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FIRST EQUITY MODARABA  
 CONDENSED STANDALONE INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
 FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2015

	Quarter ended		Half year ended	
	December 31, 2015 Rupees	December 31, 2014 Rupees	December 31, 2015 Rupees	December 31, 2014 Rupees
Income	7,702,863	8,952,550	15,605,406	19,190,939
Expenditure				
Operating expenses	(4,936,369)	(6,221,775)	(10,168,652)	(10,648,967)
Financial charges	(5,859)	(607)	(9,679)	(1,075)
	(4,942,228)	(6,222,382)	(10,178,331)	(10,650,042)
<b>Operating profit</b>	<b>2,760,635</b>	<b>2,730,168</b>	<b>5,427,075</b>	<b>8,540,897</b>
Other income	72,320	120,225	181,318	183,548
<b>Profit before income tax</b>	<b>2,832,955</b>	<b>2,850,393</b>	<b>5,608,393</b>	<b>8,724,445</b>
Income tax expense	-	-	-	-
<b>Profit for the period</b>	<b>2,832,955</b>	<b>2,850,393</b>	<b>5,608,393</b>	<b>8,724,445</b>
<b>Earnings per certificate</b>	<b>0.05</b>	<b>0.05</b>	<b>0.11</b>	<b>0.17</b>



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FIRST EQUITY MODARABA  
 CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
 FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2015

	Quarter ended		Half year ended	
	December 31, 2015 Rupees	December 31, 2014 Rupees	December 31, 2015 Rupees	December 31, 2014 Rupees
<b>Income</b>	10,166,632	67,988,818	43,205,373	119,613,260
<b>Expenditures</b>				
Operating expenses	(9,650,485)	(14,567,384)	(19,879,928)	(23,368,651)
Distribution and selling expenses	(2,981,995)	(3,845,988)	(7,214,974)	(8,348,802)
	(12,632,480)	(18,413,372)	(27,094,902)	(31,717,453)
Operating profit	(2,465,848)	49,575,446	16,110,471	87,895,807
Financial charges	(15,542,711)	(21,324,627)	(29,061,808)	(41,252,443)
	(18,008,559)	28,250,819	(12,951,337)	46,643,364
Other income	198,719	350,884	569,003	1,043,358
<b>(Loss) / Profit before taxation</b>	<b>(17,809,840)</b>	<b>28,601,703</b>	<b>(12,382,334)</b>	<b>47,686,722</b>
<b>Taxation</b>				
- current	(4,601,602)	(5,688,210)	(8,596,129)	(8,698,675)
- prior	(3,352,716)	-	(3,352,716)	-
- deferred	7,891,442	12,243,168	17,960,066	27,961,204
	(62,876)	6,554,958	6,011,221	19,262,529
<b>(Loss) / Profit for the period</b>	<b>(17,872,716)</b>	<b>35,156,661</b>	<b>(6,371,113)</b>	<b>66,949,251</b>
<b>(Loss) / Earnings per certificate</b>	<b>(0.34)</b>	<b>0.67</b>	<b>(0.12)</b>	<b>1.28</b>



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**BAKER TILLY**  
**MEHMOOD IDREES**  
**QAMAR**

CHARTERED ACCOUNTANTS

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**FIRST EQUITY MODARABA**  
**AUDITORS' REPORT TO THE CERTIFICATE HOLDERS ON REVIEW**  
**OF CONDENSED INTERIM FINANCIAL INFORMATION**

**Introduction**

We have reviewed the accompanying condensed interim balance sheet of First Equity Modaraba as at December 31, 2015 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six months period ended (*here-in-after referred to as the "interim financial information"*). Management Company of the Modaraba is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and statement of comprehensive income for the quarters ended December 31, 2015 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2015.

**Scope of Review**

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

**Basis for Qualification**

Management of the Modaraba in the financial statements for the year ended June 30, 2013, had assigned values to Trading Rights Entitlement Certificates (TREC) of Karachi Stock Exchange Limited (KSE) and Islamabad Stock Exchange Limited (ISE) Rs. 15 million and Rs. 4 million respectively that were based on the value assigned by KSE and ISE for base minimum capital requirement purposes applicable to the brokers of the stock exchange and had recognised 4,007,383 shares of KSE and 3,034,603 shares of ISE at their face values of Rs. 10/- each on exchange of membership card thereby the Modaraba recognized gain of Rs. 36.369 million which, in our opinion, was not in accordance with International Accounting Standards and technical opinion of The Institute of Chartered Accountants of Pakistan (ICAP) issued in this respect.



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CHARTERED ACCOUNTANTS

Modaraba has charged unrealised loss of Rs. 9.5 million, in respect of investment classified as financial asset at fair value through profit and loss, in other comprehensive Income instead of profit and loss account as required under International Accounting Standard (IAS) 39.

Had the Modaraba recognized the intangible asset and shares of KSE and ISE in accordance with the Technical Opinion of ICAP, its equity, intangible asset and long term investments would have been lower by Rs. 36.369 million, Rs. 7.7 million and Rs. 28.6 million respectively and had the Modabra charged the unrealized loss to the profit and loss account, its profit for the period would have been lower by Rs. 9.5 million.

#### **Conclusion**

Based on our review, except for the matter referred in the above paragraphs, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at December 31, 2015 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan.

The company's financial statements for the half year ended December 31, 2014 and for the year ended June 30, 2015 were reviewed and audited by Avais Hyder Liaquat Nauman, Chartered Accountants who had issued qualified opinion on the above mentioned periods respectively.

**Engagement Partner: Mehmood A. Razzak**

*Karachi.*

*Date:*