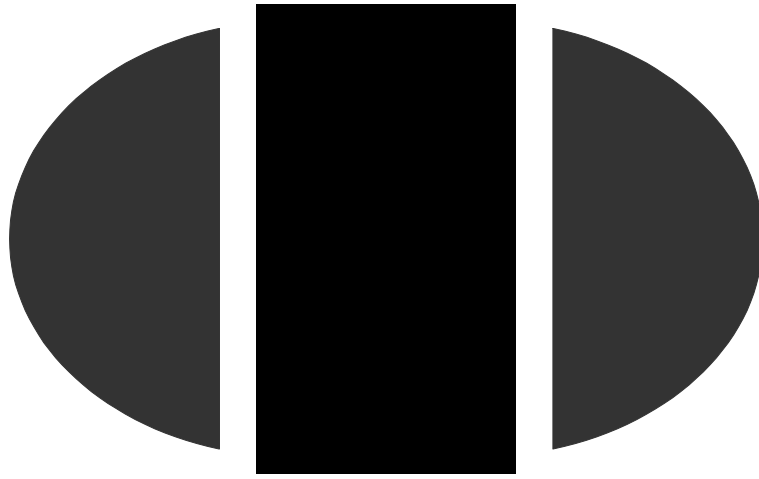
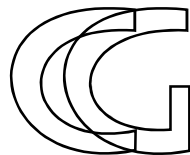


First Equity Modaraba



ANNUAL REPORT 2017

Managed by:
Premier Financial Services (Private) Limited
CRESCENT GROUP



First Equity Modaraba is committed to strive for excellence in all areas of its activities.

We view our business objective of providing distinctive financial products and services that promote commerce and industry within the context of our overall objective of contributing to the nation's prosperity.

Contents

CORPORATE INFORMATION	2
TEN YEARS AT A GLANCE	3
PATTERN OF CERTIFICATE HOLDING	4
STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE	6
REPORT OF THE DIRECTORS	7
SHARI'AH REVIEW REPORT	9
AUDITORS REVIEW ON STATEMENT OF COMPLIANCE	11
AUDITORS' REPORTS TO THE CERTIFICATE HOLDERS	12
BALANCE SHEET	13
PROFIT AND LOSS ACCOUNT	15
STATEMENT OF OTHER COMPREHENSIVE INCOME	16
CASH FLOW STATEMENT	17
STATEMENT OF CHANGES IN EQUITY	18
NOTES TO THE FINANCIAL STATEMENTS	19
NOTICE OF ANNUAL REVIEW MEETING (ENGLISH)	38
NOTICE OF ANNUAL REVIEW MEETING (URDU)	41
CONSOLIDATED FINANCIAL STATEMENTS	42
REPORT OF THE DIRECTORS (URDU)	80



FIRST EQUITY MODARABA CORPORATE INFORMATION

Modaraba Company

Premier Financial Services (Private) Limited

Board of Directors

Zahid Bashir
Qaiser Magoon
Nadeem Maqbool
Adil A. Ghaffar
(Chief Executive)

Audit Committee

Qaiser Magoon
Zahid Bashir
Nadeem Maqbool

HR Committee

Zahid Bashir
Nadeem Maqbool
Adil A. Ghaffar

Registered and Business Office

Room No. 503 - 504
5th Floor,
Pakistan Stock Exchange
Building, Karachi.
Tel: 32446020-3
Fax: 32460766

B-1004, 10th Floor
Lakson Square Building # 3,
Sarwar Shaheed Road,
Karachi
Tel: 35672815-8
Fax: 35686116
E-mail: info@firstequitymodaraba.com.pk

Auditors

Baker Tilly Mehmood Idrees Qamar
Chartered Accountants
4th Floor, Central Hotel Building,
Civil Lines, Mereweather Road,
Karachi, Pakistan
Tel: 92-21-35644872-7
Fax: 92-21-35694573

Bankers

Bank Al-Habib Ltd.
Habib Metropolitan Bank Ltd.
MCB Bank Ltd.
National Bank of Pakistan.
United Bank Ltd.
Bank Islami Pakistan Ltd.
Meezan Bank Ltd.

Registrar

THK Associates (Pvt.) Ltd.
Registrar
1st Floor, 40-C, Block 6,
PECHS, Karachi.
Tel: 111-000-322
Fax: 92-21-35655595

General Counsel

Moshin M. Tayebaly & Co.
Advocates & Legal Consultants

TEN YEARS AT A GLANCE

Rs. In '000

BALANCE SHEET	June 2008	June 2009	June 2010	June 2011	June 2012	June 2013	June 2014	June 2015	June 2016	June 2017
Authorized Capital	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Issued, Subscribed & Paid-up-Capital	524,400	524,400	524,400	524,400	524,400	524,400	524,400	524,400	524,400	524,400
Reserves	75,573	75,689	74,975	75,156	81,834	110,463	115,035	117,529	119,794	130,843
Revaluation Reserve on Investments	(25,780)	(55,625)	(51,554)	(36,738)	(43,147)	(7,355)	(13,150)	(20,170)	(25,286)	(30,023)
Deferred liabilities	1,109	1,006	1,397	(1,607)	1,832	2,092	1,556	2,655	2,934	2,864
Creditors, accrued expenses and other liabilities	36,068	17,187	9,889	21,422	8,784	6,139	11,857	24,657	7,940	62,860
Profit Distribution	-	-	-	-	-	-	19,665	8,914	6,817	31,464
Unclaimed Profit Distribution	26,375	26,361	26,354	26,262	26,082	26,003	25,967	27,618	27,845	28,730
Provision for taxation	1,400	1,486	1,486	1,547	3,773	3,773	-	-	-	-
Tangible Assets	639,115	590,504	586,947	613,656	603,558	665,515	686,345	685,603	664,444	751,138
Intangible Assets	16,965	15,189	19,051	18,580	19,131	19,234	17,849	17,377	16,361	8,825
Deferred Costs	58,551	58,551	53,051	53,051	53,051	19,000	19,000	19,000	19,000	10,000
Investments	858	492	-	-	-	-	-	-	-	-
Morabaha/Musharakah Receivables	309,231	290,805	295,237	292,584	307,017	373,192	431,784	423,890	426,898	499,291
Advances, deposits, prepayments & other receivables	92,001	118,590	124,755	132,542	137,621	150,039	159,320	153,003	140,333	134,320
Cash and Bank balance	108,651	96,184	74,670	59,642	52,954	54,475	48,501	52,048	51,063	57,308
PROFIT & LOSS ACCOUNT										
Income / (Loss)	28,606	23,612	29,256	18,423	30,393	53,722	46,938	34,684	30,680	83,070
Operating expenses	(21,041)	(20,967)	(16,148)	(16,567)	(20,500)	(25,093)	(22,242)	(21,775)	(21,587)	(35,031)
Provision for diminution in value of investments	-	(2,298)	(6,699)	(1,615)	-	-	-	-	-	-
Provision for non performing assets	-	(5,500)	(7,000)	-	-	-	-	-	-	-
Modaraba Company's management fee	-	-	-	-	(989)	-	(3,307)	(1,511)	-	(5,526)
Taxation	(198)	(200)	(123)	(60)	(2,226)	-	-	-	-	-
Profit / (loss) for the year	7,367	146	(714)	181	6,678	28,629	24,696	11,398	9,093	42,513
Cash Distribution	-	-	-	-	-	-	3.75%	1.70%	1.30%	6.00%
Earnings per certificate	0.14	0.003	(0.014)	0.003	0.127	0.546	0.471	0.217	0.173	0.81
Breakup value	10.95	10.57	10.45	10.73	10.74	11.97	12.33	12.03	11.93	12.52



**PATTERN OF HOLDING OF CERTIFICATES
BY THE CERTIFICATE HOLDERS AS AT JUNE 30, 2017**

Number of Certificate Holders	Certificate Holding		Total Certificates Held
	From	To	
1,867	1	100	102,938
1,020	101	500	257,784
1,088	501	1,000	748,132
699	1,001	5,000	1,583,647
150	5,001	10,000	1,156,072
63	10,001	15,000	819,111
38	15,001	20,000	695,831
18	20,001	25,000	416,259
17	25,001	30,000	471,787
7	30,001	35,000	228,470
7	35,001	40,000	264,158
5	40,001	45,000	212,734
10	45,001	50,000	491,428
8	50,001	55,000	418,001
9	55,001	60,000	518,972
2	60,001	65,000	122,550
5	65,001	70,000	329,620
3	70,001	75,000	223,333
3	75,001	80,000	234,217
2	80,001	85,000	165,334
3	90,001	95,000	279,041
4	95,001	100,000	398,000
2	100,001	105,000	203,456
3	105,001	110,000	327,140
1	110,001	115,000	111,000
2	115,001	120,000	234,042
1	125,001	130,000	128,875
2	130,001	135,000	269,160
2	135,001	140,000	274,880
2	145,001	150,000	297,356
2	150,001	155,000	305,812
2	155,001	160,000	319,516
1	160,001	165,000	162,745
1	165,001	170,000	165,500
1	170,001	175,000	171,630
1	175,001	180,000	180,000
1	185,001	190,000	187,500
1	190,001	195,000	191,195
2	195,001	200,000	397,194
2	200,001	205,000	405,262
1	205,001	210,000	205,994
2	220,001	225,000	446,500
1	225,001	230,000	229,698
2	250,001	255,000	503,916
1	265,001	270,000	270,000
1	280,001	285,000	282,926
1	285,001	290,000	289,081
1	290,001	295,000	292,214
1	305,001	310,000	308,197
1	340,001	345,000	343,000
1	380,001	385,000	383,050
1	410,001	415,000	411,180
1	470,001	475,000	471,538
1	495,001	500,000	500,000
1	500,001	505,000	501,500
1	550,001	555,000	554,335
1	570,001	575,000	575,000
1	780,001	785,000	782,000
1	810,001	815,000	815,000
1	995,001	1,000,000	1,000,000
1	1,115,001	1,120,000	1,116,000
1	1,320,001	1,325,000	1,321,804
1	2,130,001	2,135,000	2,133,000
1	2,495,001	2,500,000	2,500,000
1	2,980,001	2,985,000	2,983,697
1	3,095,001	3,100,000	3,100,000
1	4,675,001	4,680,000	4,680,000
1	5,240,001	5,245,000	5,244,000
1	5,725,001	5,730,000	5,725,784
5,088			52,440,000

**PATTERN OF HOLDING OF CERTIFICATES
BY THE CERTIFICATE HOLDERS AS AT JUNE 30, 2017**

Categories of Certificate Holders	Number of Certificate Holders	Certificates Held	Percentage %
DIRECTORS, CEO & CHILDREN	11	706,245	1.35
ASSOCIATE COMPANIES	4	203,912	0.39
NIT & ICP	2	1,700	0.01
BANKS, DFI & NBFI	6	50,187	0.09
INSURANCE COMPANIES	5	6,003,409	11.44
MUTUAL FUNDS	1	50	0.00
GENERAL PUBLIC (LOCAL)	3,850	32,784,374	62.52
GENERAL PUBLIC (FOREIGN)	1,162	1,167,602	2.23
OTHERS	44	11,447,021	21.83
MODARABAS	3	75,500	0.14
TOTAL	5,088	52,440,000	100

DIRECTORS, CEO AND OTHER SPOUSE AND MINOR CHILDREN

Zahid Bashir	19,500
Nazia Maqbool	144,660
Ambreen Zahid Bashir	202,262
Nadeem Maqbool	305,356



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The statement is being presented to comply with the Code of Corporate Governance (CCG) contained in in Rule Book clause 5.19.24 of Listing Regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practice of corporate governance.

The Board of Directors of Premier Financial Services (Pvt) Ltd the manager of First Equity Modaraba (company) has applied the principles contained in the CCG in the following manner:

- The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Director	Mr Qaiser Ahmed Magoon
Non-Executive Directors	Mr Zahid Bashir Mr Nadeem Maqbool
Executive Directors	Mr Adil A Ghaffar

- The independent directors meets the criteria of independence under clause 5.19.1.(b) of the CCG
- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
- All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs, or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
- No casual vacancy occur in the board.
- The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
- The Board has developed a vision/ 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.
- 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.
- 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.
- The board arranged training programs for its directors during the year. Furthermore, two of the Board members are certified directors and one enjoys the exemption from certification.
- No appointment of CFO and Company Secretary, including their remuneration and terms and conditions of employment was made during the year. The board has approved appointment of Head of Internal Audit, including their remuneration and terms and conditions of employment.
- 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.
- The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
- The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
- The company has complied with all the corporate and financial reporting requirements of the CCG.
- The board has formed an Audit Committee. It comprises three Members, of whom two are non-executive directors and the chairman of the committee is an independent director.
- The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
- The Board has formed an HR and Remuneration Committee. It comprises non-executive and executive / CEO The board has formed an HR and Remuneration Committee. It comprises three Members, of whom two are non-executive directors and the chairman of the committee is a non-executive director.
- The Board has set up an effective internal audit function that is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.
- The statutory auditors of the company 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 shares of the company 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.
- 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.
- The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.
- Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
- The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
- We confirm that all other material principles enshrined in the CCG have been complied.

On behalf of the Board

REPORT OF THE DIRECTORS OF THE MODARABA COMPANY

The Directors of the Premier Financial Services (Private) Limited, the management company of the **FIRST EQUITY MODARABA (FEM)**, are pleased to present their report and audited financial statements of the Modaraba together with the consolidated financial statements of the Modaraba and its wholly owned subsidiaries Equity Textiles Limited, Capital Financial Services (Pvt) Ltd and Apex Financial Services (Pvt) Ltd, for the year ended June 30, 2017.

Financial Results

The profit for the year amounted to Rs. 42.513 million as compared to Rs 9.09 million for the last year translated in an earning per certificate of Rs. 0.811 as compared to Rs. 0.17 last year. Break-up value per certificate amounted to Rs. 12.52 against Rs. 11.97 last year.

	<i>Rupees</i>
Income	80,236,114
Expenses	
Operating Expenses	(34,149,829)
Bank Charges	(13,652)
	<u>(34,163,481)</u>
Operating profit	46,072,633
Other Income	2,833,877
	<u>48,906,510</u>
Management Remuneration	(4,890,000)
Services Sales Tax on management remuneration	(635,700)
	<u>43,380,810</u>
Provision for Workers Welfare Fund	(867,615)
Profit for the year	<u><u>42,513,195</u></u>
Earning per Certificate	<u><u>0.811</u></u>

Dividend Distribution

The directors are pleased to announce cash dividend of Rs. 0.60 (6%) per certificate {2016: Rs. 0.13(1.30%)} in its meeting held on October 06, 2017 for the year ended June 30, 2017.

The Certificate Share Transfer Book for the entitlement of profit distribution will remain closed from Thursday, December 14, 2017 to Tuesday, December 26, 2017 (both days inclusive)

Auditors Qualification

Auditors qualified their opinion based on non-compliance of international accounting standards relating to adjusting cost to fair value of marketable securities and any profit / loss should be taken / charge to profit and loss account for the year amounting to Rs 4.9 . Our principal stand for not accepting auditors' qualification was based on the fact that, firstly, we do not foresee that these impairments are of permanent nature. Secondly, our Industry was established on the concept to distribute what it earns on yearly basis. Our regulators made it mandatory that to claim income tax exemption modarabas have to distribute 90% of profit for the year in the form of cash dividend to certificate holders. Therefore, adjusting cost to fair value would tantamount to distribution of either unrealized capital gain or recovery of cost.

Our Performance and Future Prospects

During the year stock market started with a bullish trend and after hitting the peak of 52,869 on May 25, 2017, a major bearish trend was witnessed and continues during the current financial year. Our decision to book Pakistan Stock Exchange Ltd (PSX) {formerly Karachi Stock Exchange Ltd} shares at face value turned out to be viable as we fetched healthy gains from compulsory sale of 60% holding. Our performance despite restrictions on investments in Shariah compliant scripts only, is cause for satisfactory.

The unrealised loss on remeasurement of investments do not contain gain arising on PSX shares. These shares were frozen due to certain Regulatory conditions. Hence, accounted for at book value rather than market value. Had these shares were booked at market value the unrealised loss on remeasurement of investments would have been Rs 5 million only rather than Rs 30 million as reported in the financial statements.

