

**FIRST EQUITY MODARABA**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2018**

1/4

	Note	2018 Rupees	2017 Rupees
<b>Income</b>	21	17,239,526	80,236,114
<b>Expenses</b>			
Operating expenses	22	(21,521,953)	(34,149,829)
Financial charges	23	(19,123)	(13,652)
		(21,541,076)	(34,163,481)
Operating (loss) / profit		(4,301,550)	46,072,633
Other income	24	108,702	2,833,877
		(4,192,848)	48,906,510
Management remuneration		-	(4,890,000)
Service Sales Tax on management remuneration		-	(635,700)
		(4,192,848)	43,380,810
Workers' welfare fund		-	(867,615)
<b>(Loss) / profit before taxation</b>		(4,192,848)	42,513,195
Taxation	25	-	-
<b>(Loss) / profit for the year</b>		(4,192,848)	42,513,195
<b>(Loss) / earnings per certificate - basic and diluted</b>	26	(0.08)	0.81

The annexed notes 1 to 37 form an integral part of these financial statements.

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2/4

**FIRST EQUITY MODARABA  
CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2018**

	Note	2018 Rupees	Restated 2017 Rupees
<b>Income</b>	32	<b>128,355,271</b>	106,546,791
<b>Expenditures</b>			
Operating expenses	33	(49,831,272)	(59,915,133)
Distribution and selling expenses	34	(16,222,472)	(14,033,227)
		<b>(66,053,744)</b>	<b>(73,948,360)</b>
Operating profit		<b>62,301,527</b>	32,598,431
Financial charges	35	(63,499,575)	(60,931,693)
		<b>(1,198,048)</b>	<b>(28,333,262)</b>
Other income	36	<b>1,997,605</b>	1,393,883
		<b>799,557</b>	<b>(26,939,379)</b>
Other charges	37	(12,529,727)	(869,737)
Management fee		-	(4,890,000)
Service Sales Tax on management remuneration		-	(635,700)
<b>(Loss) before taxation</b>		<b>(11,730,170)</b>	<b>(33,334,816)</b>
<b>Taxation</b>			
- current		(31,240,618)	(17,429,611)
- prior		(3,128,483)	(198,235)
- deferred		38,897,103	21,348,647
		<b>4,528,002</b>	<b>3,720,801</b>
<b>(Loss) for the year</b>		<b>(7,202,168)</b>	<b>(29,614,015)</b>
<b>(Loss) per certificate - basic and diluted</b>	39	<b>(0.14)</b>	<b>(0.56)</b>

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

127



3/4  
**BAKER TILLY**  
**MEHMOOD IDREES**  
**QAMAR**  
CHARTERED ACCOUNTANTS

4<sup>th</sup> Floor, Central Hotel Building,  
Civil Lines, Mereweather Road,  
Karachi - Pakistan.  
Tel : +92 (021) 35644872-7  
Fax : +92 (021) 35694573  
Email : mim@bakertillymiq.com  
: mim@mimandco.com

#### AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of **FIRST EQUITY MODARABA** (the Modaraba) as at June 30, 2018 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 (*here in after 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 purposes of our audit.

These financial statements are the Modaraba Management Company's [Premier Financial Services (Private) 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 financial statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial 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 financial statements. We believe that our audit provides a reasonable basis for our opinion and after due verification, we report that:

- a) Modaraba has charged unrealized loss of Rs. 6.4 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 IAS 39.

Had the Modaraba charged the unrealized loss to the profit and loss account, its loss for the year would have been increased by Rs. 6.4 million;

- b) Except for the matter discussed in paragraph (a) above, in our opinion, proper books of accounts have been kept by the Modaraba Company in respect of the Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;

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- c) Except for the matter discussed in paragraph (a) above, 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 Companies and 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 accounts and are further in agreement 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 accordance with the objects, terms and conditions of the Modaraba.
- d) Except for the matter discussed in paragraph (a) above, 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 confirm with the approved accounting standards as applicable in Pakistan and give the information required by the Modabara Companies and 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 Modaraba's affairs as at June 30, 2018 and of its loss, total comprehensive loss, cash flows and changes in equity for the year then ended;
- e) In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

*M.A.*

**Engagement Partner: Mehmood A. Razzak**

*Karachi.*

*Date:*