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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, 2016

	Quarter ended		Half year ended	
	December 31, 2016 Rupees	December 31, 2015 Rupees	December 31, 2016 Rupees	December 31, 2015 Rupees
Income	12,773,109	7,702,863	21,408,582	15,605,406
Expenditure				
Operating expenses	(5,619,098)	(4,936,369)	(10,779,513)	(10,168,652)
Financial charges	(3,991)	(5,859)	(8,207)	(9,679)
	(5,623,089)	(4,942,228)	(10,787,720)	(10,178,331)
Operating profit	7,150,020	2,760,635	10,620,862	5,427,075
Other income	50,751	72,320	112,384	181,318
Profit before income tax	7,200,771	2,832,955	10,733,246	5,608,393
Income tax expense	-	-	-	-
Profit for the period	7,200,771	2,832,955	10,733,246	5,608,393
Earnings per certificate	0.14	0.05	0.20	0.11

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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, 2016

	Quarter ended		Half year ended	
	December 31, 2016 Rupees	December 31, 2015 Rupees	December 31, 2016 Rupees	December 31, 2015 Rupees
Income	20,674,598	10,166,632	30,102,176	43,205,373
Expenditures				
Operating expenses	(11,496,735)	(9,650,485)	(21,426,323)	(19,879,928)
Distribution and selling expenses	(2,223,303)	(2,981,995)	(8,524,729)	(7,214,974)
	(13,720,038)	(12,632,480)	(29,951,052)	(27,094,902)
Operating profit	6,954,560	(2,465,848)	151,124	16,110,471
Financial charges	(17,435,413)	(15,542,711)	(31,635,064)	(29,061,808)
	(10,480,853)	(18,008,559)	(31,483,940)	(12,951,337)
Other income	668,725	198,719	859,084	569,003
Loss before taxation	(9,812,128)	(17,809,840)	(30,624,856)	(12,382,334)
Taxation				
- current	(5,328,899)	(4,604,602)	(11,240,558)	(8,596,129)
- prior	(198,235)	(3,352,716)	(198,235)	(3,352,716)
- deferred	5,982,653	7,891,442	6,277,724	17,960,066
	455,519	(62,876)	(5,161,069)	6,011,221
Loss for the period	(9,356,609)	(17,872,716)	(35,785,925)	(6,371,113)
Loss per certificate	(0.18)	(0.34)	(0.68)	(0.12)



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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, 2016 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, 2016 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016.

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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BAKER TILLY
MEHMOOD IDREES
QAMAR
CHARTERED ACCOUNTANTS

Modaraba has charged unrealised gain of Rs. 12.8 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 Modaraba charged the unrealized gain to the profit and loss account, its profit for the period would have been increased by Rs. 12.8 million.

Conclusion

Based on our review, except for the matters 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, 2016 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan.

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Engagement Partner: Muhammad Aqeel Ashraf Tabani

Karachi.

Date: