FIRST ELITE CAPITAL MODARABA

Annual Report Two Thousand Fifteen

Managed by
CRESCENT MODARABA MANAGEMENT COMPANY LIMITED

CONTENTS

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.

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

Mr. Haq Nawaz Chattha,

International Legal Services

SHARIAH ADVISOR

Mufti Tayyab Amin

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

Samba Bank Limited

PRINCIPAL & REGISTERED OFFICE

31/10-A, Abu Baker Block, New Garden Town, Lahore - Pakistan

Tel: 042-35913701, 35913702 Fax: 042-35913703

E-mail: info@fecm.com.pk

Web: www.fecm.com.pk

REGISTRAR

CorpTech Associates (Pvt.) Limited

503-E, Johar Town, Lahore.

Tel: 042-35170336-7

Fax: 042-35170338

E-mail: info@corptec.com.pk

DIRECTORS' REPORT TO THE CERTIFICATE HOLDERS

Valued Certificate Holders

The Board of Directors of **Crescent Modaraba Management Company Limited,** manger of **First Elite Capital Modaraba** presents the 24th annual audited accounts of the Modaraba for the year ended June 30, 2015.

Financial Results

Financial results for the year ended June 30, 2015 are summarized as under:

	June 30, 2015 Rupees	June 30, 2014 Rupees
Total Income of Modaraba	**58,553,808**	62,538,741
Depreciation of Assets Leased Out	**32,319,789**	35,386,591
Administrative & General Expenses	**16,685,767**	17,055,179
Financial Charges	**11,370**	14,268
Modaraba Company's Management Fee	**953,688**	1,008,270
Taxation	**-**	-
Profit after Taxation	**8,583,194**	9,074,433

Profit Distribution

The Board in its meeting held on September 30, 2015 has approved the distribution of profit of Re.0.55 (5.50%) per certificate of Rs. 10 each, subject to deduction of Zakat and tax at source where applicable, for the year ended June 30, 2015.

Review of Operations

The Modaraba earned a net profit of Rs.8,583,194/= in the year ended June 30, 2015 as compared to Rs.9,074,433/= in corresponding period of the preceding year, which is quite satisfactory in a tough competitive environment. During the period under review the management of the Modaraba mainly remained focus on business activities like Ijarah, Murabahah and investment in listed securities and able to earn gross revenue of Rs.58,553,808/=. An amount of Rs.2,059,967/= has been transferred to statuary reserve during the year under review. The portfolio of Ijarah, Murabahah and Musharakah remained at Rs.154,171,868/= as on June 30, 2015. The certificate holders equity of Modaraba stand at Rs.142,186,070/= and the breakup value of certificate comes to Rs.12.54/= per certificate.

Future Outlook

Despite the challenging environment the management of the Modaraba will mainly remain focused on Ijarah and Murabahah financing to our valued customers. Continuous focus on operational efficiency and achieving excellence in customers service will be the focal point.

Corporate and Financial Reporting Framework

- The Financial statements, prepared by the management of the Modaraba, present fairly its true state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Modaraba have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International financial reporting standards, as applicable to Modaraba in Pakistan, have been followed in preparation of financial statements and any

departures therefrom has been adequately disclosed and explained.

- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Modaraba's ability to continue as a going concern.
- The Directors, CEO, CFO, Company Secretary and their spouses and minor children do not hold any interest in the certificates of Modaraba, other than that disclosed in the pattern of certificate holding.
- During the year under review five 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	5
II.	Dr. Sardar Ahmad Khan	-
III.	Mr. Ghazanfar Farrokh	3
IV.	Mr. Muhammad Javed Amin	5
V.	Mr. Muneeb Ahmed Dar	5
VI.	Mrs. Rukhsana Javed Amin	1
VII.	Mrs. Shahana Javed Amin	5

- 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 Mr. Aamir Iftikhar Khan, Mr. Muhammad Javed Amin, attended two meetings and Mr. Ghazanfar Farrokh attended one meeting.

Pattern of Certificate Holding

A statement reflecting the pattern of holding of the certificates as on June 30, 2015 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 2015-2016 subject to the approval of the Registrar of Modaraba Companies & Modarabas.

Acknowledgement

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

On behalf of the Board

AAMIR IFTIKHAR KHAN
CHIEF EXECUTIVE
Crescent Modaraba Management Company Limited

Date: September 30, 2015

Auditors' Report to the Certificate Holders

We have audited the annexed balance sheet of **FIRST ELITE CAPITAL MODARABA** ("the Modaraba") as at June 30, 2015 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, 2015 and of the profit, other comprehensive income, 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: SEPTEMBER 30, 2015
Place: LAHORE

BALANCE SHEET
AS AT JUNE 30, 2015

	Note	June 30, 2015 Rupees	June 30, 2014 Rupees
ASSETS			
CURRENT ASSETS			
Cash and bank balances	4	13,414,329	52,219,076
Short term investments	5	22,393,707	19,069,742
Short term finances under musharakah arrangements - Secured	6	1,221,160	1,340,000
Short term finances under murabahah arrangements - Secured	7	50,964,945	7,665,516
Ijarah rentals receivable - Secured	8	2,136,778	1,601,668
Profit receivable - Secured	9	641,149	453,146
Advances, deposits, prepayments and other receivables	10	6,859,454	4,927,120
Advance income tax		1,884,619	1,595,674
		99,516,141	88,871,942
NON-CURRENT ASSETS			
Assets leased out under ijarah contracts	11	101,985,763	105,173,218
Property and equipment	12	1,839,568	2,068,018
		103,825,331	107,241,236
TOTAL ASSETS		203,341,472	196,113,178
LIABILITIES			
CURRENT LIABILITIES			
Accrued and other liabilities	13	3,085,549	2,577,243
Security deposits	14	16,135,405	12,149,449
Management fee payable		953,688	1,008,270
Unclaimed profit distribution		7,325,563	6,707,271
		27,500,205	22,442,233
NON-CURRENT LIABILITIES			
Security deposits	14	27,965,880	30,716,981
Employees retirement benefits	15	5,689,317	4,798,851
		33,655,197	35,515,832
Contingencies and commitments	16	-	-
TOTAL LIABILITIES		61,155,402	57,958,065
NET ASSETS		142,186,070	138,155,113
REPRESENTED BY			
Authorized capital 20,000,000 (2014: 20,000,000) modaraba certificates of Rs. 10 each		200,000,000	200,000,000
Issued, subscribed and paid-up capital	17	113,400,000	113,400,000
Reserves		28,786,070	24,755,113
		142,186,070	138,155,113

The annexed notes 1 to 35 form an integral part of these financial statements.

Chairman	Chief Executive	Director
CRESCENT MODARABA MANAGEMENT CO. LTD.	CRESCENT MODARABA MANAGEMENT CO. LTD.	CRESCENT MODARABA MANAGEMENT CO. LTD.

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	June 30, 2015 Rupees	June 30, 2014 Rupees
INCOME			
Income from ijarah financing		48,257,144	52,413,809
Profit on murabahah and musharakah financing		6,458,046	4,835,831
Return on investments	19	1,877,401	2,046,960
Other income	20	1,961,217	3,242,141
		58,553,808	62,538,741
EXPENSES			
Depreciation of assets leased out under ijarah contracts	11	32,319,789	35,386,591
Administrative and general expenses	21	16,685,767	17,055,179
Financial charges		11,370	14,268
		49,016,926	52,456,038
Operating profit		9,536,882	10,082,703
Management fee	22	953,688	1,008,270
Profit before taxation		8,583,194	9,074,433
Taxation	23	-	-
Profit after taxation		8,583,194	9,074,433
Earnings per certificate - basic and diluted	24	0.76	0.80

The annexed notes 1 to 35 form an integral part of these financial statements.

Chairman	Chief Executive	Director
CRESCENT MODARABA MANAGEMENT CO. LTD.	CRESCENT MODARABA MANAGEMENT CO. LTD.	CRESCENT MODARABA MANAGEMENT CO. LTD.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2015

	Note	June 30, 2015 Rupees	June 30, 2014 Rupees
Items that may be reclassified subsequently to profit or loss			
Changes in fair value of available for sale investments	5	1,615,666	1,969,676
Reclassification adjustments for losses/(gains) included in profit or loss	19.1	84,361	167,706
		1,700,027	2,137,382
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plan		(15,264)	428,335
Other comprehensive income before taxation		1,684,763	2,565,717
Taxation		-	-
Other comprehensive income after taxation		1,684,763	2,565,717
Profit after taxation		8,583,194	9,074,433
Total comprehensive income		10,267,957	11,640,150

The annexed notes 1 to 35 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.

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	June 30, 2015 Rupees	June 30, 2014 Rupees
CASH GENERATED FROM OPERATIONS	25	**(2,461,109)**	56,319,647
(Payments)/receipts for:			
Income taxes		**(288,945)**	(206,917)
Employees retirement benefits		**(135,600)**	(861,050)
Purchase of Ijarah assets		**(43,856,994)**	(53,459,624)
Transfer of Ijarah assets		**15,077,310**	31,337,069
Management fee		**(1,008,270)**	(1,045,810)
Profit distribution		**(6,237,000)**	(5,583,246)
		(36,449,499)	(29,819,578)
Net cash generated from/(used in) operating activities		**(38,910,608)**	26,500,069
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property and equipment		**(77,800)**	(43,470)
Purchase of investments		**(11,753,065)**	(8,140,594)
Proceeds from sale of investments		**10,797,550**	8,180,712
Dividend received		**1,139,176**	1,241,278
Net cash generated from/(used in) investing activities		**105,861**	1,237,926
CASH FLOW FROM FINANCING ACTIVITIES		**-**	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(38,804,747)**	27,737,995
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**52,219,076**	24,481,081
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	26	**13,414,329**	52,219,076

The annexed notes 1 to 35 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.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2015

	Note	Issued Subscribed And paid-up Capital	Reserves				Total equity
			Statutory reserve	Available for sale financial assets	Accumulated losses	Total	
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at July 01, 2013		113,400,000	26,745,685	1,379,982	(8,773,704)	19,351,963	132,751,963
Profit distribution @ 5.5% i.e. Re. 0.55 per certificate for the year ended June 30, 2013		-	-	-	(6,237,000)	(6,237,000)	(6,237,000)
Comprehensive income for the year ended June 30, 2014							
Profit after taxation		-	-	-	9,074,433	9,074,433	9,074,433
Other comprehensive income		-	-	2,137,382	428,335	2,565,717	2,565,717
		-	-	2,137,382	9,502,768	11,640,150	11,640,150
Transferred to statutory reserve	18	-	2,268,608	-	(2,268,608)	-	-
Balance as at June 30, 2014		**113,400,000**	**29,014,293**	**3,517,364**	**(7,776,544)**	**24,755,113**	**138,155,113**
Profit distribution @ 5.5% i.e. Re. 0.55 per certificate for the year ended June 30, 2014		-	-	-	(6,237,000)	(6,237,000)	(6,237,000)
Comprehensive income for the year ended June 30, 2015							
Profit after taxation		-	-	-	**8,583,194**	**8,583,194**	**8,583,194**
Other comprehensive income		-	-	**1,700,027**	**(15,264)**	**1,684,763**	**1,684,763**
		-	-	**1,700,027**	**8,567,930**	**10,267,957**	**10,267,957**
Transferred to statutory reserve	18	-	**2,059,967**	-	**(2,059,967)**	-	-
Balance as at June 30, 2015		**113,400,000**	**31,074,260**	**5,217,391**	**(7,505,581)**	**28,786,070**	**142,186,070**

The annexed notes 1 to 35 form an integral part of these financial statements.

Chairman	Chief Executive	Director
CRESCENT MODARABA MANAGEMENT CO. LTD.	CRESCENT MODARABA MANAGEMENT CO. LTD.	CRESCENT MODARABA MANAGEMENT CO. LTD.

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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. The registered office of the Modaraba is situated at 31/10-A Abu Bakar Block, New Garden Town, Lahore. The Modaraba was floated on September 26, 1991 and is listed on Karachi, Lahore and Islamabad Stock Exchanges. 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 ("IFRSs"), the International Accounting Standards ("IASs") and the Islamic Financial Accounting Standards ("IFASs") 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:

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 dimunition 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 PUBLISHED ACCOUNTING STANDARDS THAT ARE EFFECTIVE IN THE CURRENT YEAR

New, revised and amended standards and interpretations:

The Modaraba has adopted the following revised standards, amendments and interpretations of IFRSs which became effective for the current year:

IAS-32 Offsetting Financial Assets and Financial Liabilities – (Amendments)

IAS-36 Recoverable Amount for Non-Financial Assets – (Amendments)

IAS-39 Novation of Derivatives and Continuation of Hedge Accounting – (Amendments)

IFRIC-21 Levies

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

Amendments to Accounting Standards Issued by the IASB

IFRS-5 Non-current Assets Held for Sale and Discontinued Operations-Clarification for the changes in the method of disposal etc.

IFRS-7 Financial Instruments: Disclosure-Clarification for service arrangements etc.

IAS -19 Employee Benefits- clarification that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid etc.

IAS-34 Interim Financial Reporting- clarification that certain disclosures, if these are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred etc.

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

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

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 or Interpretation		IASB Effective date (annual periods beginning on or after)
IFRS-10	Consolidated Financial Statements	January 1, 2015
IFRS-11	Joint Arrangements	January 1, 2015
IFRS-12	Disclosure of Interests in Other Entities	January 1, 2015
IFRS-13	Fair Value Measurement	January 1, 2015
IAS-28	Investments in Associates and Joint Venture	January 1, 2015

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 or Interpretation		IASB Effective date (annual periods beginning on or after)
IFRS-01	First-time Adoption of International Financial Reporting Standards	July 1, 2009
IFRS-09	Financial Instruments	January 1, 2018
IFRS-14	Regulatory Deferral accounts	January 1, 2016
IFRS-15	Revenue from Contracts with Customers	January 1, 2017

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

Standards or Interpretation		IASB Effective date (annual periods beginning on or after)
IAS-16	Property, Plant and Equipment- amendments regarding the clarification of acceptable methods of depreciation and amortization.	January 1, 2016
IAS-27	Separate Financial Statements-amendments reinstating the equity method as an accounting option for investments in subsidiaries etc.	January 1, 2016
IAS-38	Intangible Assets-amendments regarding the clarification of acceptable methods of depreciation and amortization.	January 1, 2016
IAS-41	Agriculture-amendments bringing the bearer plants into the scope of IAS-16	January 1, 2016

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 12 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.

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 15 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.

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 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 generating unit.

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 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, 2015 Rupees	June 30, 2014 Rupees
4 CASH AND BANK BALANCES			
Cash in hand		**60,915**	162,537
Cash at bank in			
current accounts		**782,617**	880,346
saving/deposit accounts	**4.1**	**12,570,797**	51,176,193
		13,353,414	52,056,539
		13,414,329	52,219,076

4.1 Effective rate of return on deposit/saving accounts, for the year, ranges from 4% to 7% (2014: 6% to 8%).

5 SHORT TERM INVESTMENTS

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

	Note	June 30, 2015 Rupees	June 30, 2014 Rupees
Cost	**5.1**	**20,912,706**	19,288,768
Accumulated impairment		**(3,736,390)**	(3,736,390)
Accumulated changes in fair value		**5,217,391**	3,517,364
	5.1	**22,393,707**	19,069,742

5.1 Particulars of investments

Oil and Gas Producers
Pakistan Petroleum Limited
Attock Refinery Limited
Pakistan State Oil Company Limited

Chemicals
Fauji Fertilizer Bin Qasim Limited
Lottee Pakistan PTA Limited
Fauji Fertilizer Company Limited

Personal Goods
Sunrise Textiles Limited

Fixed Line Telecommunication
Callmate Telips Telecom Limited
Pakistan Telecommunication Company Limited

Electricity
Hub Power Company Limited

Gas Water and Multiutilities
Sui Northern Gas Pipelines Limited

Banks
Meezan Bank Limited

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

Equity Investment Instruments
First Equity Modaraba

Construction
Meaple leaf Cement Factory Limited
Lafarge Pakistan Cement Limited
Fauji cement Company Limited

TOTAL

No. Of Shares/ Certificates		Average Cost		Fair Value	
June 30, 2015	June 30, 2014	**June 30, 2015**	June 30, 2014	**June 30, 2015**	June 30, 2014
		Rupees		Rupees	
6,000	6,000	**1,068,015**	1,068,015	**985,560**	1,346,040
10,000	5,000	**2,175,752**	1,119,982	**2,284,500**	1,061,450
13,200	13,200	**2,387,665**	2,387,665	**5,092,428**	5,132,820
21,000	16,000	**1,107,692**	755,323	**1,161,720**	636,320
18,000	12,000	**191,111**	152,239	**124,560**	86,280
51,450	51,450	**2,789,754**	2,789,754	**7,687,659**	5,775,263
153,900	153,900	**2,023,076**	2,023,076	-	-
5,100	5,100	**530,323**	530,323	-	-
85,000	70,000	**4,200,073**	3,875,108	**1,742,500**	1,782,900
5,000	9,000	**254,230**	457,590	**467,850**	528,660
32,000	67,000	**843,365**	1,665,749	**852,480**	1,517,550
13,330	3,330	**626,607**	125,034	**546,530**	143,989
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
33,000	33,000	**199,169**	199,169	**141,900**	140,250
-	30,000	-	940,030	-	901,500
34,000	-	**674,328**	-	**661,640**	-
18,000	-	**641,835**	-	**627,660**	-
510,780	486,780	**20,912,706**	19,288,768	**22,393,707**	19,069,742

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, 2015 Rupees	June 30, 2014 Rupees
Considered good		-	-
Considered doubtful		1,858,660	1,977,500
		1,858,660	1,977,500
Accumulated impairment	6.1	(637,500)	(637,500)
		1,221,160	1,340,000

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		50,964,944	7,390,515
Considered doubtful		46,444,362	46,740,657
		97,409,306	54,131,172
Accumulated impairment	7.1	(46,444,361)	(46,465,656)
		50,964,945	7,665,516

These represent receivable against murbahaha transactions on deferred payment basis at a specified margin. These are secured against pledge of marketable securities, mortgage of property, hypothecation of stocks, demand promissory notes and personal guarantees. Profit margin on murabahah transactions ranges from 15% to 20% (2014: 16% to 20%) per annum receivable on monthly basis.

7.1 Movement in accumulated impairment is as follows:

As at beginning of the year		46,465,656	46,568,204
Recognized during the year		-	-
Reversed during the year	20.1	(21,295)	(102,548)
As at end of the year		46,444,361	46,465,656

8 IJARAH RENTALS RECEIVABLE - SECURED

These represent rentals receivable against assets leased out under Ijarah contracts. The details are as follows:

Considered good		2,136,778	1,601,668
Considered doubtful		4,421,488	5,886,270
		6,558,266	7,487,938
Accumulated impairment	8.1	(4,421,488)	(5,886,270)
		2,136,778	1,601,668

8.1 Movement in accumulated impairment is as follows:

As at beginning of the year		5,886,270	4,821,444
Recognized during the year		2,017,670	3,259,706
Reversed during the year		(3,482,452)	(2,194,880)
As at end of the year		4,421,488	5,886,270

	Note	June 30, 2015 Rupees	June 30, 2014 Rupees
9 PROFIT RECEIVABLE - SECURED			
This represents profit receivable on murabahah and musharakah finances			
Considered good		**641,150**	453,147
Considered doubtful		**34,031,312**	34,704,142
		34,672,462	35,157,289
Accumulated impairment	9.1	**(34,031,313)**	(34,704,143)
		641,149	453,146

9.1 Movement in accumulated impairment is as follows:

As at beginning of the year		**34,704,143**	34,704,143
Recognized during the year		**-**	-
Reversed during the year		**(672,830)**	-
As at end of the year		**34,031,313**	34,704,143

	Note	June 30, 2015 Rupees	June 30, 2014 Rupees
10 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances to employees-considered good			
against salary		**164,658**	160,358
against retirement benefits	10.1	**2,608,339**	1,586,735
Advances to suppliers	10.2	**2,253,067**	3,014,284
Security deposits		**60,450**	60,450
Prepayments		**1,277,742**	54,894
Other receivables - unsecured	10.3	**495,198**	50,399
		6,859,454	4,927,120

10.1 These include advances to officers of the Modaraba amounting to Rs. 2,608,339 (2014: 1,586,735).

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:

	Note	June 30, 2015 Rupees	June 30, 2014 Rupees
Considered good		**495,198**	50,399
Considered doubtful		**7,400,476**	7,400,476
		7,895,674	7,450,875
Accumulated impairment	10.3.1	**(7,400,476)**	(7,400,476)
		495,198	50,399

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	20.1	**-**	-
Reversed during the year	20.1	**-**	(10,600)
As at end of the year		**7,400,476**	7,400,476

11 ASSETS LEASED OUT UNDER IJARAH CONTRACTS

Year ended June 30, 2015

PARTICULARS	COST				DEPRECIATION				Carrying Value
	As at July 01, 2014	Additions	Disposals	As at June 30, 2015	As at July 01, 2014	For the year	Adjustment	As at June 30, 2015	As at June 30, 2015
	Rupees	Rupees	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

