"), the International Accounting Standards ("IAS") and the Islamic Financial Accounting Standards ("IFAS") as notified under the provisions of the Companies Ordinance, 1984 and made applicable to modarabas under the Ordinance, the Rules, the Regulations and the Directives. The requirements of the Ordinance, the Rules, the Regulations or the Directives take precedence wherever they differ from the requirements of approved standards. Further, where the requirements of IFAS differ from the requirements of other approved standards, the IFASs take precedence.

The Securities and Exchange Commission of Pakistan vide Circular No. 10 of 2004 date February 13, 2004 has deferred, till further orders, the applicability of the International Accounting Standard 17 "Leases" with effect from July 01, 2003. Accordingly, this standard has not been considered for the purpose of preparation of these financial statements.

2.2 Basis of measurement

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

2.3 Judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Subsequently, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:



FIRST ELITE CAPITAL MODARABA

2.3.1 Recoverable amount and impairment

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

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

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

2.3.3 Obligation under defined benefit plan

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

2.3.4 Provisions

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

2.4 Functional currency

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

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

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

Standards, amendments or Interpretation	IASB Effective Date (annual periods beginning on or after)
IFRS-7/ IAS 34/ IAS 19/IFRS-5	Amendments resulting from September 2014 annual improvements to IFRS. (Amendment) January 1, 2016
IFRS-11	Joint Arrangements – Amendments regarding the Accounting for acquisitions of an interest in a joint operation. (Amendment) January 1, 2016
IFRS-12	Disclosures of Interests in Other Entities - Amendments regarding the application of the consolidated exceptions.(Amendment) January 1, 2016
IAS-1	Presentation of Financial Statements- Amendments resulting from the disclosure initiative (Amendment) January 1, 2016
IAS 16/IAS 38	Amendments regarding the clarification of acceptable methods of depreciation and amortization(Amendment) January 1, 2016



FIRST ELITE CAPITAL MODARABA

IAS 16/IAS 41	Amendments bringing bearer plants into the scope of IAS 16	January 1, 2016
IAS 27	Separate Financial Statements - Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements(Amendment)	January 1, 2016
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding the application of the consolidation exception(Amendment)	January 1, 2016

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

Standards, amendments or Interpretation	IASB Effective Date (annual periods beginning on or after)	
IFRS-9	Financial Instruments	January 1, 2018
IFRS-14	Regulatory Deferral accounts	January 1, 2016
IFRS-15	Revenue from Contracts with Customers	January 1, 2018
IFRS-16	Leases	January 1, 2019

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property and equipment

These comprise operating fixed assets of the Modaraba.

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

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

"The Modaraba recognizes depreciation in profit or loss by applying reducing balance method over the useful life of each operating fixed asset using rates specified in note 13 to the financial statements. Depreciation on additions to operating fixed assets is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal."

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

3.2 Assets leased out under ijarah contracts

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

3.3 Certificate capital

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



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3.4 Employees retirement benefits

3.4.1 Short term employee benefits

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

3.4.2 Post employment benefits

The Modaraba operates an unfunded gratuity scheme (defined benefit plan) for all its employees who have completed the minimum qualifying service period. The amount recognized on balance sheet represents the present value of defined benefit obligation. Actuarial gains or loss are recognized immediately in other comprehensive income as required by IAS 19 -(Revised) Employee Benefits. The details of the scheme are referred to in note 16 to the financial statements.

3.5 Financial instruments

3.5.1 Recognition

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

3.5.2 Classification

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

3.5.2(a) Loans and receivables

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

3.5.2(b) Available for sale financial assets

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

3.5.2(c) Financial liabilities at amortized cost

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

3.5.3 Measurement

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



FIRST ELITE CAPITAL MODARABA

3.5.4 De-recognition

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

3.5.5 Off-setting

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

3.5.6 "Regular way" purchases and sales of financial assets

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

3.6 Investments in listed securities

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

3.7 Accrued and other liabilities

3.7.1 Financial liabilities

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

3.7.2 Non-financial liabilities

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

3.8 Advances and other receivables

3.8.1 Financial assets

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

3.8.2 Non-financial assets

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

3.9 Cash and cash equivalents

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



3.10 Revenue

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

Revenue from different sources is recognized as follows:

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

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

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

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

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

3.11 Comprehensive income

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

3.12 Income tax

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

3.12.1 Current taxation

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

3.12.2 Deferred taxation

Deferred tax is accounted for using the balance sheet approach providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by the Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each



FIRST ELITE CAPITAL MODARABA

reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.13 Earnings per certificate (EPC)

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

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

3.14 Impairment

3.14.1 Financial assets

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

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

3.14.2 Non-financial assets

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

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



FIRST ELITE CAPITAL MODARABA

amortization, if no impairment loss had been recognized.

3.15 Provisions and contingencies

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

3.16 Profit distribution to certificate holders

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

	Note	June 30, 2016 Rupees	June 30, 2015 Rupees
4 CASH AND BANK BALANCES			
Cash in hand		122,904	60,915
Cash at bank in current accounts		1,086,536	782,617
saving/deposit accounts	4.1	20,481,367	12,570,797
		21,567,903	13,353,414
		<u>21,690,807</u>	<u>13,414,329</u>

4.1 Effective rate of return on deposit/saving accounts, for the year, ranges from 4% to 7% (2015: 4% to 7%).

5 SHORT TERM INVESTMENTS

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

Cost	5.1	19,515,493	20,912,706
Accumulated impairment	5.1	(3,736,390)	(3,736,390)
Accumulated changes in fair value	5.1	2,761,773	5,217,391
		<u>18,540,876</u>	<u>22,393,707</u>



5.1 Particulars of investments

Oil and Gas Producers

Pakistan Petroleum Limited
Attock Refinery Limited
Pakistan Refinery Limited
Byco Petroleum Limited

Fertilizer

Fauji Fertilizer Bin Qasim Limited
Fauji Fertilizer Company Limited

Chemicals

Lottee Pakistan PTA Limited

Cements

Lafarge Pakistan Cement Limited
Fauji cement Company Limited

Textile Composite

Sunrise Textiles Limited

Technology & Communication

Callmate Telips Telecom Limited
Pakistan Telecommunication Company Limited

Power Generation

Hub Power Company Limited

Oil & Gas marketing Co.

Sui Northern Gas Pipelines Limited
Pakistan State Oil Company Limited

Commercial Banks

Meezan Bank Limited

Investment Banks/Co.

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

Modarabas

First Equity Modaraba

Food and personal care

Treet Corporation limited

TOTAL



FIRST ELITE CAPITAL MODARABA

No. Of Shares/ Certificates		Average Cost		Fair Value	
June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
		Rupees		Rupees	
15,000	6,000	2,253,800	1,068,015	2,325,750	985,560
-	10,000	-	2,175,752	-	2,284,500
15,000	-	715,169	-	617,700	-
2,000	-	62,489	-	41,080	-
17,000	21,000	972,425	1,107,692	901,170	1,161,720
51,450	51,450	2,789,754	2,789,754	5,902,344	7,687,659
18,000	18,000	191,111	191,111	108,180	124,560
-	34,000	-	674,328	-	661,640
15,000	18,000	649,152	641,835	537,000	627,660
153,900	153,900	2,023,076	2,023,076	-	-
5,100	5,100	530,323	530,323	-	-
85,000	85,000	4,200,073	4,200,073	1,277,550	1,742,500
7,000	5,000	461,384	254,230	840,420	467,850
18,000	32,000	591,315	843,365	653,220	852,480
13,200	13,200	2,387,665	2,387,665	4,956,072	5,092,428
3,330	13,330	156,507	626,607	141,525	546,530
1,000	1,000	9,000	9,000	-	-
2,000	2,000	26,100	26,100	-	-
8,800	8,800	1,164,611	1,164,611	16,720	16,720
37,000	33,000	218,243	199,169	148,000	141,900
1,500	-	113,296	-	74,145	-
469,280	510,780	19,515,493	20,912,706	18,540,876	22,393,707



FIRST ELITE CAPITAL MODARABA

6 SHORT TERM FINANCES UNDER MUSHARAKAH ARRANGEMENTS - SECURED

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

	Note	June 30, 2016 Rupees	June 30, 2015 Rupees
Considered good		-	-
Considered doubtful		1,717,530	1,858,660
		1,717,530	1,858,660
Accumulated impairment	6.1	(637,500)	(637,500)
		1,080,030	1,221,160
6.1 Movement in accumulated impairment is as follows:			
As at beginning of the year		637,500	637,500
Recognized during the year		-	-
As at end of the year		637,500	637,500

7 SHORT TERM FINANCES UNDER MURABAHAH ARRANGEMENTS - SECURED

Considered good		46,337,432	50,964,944
Considered doubtful		52,074,751	46,444,362
		98,412,183	97,409,306
Accumulated impairment	7.1	(52,074,751)	(46,444,361)
		46,337,432	50,964,945

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, vehicles, hypothecation of stocks, demand promissory notes and personal guarantees. Profit margin on murabahah transactions ranges from 13% to 20% (2015: 15% to 20%) per annum receivable on monthly basis.

7.1 Movement in accumulated impairment is as follows:

As at beginning of the year		46,444,361	46,465,656
Recognized during the year		5,651,059	-
Reversed during the year	20.1	(20,669)	(21,295)
		5,630,390	(21,295)
As at end of the year		52,074,751	46,444,361

7.1.1 The Modaraba has filed execution petitions with the Modaraba Tribunal Punjab and suit with banking court, Lahore against various parties for recoveries, also claims has been filed, against two companies, 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 favour of Modaraba for the entire lease rental amount. The details are as follows:

Considered good		1,198,772	2,136,778
Considered doubtful		6,665,226	4,421,488
		7,863,998	6,558,266
Accumulated impairment	8.1	(6,665,226)	(4,421,488)
		1,198,772	2,136,778
8.1 Movement in accumulated impairment is as follows:			
As at beginning of the year		4,421,488	5,886,270
Recognized during the year		4,717,141	2,017,670
Reversed during the year		(2,473,403)	(3,482,452)
	19	2,243,738	(1,464,782)
As at end of the year	8.1.1	6,665,226	4,421,488



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

Note	June 30, 2016 Rupees	June 30, 2015 Rupees
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9 PROFIT RECEIVABLE - SECURED

This represents profit receivable on murabahah finance.

Considered good	93,150	641,150
Considered doubtful	36,762,782	34,031,312
	36,855,932	34,672,462
Accumulated impairment	9.1 (36,762,782)	(34,031,313)
	93,150	641,149

9.1 Movement in accumulated impairment is as follows:

As at beginning of the year	34,031,313	34,704,143
Recognized during the year	2,731,469	-
Reversed during the year	-	(672,830)
	2,731,469	(672,830)
As at end of the year	36,762,782	34,031,313

10 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances to employees-considered good

against salary	140,158	164,658
against retirement benefits	10.1 2,285,559	2,608,339
Advances to suppliers	10.2 1,931,930	2,253,067
Security deposits	60,450	60,450
Prepayments	1,537,235	1,277,742
Accrued profit on bank deposits	55,100	-
Other receivables - unsecured	10.3 219,247	495,198
	6,229,679	6,859,454

10.1 These include advances to officers of the Modaraba amounting to Rs. 2,285,559/- (2015: 2,608,339/-).

10.2 This represents advances for purchase of assets for onward sale under ijarah contract.

10.3 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	219,247	495,198
Considered doubtful	7,400,476	7,400,476
	7,619,723	7,895,674
Accumulated impairment	10.3.1 (7,400,476)	(7,400,476)
	219,247	495,198

10.3.1 Movement in accumulated impairment is as follows:

As at beginning of the year	7,400,476	7,411,076
Recognized during the year	-	-
Reversed during the year	-	(10,600)
As at end of the year	10.3.1.1 7,400,476	7,400,476

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

11. ADVANCE INCOME TAX

Opening balance	1,884,619	1,595,674
Add: tax deducted / paid during the year	57,700	238,945
Less: Provision for the year	(384,148)	-
As at end of the year	1,558,171	1,884,619



12 ASSETS LEASED OUT UNDER IJARAH CONTRACTS

Year ended June 30, 2016

PARTICULARS	COST			DEPRECIATION			Carrying Value As at June 30, 2016		
	As at July 01, 2015	Additions	Disposals	As at June 30, 2016	For the year	Adjustment		As at June 30, 2016	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees		
Vehicles	135,577,300	29,678,916	(52,239,500)	113,016,716	47,425,467	23,434,273	(33,900,819)	36,958,921	76,057,795
Office equipment	938,300	-	-	938,300	295,289	270,399	-	565,688	372,612
Machinery	23,740,594	2,437,003	(12,813,400)	13,364,197	10,549,675	5,610,397	(9,834,218)	6,325,854	7,038,343
	160,256,194	32,115,919	(65,052,900)	127,319,213	58,270,431	29,315,069	(43,735,037)	43,850,463	83,468,750

Year ended June 30, 2015

PARTICULARS	COST			DEPRECIATION			Carrying Value As at June 30, 2015		
	As at July 01, 2014	Additions	Disposals	As at June 30, 2015	For the year	Adjustment		As at June 30, 2015	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees		
Vehicles	130,106,800	39,036,000	(33,565,500)	135,577,300	40,688,332	26,146,224	(19,409,089)	47,425,467	88,151,833
Office equipment	799,500	138,800	-	938,300	24,960	270,329	-	295,289	643,011
Machinery	21,043,400	4,682,194	(1,985,000)	23,740,594	6,063,190	5,903,236	(1,416,751)	10,549,675	13,190,919
	151,949,700	43,856,994	(35,550,500)	160,256,194	46,776,482	32,319,789	(20,825,840)	58,270,431	101,985,763

12.1 Disposals represent assets transferred after expiry/termination of ijarah contracts. However, in view of large number of disposals, detail of each disposal have not been given.



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13 PROPERTY AND EQUIPMENT

Year ended June 30, 2016

PARTICULARS	COST			Rate %age	DEPRECIATION			Net book value as at June 30, 2016		
	As at July 01, 2015	Additions	Disposals		As at June 30, 2016	For the year	Adjustment		As at June 30, 2016	
	Rupees	Rupees	Rupees		Rupees	Rupees	Rupees		Rupees	
Furniture and fixtures	244,780	8,500	-	253,280	10	145,162	10,567	-	155,729	97,551
Office equipment	2,240,138	-	-	2,240,138	10	1,288,296	95,184	-	1,383,480	856,658
Vehicles	2,788,470	-	-	2,788,470	20	2,000,363	157,629	-	2,157,992	630,478
	5,273,388	8,500	-	5,281,888		3,433,820	263,380	-	3,697,201	1,584,687

Year ended June 30, 2015

PARTICULARS	COST			Rate %age	DEPRECIATION			Net book value as at June 30, 2015		
	As at July 01, 2014	Additions	Disposals		As at June 30, 2015	For the year	Adjustment		As at June 30, 2015	
	Rupees	Rupees	Rupees		Rupees	Rupees	Rupees		Rupees	
Furniture and fixtures	244,780	-	-	244,780	10	134,093	11,069	-	145,162	99,618
Office equipment	2,162,338	77,800	-	2,240,138	10	1,190,141	98,155	-	1,288,296	951,842
Vehicles	2,788,470	-	-	2,788,470	20	1,803,336	197,027	-	2,000,363	788,107
	5,195,588	77,800	-	5,273,388		3,127,570	306,250	-	3,433,821	1,839,567



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	June 30, 2016 Rupees	June 30, 2015 Rupees
14 ACCRUED AND OTHER LIABILITIES		
Accrued expenses	945,379	833,697
Advance ijarah rentals and security deposits	66,967	1,442,608
Withholding tax payable	116,515	126,025
Service charges payable	-	245,742
Charity payable	3,938	6,750
Other payables - secured	20,778	-
Other payables - unsecured	430,727	430,727
	<u>1,584,304</u>	<u>3,085,549</u>
15 SECURITY DEPOSITS		
Security deposits under ijarah contracts	35,158,075	44,101,285
Current maturity presented under current liabilities	(7,891,375)	(16,135,405)
	<u>27,266,700</u>	<u>27,965,880</u>
16 EMPLOYEES RETIREMENT BENEFITS		
The amounts recognized on balance sheet are as follows:		
Present value of defined benefit obligation	16.1 6,754,166	5,689,317
16.1 Movement in present value of defined benefit obligation		
As at beginning of the year	5,689,317	4,798,851
Charged to profit or loss for the year	16.3 1,046,852	1,010,802
Actuarial (gain)/loss arising during the year	16.2 17,997	15,264
Benefits paid during the year	-	(135,600)
As at end of the year	<u>6,754,166</u>	<u>5,689,317</u>
The present value of defined benefit obligation has been determined by the management of the Modaraba using the following assumptions:		
Discount rate	7.25%	10%
Expected rates of increase in salary	5.25%	08%
Expected average remaining working lives of employees	12 years	12 years
	June 30, 2016 Rupees	June 30, 2015 Rupees
16.2 Remeasurements recognized in other comprehensive income		
Actuarial loss on obligation	17,997	15,264
16.3 Charge to profit or loss		
Current service cost	477,920	389,985
Interest cost	568,932	620,817
	<u>1,046,852</u>	<u>1,010,802</u>



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16.4 Historical information

	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Present value of defined benefit obligation	Rupees 6,754,166	5,689,317	4,798,851	5,251,541	3,894,958
Actuarial adjustment arising during the year	% 0.27	0.27	8.93	8.07	3.89

The experience adjustment component of actuarial adjustment is impracticable to determine and thus has not been disclosed.

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

For the Assessment year 2002-2003. The Tax department had filed a reference to the Honourable Lahore High Court against the Order passed by the Learned Tribunal in respect of "provision for Doubtful Debts", "Provision for Gratuity" and "Excess Prerequisites" whereby the disallowances are 2,781,440/-, 87,290/- and 323,113/- respectively.

17.2 Commitments

There are no significant commitments as at the reporting date except for those under ijarah contracts regarding use by lessees of assets leased out under ijarah contracts against future rentals, which are as follows:

Note	June 30, 2016 Rupees	June 30, 2015 Rupees
Future Ijarah rentals receivable		
Not later than one year	19,147,365	40,474,371
Later than one year but not later than five years	51,054,533	45,756,893
Later than five years	-	-
	70,201,898	86,231,264
18 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
Modaraba certificates of Rs. 10 each 10,000,000 (2015: 10,000,000) certificates issued for cash	100,000,000	100,000,000
1,340,000 (2015: 1,340,000) certificates issued as full paid bonus certificates	13,400,000	13,400,000
	113,400,000	113,400,000
19 STATUTORY RESERVE		
This represents special reserve created in compliance with the Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan.		
20 INCOME FROM IJARAH FINANCING		
Income from ijarah rental	42,594,780	49,721,926
Ijarah income suspended - net 8.1 & 20.1	(2,243,738)	(1,464,782)
	40,351,042	48,257,144
20.1 This represents ijarah income suspended in accordance with the prudential regulations applicable to the Modaraba.		
21 INCOME FROM MURABAHAH FINANCING		
Income from morabahah	9,283,813	7,130,876
Morabahah income suspended profit - net 9.1 & 21.1	(2,731,469)	(672,830)
	6,552,344	6,458,046
21.1 This represents morabahah income suspended in accordance with the prudential regulations applicable to the Modaraba.		



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	Note	June 30, 2016 Rupees	June 30, 2015 Rupees
22 RETURN ON INVESTMENTS			
Dividend income		1,385,699	1,139,176
Gain on sale of investments	22.1	828,650	738,225
		<u>2,214,349</u>	<u>1,877,401</u>
22.1 This includes gain of Rs. 47,901/- (2015: loss of Rs. 84,361/-) reclassified from other comprehensive income on disposal of related investments.			
23 OTHER INCOME			
Gain on financial instruments			
Return on bank deposits		633,750	1,939,922
Reversal of impairment on financial assets	23.1	20,669	21,295
		<u>654,419</u>	<u>1,961,217</u>
23.1 Reversal of impairment on financial assets			
Short term finances under murabahah arrangements		20,669	21,295
		<u>20,669</u>	<u>21,295</u>
24 ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries and benefits	24.1	8,635,988	7,433,739
Rent, rates and taxes		98,835	153,845
Service charges		357,696	1,597,081
Utilities		346,170	374,639
Repair and maintenance		486,812	597,419
Printing and stationery		358,713	353,070
Communication		261,314	285,835
Postage		189,901	145,358
Travelling and conveyance		593,596	590,450
Insurance		3,074,087	2,469,886
Provision for doubtful debts	7.1	5,651,059	-
Advertisement		28,360	38,050
Fee and subscription		543,767	481,821
Newspapers, books and periodicals		7,582	8,582
Entertainment		84,176	104,787
Auditors' remuneration	24.2	362,500	360,000
Legal and professional charges		1,474,700	1,127,100
Depreciation	13	263,380	306,250
Zakat		8,186	7,577
Others		253,224	250,278
		<u>23,080,046</u>	<u>16,685,767</u>
24.1 These include charge in respect of employees retirement benefits amounting to Rs. 1,046,852/- (2015: Rs. 1,010,802).			
24.2 Auditors' remuneration			
Annual statutory Audit		250,000	250,000
Half yearly review		52,500	50,000
Review report under Code of Corporate Governance		45,000	45,000
Out of pocket expenses		15,000	15,000
		<u>362,500</u>	<u>360,000</u>
25 MANAGEMENT FEE			
This represents remuneration of the Management Company for the management of affairs of the Modaraba and is to be calculated at ten percent of the operating profit for the year according to modaraba Ordinance, 1980. There is a operating loss for the year hence no management fee for this year.			



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	Unit	June 30, 2016 Rupees	June 30, 2015 Rupees
26 (LOSS) / EARNINGS PER CERTIFICATE - BASIC AND DILUTED			
(Loss)\Profit attributable to certificate holders	Rupees	(3,024,545)	8,583,194
Weighted average number of certificates outstanding during the year	No. of certificates	11,340,000	11,340,000
(Loss)\Earnings per certificate	Rupees	(0.27)	0.76

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

	Note	June 30, 2016 Rupees	June 30, 2015 Rupees
27 CASH GENERATED FROM OPERATIONS			
(Loss)/Profit before taxation		(2,640,397)	8,583,194
Adjustments for non-cash and other items			
Depreciation of assets under own use		263,380	306,250
Depreciation of assets leased out under ijarah contracts		29,315,069	32,319,789
Gain on sale of investments		(828,650)	(738,225)
Dividend income		(1,385,699)	(1,139,176)
Gain on transfer of assets leased out		(468,012)	(352,650)
Provision for management fee		-	953,688
Provision for doubtful debts		5,630,390	-
Provision for taxation		(384,148)	-
Provision for employees retirement benefits		1,046,852	1,026,066
		33,189,182	32,375,742
Operating profit before changes in working capital		30,548,785	40,958,936
Changes in working capital			
Finances under murabahah arrangements		(1,002,877)	(43,299,429)
Finances under musharakah arrangements		141,130	118,840
Ijarah rentals receivable		938,006	(535,110)
Profit receivable		547,999	484,827
Advances, deposits, prepayments and other receivables		629,775	(1,932,334)
Security deposits		(8,943,209)	1,234,855
Accrued and other liabilities		(991,909)	508,306
		(8,681,085)	(43,420,045)
Cash generated from operations		21,867,700	(2,461,109)
28 CASH AND CASH EQUIVALENTS			
Cash and bank balances	4	21,690,807	13,414,329
29 TRANSACTIONS AND BALANCES WITH RELATED PARTIES			

There is no related party transaction for the current year. Details of transactions and balances with related parties for last year is as follows:



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	June 30, 2016 Rupees	June 30, 2015 Rupees
29.1 Transactions with related parties		
Management fee	-	953,688
Profit distribution	-	623,700
29.2 Balances with related parties		
Management fee payable	-	953,688

Note	2016		2015	
	Loans and receivables Rupees	Available for sale financial assets Rupees	Loans and receivables Rupees	Available for sale financial assets Rupees

30 FINANCIAL INSTRUMENTS

30.1 Financial instruments by class and category

Financial assets

		2016		2015	
Cash and bank balances	4	21,690,807	-	13,414,329	-
Short term investments	5	-	18,540,876	-	22,393,707
Finances under musharakah arrangements	6	1,080,030	-	1,221,160	-
Finances under murabahah arrangements	7	46,337,432	-	50,964,945	-
Ijarah rentals receivable	8	1,198,772	-	2,136,778	-
Profit receivable	9	93,150	-	641,149	-
Advances to employees	10	2,425,717	-	2,772,997	-
Security deposits	10	60,450	-	60,450	-
Other receivables	10	219,247	-	495,198	-
		73,105,605	18,540,876	71,707,006	22,393,707

Financial liabilities

		2016 Financial liabilities at Amortized cost Rupees	2015 Financial liabilities at amortized cost Rupees
Accrued expenses	14	945,379	833,697
Service charges payable	14	-	245,742
Other payables	14	430,727	430,727
Management fee payable	25	-	953,688
		1,376,106	2,463,854

30.2 Fair values of financial instruments

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

30.2.1 Methods of determining fair values

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

30.2.2 Discount/interest rates used for determining fair values

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

31 FINANCIAL RISK EXPOSURE AND MANAGEMENT

The Modaraba's objective in managing risks is creation and protection of certificate holders' value. Risk is inherent in the Modaraba's activities, but it is managed through a



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process of ongoing identification, measurement and monitoring subject to risk limits and other controls. The process of risk management is critical to Modaraba's continuing profitability. The Modaraba is exposed to credit risk, liquidity risk and market risk arising from the financial instruments it holds.