Year ended June 30, 2014

PARTICULARS	COST				DEPRECIATION				Carrying Value
	As at July 01, 2013	Additions	Disposals	As at June 30, 2014	As at July 01, 2013	For the year	Adjustment	As at June 30, 2014	As at June 30, 2014
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Vehicles	146,329,376	46,415,124	(62,637,700)	130,106,800	51,471,596	28,677,747	(39,461,011)	40,688,332	89,418,468
Office equipment	130,500	799,500	(130,500)	799,500	54,901	52,409	(82,350)	24,960	774,540
Machinery	27,229,400	6,245,000	(12,431,000)	21,043,400	5,314,849	6,656,435	(5,908,094)	6,063,190	14,980,210
	173,689,276	53,459,624	(75,199,200)	151,949,700	56,841,346	35,386,591	(45,451,455)	46,776,482	105,173,218

11.1 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.

12 PROPERTY AND EQUIPMENT

Year ended June 30, 2015

PARTICULARS	COST				DEPRECIATION					Net book value
	As at July 01, 2014	Additions	Disposals	As at June 30, 2015	Rate %age	As at July 01, 2014	For the year	Adjustment	As at June 30, 2015	as at June 30, 2015
	Rupees	Rupees	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	-	3,433,820	1,839,568

Year ended June 30, 2014

PARTICULARS	COST				DEPRECIATION					Net book value
	As at July 01, 2013	Additions	Disposals	As at June 30, 2014	Rate %age	As at July 01, 2013	For the year	Adjustment	As at June 30, 2014	as at June 30, 2014
	Rupees	Rupees	Rupees	Rupees		Rupees	Rupees	Rupees	Rupees	Rupees
Furniture and fixtures	244,780	-	-	244,780	10	121,794	12,299	-	134,093	110,687
Office equipment	2,162,338	-	-	2,162,338	10	1,082,119	108,022	-	1,190,141	972,197
Vehicles	2,745,000	43,470	-	2,788,470	20	1,566,314	237,022	-	1,803,336	985,134
	5,152,118	43,470	-	5,195,588		2,770,227	357,343	-	3,127,570	2,068,018

	Note	June 30, 2015 Rupees	June 30, 2014 Rupees
13 ACCRUED AND OTHER LIABILITIES			
Accrued expenses		**833,697**	846,114
Advance ijarah rentals and security deposits		**1,442,608**	1,051,252
Withholding tax payable		**126,025**	175,021
Service charges payable		**245,742**	39,052
Charity payable		**6,750**	35,077
Other payables - unsecured		**430,727**	430,727
		3,085,549	2,577,243
14 SECURITY DEPOSITS			
Security deposits under ijarah contracts		**44,101,285**	42,866,430
Current maturity presented under current liabilities		**(16,135,405)**	(12,149,449)
		27,965,880	30,716,981

15 EMPLOYEES RETIREMENT BENEFITS

The amounts recognized on balance sheet are as follows:

	Note	June 30, 2015 Rupees	June 30, 2014 Rupees
Present value of defined benefit obligation	**15.1**	**5,689,317**	4,798,851

15.1 Movement in present value of defined benefit obligation

	Note	June 30, 2015 Rupees	June 30, 2014 Rupees
As at beginning of the year		**4,798,851**	5,251,541
Charged to profit or loss for the year	**15.3**	**1,010,802**	836,695
Actuarial (gain)/loss arising during the year	**15.2**	**15,264**	(428,335)
Benefits paid during the year		**(135,600)**	(861,050)
As at end of the year		**5,689,317**	4,798,851

The present value of defined benefit obligation has been determined by the management of the Modaraba using the following assumptions:

	June 30, 2015	June 30, 2014
Discount rate	**10%**	13%
Expected rates of increase in salary	**08%**	11%
Expected average remaining working lives of employees	**12 years**	9 years

	June 30, 2015 Rupees	June 30, 2014 Rupees
15.2 Remeasurements recognized in other comprehensive income		
Actuarial loss/(gain) on obligation	**15,264**	(428,335)
15.3 Charge to profit or loss		
Current service cost	**389,985**	353,740
Interest cost	**620,817**	482,955
	1,010,802	836,695

15.4 Historical information

		June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011
Present value of defined						
Benefit obligation	Rupees	**5,689,317**	4,798,851	5,251,541	3,894,958	3,350,445
Actuarial adjustment arising during the year	%	**0.27**	8.93	8.07	3.89	3.86

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

16 CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

The Modaraba has filed execution petitions and recovery suits with the Modaraba Tribunal Punjab, Lahore against various parties for recovery of amounts of Rs. 87 million (2014: Rs. 87 million), which are pending. Additionally, claims for Rs. 23.7 million (2014: Rs. 23.7 million) have been filed against two companies, which are currently under liquidation, with official liquidators appointed by the Lahore High Court. The Modaraba has made adequate provisions in respect of these balances, as required by the Regulations.

16.2 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, 2015 Rupees	June 30, 2014 Rupees
Future Ijarah rentals receivable			
Not later than one year		**40,742,815**	40,474,371
Later than one year but not later than five years		**44,362,941**	45,756,893
Later than five years		-	-
		85,105,756	86,231,264

17 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Modaraba certificates of Rs. 10 each		
10,000,000 (2014: 10,000,000) certificates issued for cash	**100,000,000**	100,000,000
1,340,000 (2014: 1,340,000) certificates issued as full paid bonus certificates	**13,400,000**	13,400,000
	113,400,000	113,400,000

18 STATUTORY RESERVE

This represents special reserve created in compliance with the Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan.

19 RETURN ON INVESTMENTS

	Note		
Dividend income		**1,139,176**	1,241,278
Gain on sale of investments	19.1	**738,225**	805,682
		1,877,401	2,046,960

19.1 This includes loss of Rs. 84,361 (2014: loss of Rs. 167,706) reclassified from other comprehensive income on disposal of related investments.

	Note	June 30, 2015 Rupees	June 30, 2014 Rupees
20 OTHER INCOME			
Gain on financial instruments			
Return on bank deposits		**1,939,922**	2,374,838
Reversal of impairment on financial assets	**20.1**	**21,295**	867,303
		1,961,217	3,242,141
20.1 Reversal of impairment on financial assets			
Available for sale investments		**-**	754,155
Short term finances under murabahah arrangements		**21,295**	102,548
Other receivables		**-**	10,600
		21,295	867,303
21 ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries and benefits	**21.1**	**7,433,739**	6,532,326
Rent, rates and taxes		**153,845**	37,420
Service charges		**1,597,081**	2,306,880
Utilities		**374,639**	381,862
Repair and maintenance		**597,419**	525,518
Printing and stationery		**353,070**	353,275
Communication		**285,835**	288,773
Postage		**145,358**	175,981
Travelling and conveyance		**590,450**	838,581
Insurance		**2,469,886**	3,443,483
Advertisement		**38,050**	97,100
Fee and subscription		**481,821**	480,691
Newspapers, books and periodicals		**8,582**	6,732
Entertainment		**104,787**	91,990
Auditors' remuneration	**21.2**	**360,000**	360,000
Legal and professional charges		**1,127,100**	562,795
Depreciation	**12**	**306,250**	357,343
Zakat		**7,577**	8,357
Others		**250,278**	206,072
		16,685,767	17,055,179

21.1 These include charge in respect of employees retirement benefits amounting to Rs. 1,010,802 (2014: Rs. 836,695).

21.2 Auditors' remuneration

Annual statutory Audit	**250,000**	250,000
Half yearly review	**50,000**	50,000
Review report under Code of Corporate Governance	**45,000**	45,000
Out of pocket expenses	**15,000**	15,000
	360,000	360,000

22 MANAGEMENT FEE

This represents remuneration of the Management Company for the management of affairs of the Modaraba and is calculated at ten percent of the operating profit for the year.

23 TAXATION

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

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

24 EARNINIGS PER CERTIFİCATE

	Unit	June 30, 2015 Rupees	June 30, 2014 Rupees
Profit attributable to certificate holders	**Rupees**	**8,583,194**	9,074,433
Weighted average number of certificates outstanding during the year	**No. of certificates**	**11,340,000**	11,340,000
Earnings per certificate	**Rupees**	**0.76**	0.80

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

25 CASH GENERATED FROM OPERATIONS

	Note	June 30, 2015 Rupees	June 30, 2014 Rupees
Profit before taxation		**8,583,194**	9,074,433
Adjustments for non-cash and other items			
Depreciation of assets under own use		**306,250**	357,343
Depreciation of assets leased out under ijarah contracts		**32,319,789**	35,386,591
Loss/(gain) on sale of investments		**(738,225)**	(805,682)
Reversal of impairment loss		**-**	(754,155)
Dividend income		**(1,139,176)**	(1,241,278)
Gain on transfer of assets leased out		**(352,650)**	(1,589,324)
Provision for management fee		**953,688**	1,008,270
Provision for employees retirement benefits		**1,026,066**	836,695
		32,375,742	33,198,460
Operating profit before changes in working capital		**40,958,936**	42,272,893
Changes in working capital			
Finances under murabahah arrangements		**(43,299,429)**	16,316,802
Finances under musharakah arrangements		**118,840**	100,000
Ijarah rentals receivable		**(535,110)**	627,295
Profit receivable		**484,827**	220,804
Advances, deposits, prepayments and other receivables		**(1,932,334)**	(289,996)
Security deposits		**1,234,855**	(3,829,475)
Accrued and other liabilities		**508,306**	901,324
		(43,420,045)	14,046,754
Cash generated from operations		**(2,461,109)**	56,319,647

26 CASH AND CASH EQUIVALENTS

	Note	June 30, 2015 Rupees	June 30, 2014 Rupees
Cash and bank balances	4	**13,414,329**	52,219,076

27 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Modaraba's perspective comprise Modaraba's Management Company only. Transactions with related party are limited to management fee payable to the Management Company.

	June 30, 2015 Rupees	June 30, 2014 Rupees

Details of transactions and balances with related parties is as follows:

27.1 Transactions with related parties

Management fee	**953,688**	1,008,270
Profit distribution	**623,700**	623,700

27.2 Balances with related parties

Management fee payable	**953,688**	1,008,270

28 FINANCIAL INSTRUMENTS

28.1 Financial instruments by class and category

	Note	2015 Loans and receivables Rupees	2015 Available for sale financial assets Rupees	2014 Loans and receivables Rupees	2014 Available for sale financial assets Rupees
Financial assets					
Cash and bank balances	4	13,414,329	-	52,219,076	-
Short term investments	5	-	22,393,707	-	19,069,742
Finances under musharakah arrangements	6	1,221,160	-	1,340,000	-
Finances under murabahah arrangements	7	50,964,945	-	7,665,516	-
Ijarah rentals receivable	8	2,136,778	-	1,601,668	-
Profit receivable	9	641,149	-	453,146	-
Advances to employees	10	2,772,997	-	1,747,093	-
Security deposits	10	60,450	-	60,450	-
Other receivables	10	495,198	-	50,399	-
		71,707,006	22,393,707	65,137,348	19,069,742

	Note	2015 Financial liabilities at amortized cost Rupees	2014 Financial liabilities at amortized cost Rupees
Financial liabilities			
Accrued expenses	13	**833,697**	846,114
Service charges payable	13	**245,742**	39,052
Other payables	13	**430,727**	430,727
Management fee payable	22	**953,688**	1,008,270
		2,463,854	2,324,163

28.2 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.

28.2.1 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.

28.2.2 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.

29 FINANCIAL RISK EXPOSURE AND MANAGEMENT

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

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:

29.1 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.

29.1.1 Maximum exposure to credit risk

The maximum exposure to credit risk as at the reporting date is as follows:

	Note	June 30, 2015 Rupees	June 30, 2014 Rupees
Loans and receivables			
Cash at bank	4	**13,353,414**	52,056,539
Finances under musharakah arrangements	6	**1,858,660**	1,977,500
Finances under murabahah arrangements	7	**97,409,306**	54,131,172
Ijarah rentals receivable	8	**6,558,266**	7,487,938
Profit receivable	9	**34,672,462**	35,157,289
Other receivables	10	**7,895,674**	7,450,875
		161,747,782	158,261,313

29.1.2 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, 2015 Rupees	June 30, 2014 Rupees
Customers	**148,394,368**	106,204,774
Banking companies and financial institutions	**13,353,414**	52,056,539
	161,747,782	158,261,313

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

	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
	6,558,266	97,409,306	1,858,660	34,156,791	7,899,579	147,882,602

	2014					
	Ijarah rentals receivable	Finances under Murabahah arrangements	Finances under Musharakah arrangements	Profit receivables	Others receivables	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Services	252,277	65,500	-	492,208	200,260	1,010,245
Textile	133,162	43,494,538	-	30,018,813	5,110,571	78,757,084
Transport	-	-	1,977,500	923,610	509,804	3,410,914
Electrical and engineering	-	-	-	255,647	-	255,647
Packaging	-	3,180,618	-	3,013,864	132,928	6,327,410
Individuals	7,102,499	7,390,516	-	453,147	1,497,312	16,443,474
	7,487,938	54,131,172	1,977,500	35,157,289	7,450,875	106,204,774

29.1.3 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.

29.1.3(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.

29.1.3(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:

	2015		2014	
	Gross Carrying Amount	**Accumulated Impairment**	Gross carrying amount Amount	Accumulated Impairment
	Rupees	**Rupees**	Rupees	Rupees
Neither past due nor impaired	**52,101,292**	**-**	7,748,641	-
Past due by upto 90 days	**2,136,778**	**-**	1,747,089	-
Past due by 90 to 180 days	**1,600,181**	**1,600,181**	1,576,030	1,576,030
Past due by 180 days to 1 year	**895,335**	**895,335**	1,791,504	1,791,504
Past due by 1 to 2 years	**669,136**	**669,136**	1,419,675	1,419,675
Past due by 2 to 3 years	**630,715**	**630,715**	1,049,917	1,049,917
Past due by 3 years or more	**90,360,931**	**89,139,772**	90,871,918	89,256,919
	148,394,368	**92,935,139**	106,204,774	95,094,045

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

29.1.4 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.

29.1.5 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.

29.2 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.

29.3 Market risk

29.3.1 Currency risk

The Modaraba is not exposed to currency risk.

29.3.2 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.

29.3.3 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 ten percent increase in market prices would have increased equity by Rs. 2.2 million (2014: Rs. 1.9 million). A ten precent decrease in market prices would have had an equal but opposite impact on equity.

30 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.

31 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Management Company in their meeting held on September 30, 2015, have approved profit distribution to certificate holders at Re. 0.55 per certificate of Rs. 10 each.

32 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:

	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**

	2014		
	Officers	Other Employees	Total
	Rupees	Rupees	Rupees
Managerial remuneration	1,754,520	1,576,073	3,330,593
Allowances and perquisites	1,356,154	1,008,884	2,365,038
Post employment benefits	431,650	405,045	836,695
	3,542,324	2,990,002	6,532,326
Number of persons	3	12	15

33 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Management Company on September 30, 2015.

34 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.

35 GENERAL

Figures have been rounded off to the nearest rupee.

Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison and better presentation, the impact of which is not material.

Chairman CRESCENT MODARABA MANAGEMENT CO. LTD.	Chief Executive CRESCENT MODARABA MANAGEMENT CO. LTD.	Director CRESCENT MODARABA MANAGEMENT CO. LTD.

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 any Stock Exchange. However, the First Elite Capital Modaraba ("the Modaraba") is listed on Karachi, Lahore and Islamabad Stock Exchanges. 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 Exchanges of Pakistan 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

The independent director meets the criteria of independence under clause i (b) of Code of Corporate Governance.

2 The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this management company.

3 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.