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

31.1 Credit risk

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

	Note	June 30, 2016 Rupees	June 30, 2015 Rupees
31.1.1	Maximum exposure to credit risk		
The maximum exposure to credit risk as at the reporting date is as follows:			
Loans and receivables			
Cash at bank	4	21,567,903	13,353,414
Finances under musharakah arrangements	6	1,717,530	1,858,660
Finances under murabahah arrangements	7	98,412,183	97,409,306
Ijarah rentals receivable	8	7,863,998	6,558,266
Profit receivable	9	36,855,932	34,672,462
Other receivables	10	7,619,723	7,895,674
		174,037,269	161,747,782

31.1.2 Concentration of credit risk

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

	June 30, 2016 Rupees	June 30, 2015 Rupees
Customers	152,469,366	148,394,368
Banking companies and financial institutions	21,567,903	13,353,414
	174,037,269	161,747,782

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



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	2016					
	Ijarah rentals Receivable	Finances under Murabahah arrangements	Finances under Musharakah arrangements	Profit receivables	Others receivables	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Services	311,792	65,500	-	492,208	369,108	1,238,608
Textile	2,669,091	43,177,574	-	29,345,983	5,110,571	80,303,219
Transport	-	-	1,717,530	923,610	509,804	3,150,944
Electrical and engineering	-	8,716,789	-	312,823	-	9,029,612
Packaging	-	3,180,619	-	3,013,864	132,928	6,327,411
Individuals	4,883,115	43,271,701	-	2,767,444	1,497,312	52,419,572
	<u>7,863,998</u>	<u>98,412,183</u>	<u>1,717,530</u>	<u>36,855,932</u>	<u>7,619,723</u>	<u>152,469,366</u>

	2015					
	Ijarah rentals receivable	Finances under Murabahah arrangements	Finances under Musharakah arrangements	Profit receivables	Others receivables	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Services	440,746	65,500	-	492,208	198,964	1,197,418
Textile	133,162	43,198,243	-	29,345,983	5,110,571	77,787,959
Transport	-	-	1,858,660	923,610	509,804	3,292,074
Electrical and engineering	-	10,000,000	-	333,092	-	10,333,092
Packaging	-	3,180,619	-	3,013,864	132,928	6,327,411
Individuals	5,984,358	40,964,944	-	48,034	1,947,312	48,944,648
	<u>6,558,266</u>	<u>97,409,306</u>	<u>1,858,660</u>	<u>34,156,791</u>	<u>7,899,579</u>	<u>147,882,602</u>

31.1.3 Credit quality and impairment

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

31.1.3(a) Counterparties with external credit ratings

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

31.1.3(b) Counterparties without external credit ratings

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



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	2016		2015	
	Gross Carrying Amount	Accumulated Impairment	Gross carrying Amount	Accumulated Impairment
	Rupees	Rupees	Rupees	Rupees
Neither past due nor impaired	24,045,794	-	52,101,292	-
Past due by upto 90 days	1,169,467	-	2,136,778	-
Past due by 90 to 180 days	2,409,699	2,409,699	1,600,181	1,600,181
Past due by 180 days to 1 year	30,023,218	7,418,983	895,335	895,335
Past due by 1 to 2 years	1,505,559	1,505,559	669,136	669,136
Past due by 2 to 3 years	347,881	347,881	630,715	630,715
Past due by 3 years or more	90,207,932	89,127,903	90,360,931	89,139,772
	149,709,550	100,810,025	148,394,368	92,935,139

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

31.1.4 Collateral held

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

31.1.5 Credit risk management

The Modaraba's portfolio of loans and receivables is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk. The Modaraba does not have significant concentration of credit risk with a single counterparty. Formal policies and procedures of credit management and administration of receivables are established and executed. In monitoring customer credit risk, the ageing profile of total receivable balances and individually significant balances, along with collection activities are reported Management Company on a monthly basis. High risk customers are identified and restrictions are placed on future financing and credit period extensions.

31.2 Liquidity risk

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

31.3 Market risk

31.3.1 Currency risk

The Modaraba is not exposed to currency risk.

31.3.2 Profit rate risk

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

31.3.3 Price risk

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

The Modaraba is exposed to unfavorable changes in the fair value of the investments in listed equity securities as a result of the changes in the equity prices. The particulars of investments exposed to price risk as at the reporting date are referred to note 5 to the financial statements. A fourteen percent increase in market prices would have increased equity by Rs. 1.9 million (2015: Rs. 2.2 million). A ten percent decrease in market prices would have had an equal but opposite impact on equity.



FIRST ELITE CAPITAL MODARABA

32 CAPITAL MANAGEMENT

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

33 REMUNERATION OF OFFICERS AND OTHER EMPLOYEES

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

	2016		
	Officers	Other Employees	Total
	Rupees	Rupees	Rupees
Managerial remuneration	2,895,600	1,388,400	4,284,000
Allowances and perquisites	2,317,773	987,363	3,305,136
Post employment benefits	348,951	697,901	1,046,852
	5,562,324	3,073,664	8,635,988
Number of persons	5	10	15
	2015		
	Officers	Other Employees	Total
	Rupees	Rupees	Rupees
Managerial remuneration	1,909,200	1,836,174	3,745,374
Allowances and perquisites	1,476,954	1,200,609	2,677,563
Post employment benefits	762,784	248,018	1,010,802
	4,148,938	3,284,801	7,433,739
Number of persons	3	12	15

34 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Management Company on October 06, 2016.

35 RECOVERABLE AMOUNTS AND IMPAIRMENT

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

36 GENERAL

Figures have been rounded off to the nearest rupee.

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

Chairman
CRESCENT MODARABA
MANAGEMENT CO. LTD.

Chief Executive
CRESCENT MODARABA
MANAGEMENT CO. LTD.

Director
CRESCENT MODARABA
MANAGEMENT CO. LTD.



FIRST ELITE CAPITAL MODARABA

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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

This statement is being presented to comply with the Code of Corporate Governance ("CCG") as contained in the listing regulations of the Stock Exchange for the purpose of establishing a frame work of good governance, whereby a listed entity is managed in compliance with the best practices of corporate governance.

The Management Company of the Modaraba has applied the principles contained in the Code in the following manner:

- 1 At present the board comprises of seven directors of which six are non-executives and only the Chief Executive Officer (CEO) is an executive director.

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

- 2 The independent director meets the criteria of independence under clause 5.19.1(b) of Code of Corporate Governance.
- 3 The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this management company.
- 4 All the resident directors of the management company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
- 5 No causal vacancy occurred in the board during the financial year.
- 6 The Management Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company and Modaraba along with its supporting policies and procedures.
- 7 The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Modaraba. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- 8 All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board.
- 9 The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
- 10 Four directors of the board have acquired, certification under Director's Training Program up to June 30, 2016, as per requirement of the clause 5.19.7 of Code of Corporate Governance.
- 11 No appointment of CFO, Company Secretary and Head of Internal Audit, has been made during the year.
- 12 The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
- 13 The financial statements of the Modaraba were duly endorsed by CEO and CFO before approval of the board.
- 14 The directors, CEO and executives do not hold any interest in the certificates of the Modaraba other than that disclosed in the pattern of holding of certificates.
- 15 The Modaraba has complied with all the corporate and financial reporting requirements of the CCG.
- 16 The board has formed an Audit Committee. It comprises of three members, of whom all are non-executive directors including the chairman of the committee.
- 17 The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Modaraba and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
- 18 The board has formed an HR and Remuneration Committee. It comprises of three members, of whom two are non-executive directors including the chairman of the committee.
- 19 The Board of Directors has outsourced the internal audit function to Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants which are a suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Modaraba and their representatives are involved in the internal audit of the Modaraba on full time basis. Further the Modaraba has also appointed a permanent employee as head of internal audit as per requirement of the code of Corporate Governance.
- 20 The statutory auditors of the Modaraba have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, and that they or any of the partners of the firm, their spouses and minor children do not hold certificates of the Modaraba and that the firm, and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
- 21 The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 22 The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Modarabas securities, was determined and intimated to directors, employees and stock exchange.
- 23 Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
- 24 We confirm that all other material principles enshrined in the CCG have been complied with

On behalf of the Board

Aamir Iftikhar Khan
Chief Executive

Crescent Modaraba Management Company Limited
Date: October 06, 2016



FIRST ELITE CAPITAL MODARABA

PATTERN OF CERTIFICATE HOLDERS AS AT JUNE 30, 2016

NUMBER OF CERTIFICATE HOLDERS	CERTIFICATE HOLDINGS FROM	TO	TOTAL CERTIFICATE HELD
2,314	1	100	111,867
443	101	500	144,776
1,179	501	1,000	697,543
300	1,001	5,000	664,303
67	5,001	10,000	506,310
33	10,001	15,000	388,999
16	15,001	20,000	283,456
6	20,001	25,000	141,995
14	25,001	30,000	394,535
2	30,001	35,000	69,718
4	35,001	40,000	154,487
4	40,001	45,000	168,637
4	45,001	50,000	191,982
4	50,001	55,000	214,452
3	55,001	60,000	170,827
3	65,001	70,000	206,107
2	80,001	85,000	165,427
1	90,001	95,000	93,500
1	95,001	100,000	100,000
1	100,001	105,000	104,000
1	105,001	110,000	107,000
1	145,001	150,000	149,943
1	160,001	165,000	164,500
1	195,001	200,000	200,000
1	235,001	240,000	235,500
1	295,001	300,000	300,000
1	390,001	395,000	392,620
1	530,001	535,000	531,972
1	605,001	610,000	609,000
1	1,130,001	1,135,000	1,134,000
1	1,215,001	1,220,000	1,218,608
1	1,320,001	1,325,000	1,323,936
4,413			11,340,000



FIRST ELITE CAPITAL MODARABA

CATEGORIES OF CERTIFICATE HOLDING AS AT JUNE 30, 2016

CATEGORIES OF CERTIFICATE HOLDERS	NUMBERS	CERTIFICATE HELD	PERCENTAGE
ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES			
Crescent Modaraba Management Co. Ltd.	1	1,134,000	10.00
NIT & ICP			
National Bank of Pakistan, Trustee Deptt.	1	392,620	3.46
Investment Corporation of Pakistan	1	15,000	0.13
DIRECTORS, CEO AND THEIR SPOUSES AND MINOR CHILDREN			
	4	213,043	1.88
Mr. Muhammad Javed Amin		149,943	
Mrs. Rukhsana Javed Amin		8,700	
Mr. Muhammad Ahmad Amin		9,400	
Mrs. Shahana Javed Amin		45,000	
EXECUTIVE			
	-	-	-
PUBLIC SECTOR COMPANIES AND CORPORATIONS			
State Life Insurance Corporation of Pakistan	1	531,972	4.69
BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE COMPANIES, INSURANCE COMPANIES, TAKAFUL, MODARABAS AND PENSION FUNDS			
	7	113,910	1.00
MUTUAL FUNDS			
Golden Arrow Selected Stocks Fund Ltd.	1	5,000	0.04
Prudential Stock Fund Ltd.	1	37,920	0.34
JOINT STOCK COMPANIES			
	24	178,876	1.58
INDIVIDUALS			
	4,372	8,717,659	76.88
TOTAL:	4,413	11,340,000	100.00

CERTIFICATES HOLDERS HOLDING FIVE PERCENTAGE OR MORE INTEREST IN THE LISTED COMPANY.

Firozuddin A. Cassim	1,323,936	11.67
Dinaz F. Cassim	1,218,608	10.75
Crescent Modaraba Management Company Limited	1,134,000	10.00
Mahboob Ahmed	609,000	5.37



FIRST ELITE CAPITAL MODARABA

KEY OPERATING AND FINANCIAL DATA

YEAR	2016	2015	2014	2013	2012	2011
	Rupees in million					
Revenues	49.77	58.55	62.54	61.78	59.35	53.70
(Loss) / Profit after Management Fee & Taxation	(3.02)	8.58	9.07	9.04	9.02	8.81
Paid up Capital	113.40	113.40	113.40	113.40	113.40	113.40
Certificate Holder's Equity	130.45	142.19	138.16	133.69	128.06	124.04
Current Liabilities	17.31	27.50	22.44	19.25	15.50	9.36
Fixed Assets	85.05	103.83	107.24	119.23	120.62	96.07
Current Assets	96.73	99.52	88.87	74.24	55.77	59.78
Dividend (%)	-	5.50	5.50	5.50	5.50	5.50
(Loss) / Earning per Certificate	(0.27)	0.76	0.80	0.80	0.80	0.78
Break up Value	11.50	12.54	12.18	11.79	11.29	10.94



FIRST ELITE CAPITAL MODARABA

Review Report to the Certificate Holders on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Crescent Modaraba Management Company Limited** ("the Management Company") in respect of **First Elite Capital Modaraba** ("the Modaraba") to comply with the requirements of Listing Regulations of the Stock Exchange, where the Modaraba is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Management Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Modaraba's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Modaraba personnel and review of various documents prepared by the Modaraba to comply with the Code.

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

There were no related party transactions falling within the ambit of Pakistan Stock Exchange Regulations, Sub-Regulation (b) of paragraph 5.19.6 of the Pakistan Stock Exchange Limited, where the Modaraba is listed.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Modaraba's compliance, in all material respects, with the best practices contained in the code of corporate governance, for the year ended June 30, 2016.

ILYAS SAEED & CO
Chartered Accountants
Engagement Partner: Irfan Ilyas

Date: October 06, 2016

Place: Lahore



Shariah Advisor's Report

I have conducted the Shariah review of First Elite Capital Modaraba managed by Crescent Modaraba Management Company Limited for the year ended June 30, 2016 in accordance with the requirements of the Shariah Compliance and Shariah Audit Mechanism for Modarabas. Based on my review I report that in my opinion:

- i. The Modaraba has introduced a mechanism which has strengthened the Shariah compliance, in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the Shariah principles;
- ii. Following were the major developments in respect of Shariah that took place during the year:
 - Improvement in Ijarah contracts & Process to comply with Shariah Principles.

Training:

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



FIRST ELITE CAPITAL MODARABA

Observation:

Improvements were made in the Dividend purification mechanism and Ijarah process to fully comply with the Shariah principles.

Recommendation(s)

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

Conclusion

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

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



Mufti Tayyab Amin
Shariah Advisor

Date: October 06, 2016



FIRST ELITE CAPITAL MODARABA

NOTICE OF ANNUAL REVIEW MEETING

Notice is hereby given that 17th Annual Review Meeting of the First Elite Capital Modaraba will be held on Monday, October 31, 2016 at 11:00 a.m. at 50-A, Garden Block, New Garden Town, Lahore to review the performance of the Modaraba for the year ended June 30, 2016. The Certificate Holders whose names appear on the Register of the Modaraba as on October 24, 2016 are eligible to attend the Meeting.

Muhammad Arif Hilal

Company Secretary

Crescent Modaraba Management Company Limited

Date: October 10, 2016

Place : LAHORE



FIRST ELITE CAPITAL MODARABA

INVESTOR'S AWARENESS:

with reference to SRO 924(1)/2015 dated September 9, 2015 issued by the Security and Exchange Commission of Pakistan (SECP), the following informational message has been added for investor's awareness.

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FIRST ELITE CAPITAL MODARABA

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FIRST ELITE CAPITAL MODARABA

Managed By
Crescent Modaraba Management Company Limited

PRINCIPAL & REGISTERED OFFICE
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New Garden Town, Lahore - Pakistan
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Fax: 35913703
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Web: www.fecm.com.pk