4 No causal vacancy occurred in the board during the financial year.

5 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.

6 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.

7 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.

8 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.

9 Four directors of the board have acquired, certification under Director's Training Program up to June 30, 2015, as per requirement of the clause xi of Code of Corporate Governance.

10 No appointment of CFO, Company Secretary and Head of Internal Audit, has been made during the year.

11 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.

12 The financial statements of the Modaraba were duly endorsed by CEO and CFO before approval of the board.

13 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.

14 The Modaraba has complied with all the corporate and financial reporting requirements of the CCG.

15 The board has formed an Audit Committee. It comprises three members, of whom all are non-executive directors including the chairman of the committee.

16 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.

17 The board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors including the chairman of the committee.

18 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 appointment a permanent employee as head of internal audit under clause xxxi of the Code of Corporate Governance.

19 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, 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.

20 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.

21 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(s).

22 Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23 We confirm that all other material principles enshrined in the CCG have been complied with

On behalf of the Board

Aamir Iftikhar

Aamir Iftikhar Khan
Chief Executive

Crescent Modaraba Management Company Limited
Date: September 30, 2015

PATTERN OF CERTIFICATE HOLDERS AS AT JUNE 30, 2015

NUMBER OF CERTIFICATE HOLDERS	CERTIFICATE HOLDINGS FROM	TO	TOTAL CERTIFICATE HELD
2,320	1	100	112,581
452	101	500	148,467
1,185	501	1,000	698,225
303	1,001	5,000	673,601
73	5,001	10,000	535,879
33	10,001	15,000	399,628
12	15,001	20,000	215,456
12	20,001	25,000	285,421
14	25,001	30,000	397,670
1	30,001	35,000	34,718
5	35,001	40,000	192,087
3	40,001	45,000	122,137
3	45,001	50,000	141,982
3	50,001	55,000	159,826
4	55,001	60,000	227,327
1	60,001	65,000	64,000
1	65,001	70,000	67,107
1	75,001	80,000	75,382
2	80,001	85,000	165,427
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	185,001	190,000	186,000
1	225,001	230,000	229,000
1	235,001	240,000	235,500
1	295,001	300,000	300,000
1	395,001	400,000	395,120
1	530,001	535,000	531,972
1	605,001	610,000	608,000
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
4,442			**11,340,000**

CATEGORIES OF CERTIFICATE HOLDING AS AT JUNE 30, 2015

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	395,120	3.49
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	8	114,510	1.01
MUTUAL FUNDS			
Golden Arrow Selected Stocks Fund Ltd.	1	5,000	0.04
Prudential Stock Fund Ltd.	1	37,920	0.33
JOINT STOCK COMPANIES	27	180,351	1.59
INDIVIDUALS	4,397	8,713,084	76.84
TOTAL:	**4,442**	**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	608,000	5.36

KEY OPERATING AND FINANCIAL DATA

YEAR	2015	2014	2013	2012	2011	2010
	Rupees in million					
Revenues	**58.55**	62.54	61.78	59.35	53.70	48.18
Profit after Management Fee & Taxation	**8.58**	9.07	9.04	9.02	8.81	7.32
Paid up Capital	**113.40**	113.40	113.40	113.40	113.40	113.40
Certificate Holder's Equity	**142.19**	138.16	133.69	128.06	124.04	117.68
Current Liabilities	**27.50**	22.44	19.25	15.50	9.36	15.15
Fixed Assets	**103.83**	107.24	119.23	120.62	96.07	84.43
Current Assets	**99.52**	88.87	74.24	55.77	59.78	49.91
Dividend (%)	**5.50**	5.50	5.50	5.50	5.50	5.00
Earning per Certificate	**0.76**	0.80	0.80	0.80	0.78	0.65
Break up Value	**12.54**	12.18	11.79	11.29	10.94	10.38

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 Listing Regulation No. 35 (Chapter XI) of Karachi Stock Exchange Limited, Lahore Stock Exchange Limited and Islamabad Stock Exchange Limited, 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 the Sub-Regulation (x) of the Listing Regulations 35 of Karachi Stock Exchange Limited, Lahore Stock Exchange Limited and Islamabad 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, 2015.

ILYAS SAEED & CO.
Chartered Accountants
Engagement Partner: Irfan Ilyas

Date: SEPTEMBER 30, 2015
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, 2015 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 and Murabahah contracts & Process to comply with Shariah Principles.

Training:

- Staff training to follow the steps of Shariah Principles about Ijarah and Micro Murabahah transactions.
- Conduct training sessions for Agent in Micro Murabahah to follow the steps of Shariah Principles about Micro Murabahah transactions.
- Issued a list of prohibited items by Shariah for Micro Murabahah transactions.

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 and accounts are attached with this report.

Observation:

Improvements were made in the Murabahah 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: September 30, 2015

NOTICE OF ANNUAL REVIEW MEETING

Notice is hereby given that 16th Annual Review Meeting of the First Elite Capital Modaraba will be held on Friday, October 30, 2015 at 12:15 p.m. at 31/10-A, Abu Baker Block, New Garden Town, Lahore to review the performance of the Modaraba for the year ended June 30, 2015. The Certificate Holders whose names appear on the Register of the Modaraba as on October 22, 2015 are eligible to attend the Meeting.

Muhammad Arif Hilal
Company Secretary
Crescent Modaraba Management Company Limited

Date: October 07, 2015
Place : LAHORE