Due to crisis in the textile sector fall in demand and decrease in the export orders, ETL sustained loss of Rs (69.91) million as compare to Rs (88.54) million last year with loss per share of Rs (2.78) as compare to Rs. (3.54) for the last year. However, ETL's book value increase from Rs. 25.06 in June 30, 2016 to Rs. 28.53 in 2017 due to incremental depreciation on revaluation of fixed assets.

The Registrar Modaraba granted permission for formation of two wholly owned subsidiaries for brokerage related business. Two wholly owned subsidiaries are formed and required assets have been transfer. The requisite information and documents for transfer of TREC have been submitted to PSX and is under process due to certain legal requirement.

As required under SCSAM, FEM's financial transactions were duly vetted and audited by the independent Shariah Advisor and his report is annexed.



REPORT OF THE DIRECTORS OF THE MODARABA COMPANY

Board of Directors

During the year under review, four board meeting were held and attend by the Directors as follows:-

	Name of Board Members	Meetings Attended
1.	Mr. Zahid Bashir	4 out of 4
2.	Mr. Nadeem Maqbool	4 out of 4
3.	Mr. Qaiser Ahmed Magoon	1 out of 1
4.	Mr. Adil A. Ghaffar	4 out of 4

Code of Corporate Governance

As stated in previous years Report that the Board has decided to adopt the code of corporate governance as issued by the Securities and Exchange Commission of Pakistan and made part of listing regulation

All activities are conducted as per the listing regulations of the stock exchanges. Vision & Mission statements, Core values and Code of Conduct have been prepared and approved by the Board and have been communicated to the employees. Significant policies as required under the Code of Corporate Governance have been framed and are periodically reviewed by the Board.

As required by the Code of Corporate Governance, Directors are pleased to report that:

- a. 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;
- b. Proper books of accounts of the Modaraba have been maintained;
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d. International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in the preparation of financial statements and any departure there from has been adequately disclosed in the Annual Report.
- e. The system of internal control is consistently applied though out the year and has been effectively implemented and monitored with ongoing efforts to improve it further;
- f. There is no doubt about the Modaraba's ability to continue as a going concern; and
- g. There has been no material departure from the best practice of corporate governance as detailed in the listing regulation of the Stock Exchange (s).

Pattern of Shareholding - annexed

Key Operating and Financial Data - annexed

Staff Retirement Benefits

The Modaraba's service rules provide an unfunded gratuity scheme for the permanent employees.

Auditors

The present auditors M/s Baker Tilly Mehmood Idrees Qamar, Chartered Accountants have given their consent for reappointment. The Board has recommended their name for the approval by the Registrar Modaraba.

Acknowledgement

We acknowledge hard work with full dedication of our employees and are thankful to our business associates, clients and financial institutions for their confidence and support. We also appreciate the guidance and cooperation received from our regulators. They have our full support and good wishes in their efforts at reforms.

On behalf of the Board

Page 9

**ANNUAL SHARI'AH REVIEW REPORT OF
FIRST EQUITY MODARABA (FEM)
FOR THE YEAR ENDED JUNE 30, 2017**

Mufti Abdul Qadir

Shariah Advisor

Shahadatu Tahfeez-ul-Quran
Shahadat-ul-Aalamiyyah
Shahadat-ul-Takhasus fil Figh wal Ifta

MA (Islamic Studies), MA (Arabic)
PGD (Islamic Banking & Finance)
MIBF (Masters in Islamic Banking & Finance)

Ref: ASR-6SR

Date: 6-10-17

**Annual Shari'ah Review Report of
First Equity Modaraba (FEM)
For the year ended June 30, 2017**

*In the name of Allah, The Most Beneficent, The Most Merciful,
All praise is due to Allah, and Allah's Peace and Blessings be upon His Final Messenger, his pure family, his
noble Companions, and all those who follow them with righteousness until the Day of Judgment.*

I have conducted the Shari'ah review of First Equity Modaraba (FEM), managed by Premier Financial Services (Private) Limited, the Modaraba Management Company for the year ended June 30, 2017 in accordance with the requirements of the Shari'ah Compliance and Shari'ah Audit Mechanism (SCSAM) for Modarabas and report that except the observations as reported hereunder, in my opinion:

- i. The Modaraba has introduced a mechanism which has strengthened the Shari'ah compliance, in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the Shari'ah principles.
- ii. Following were the major developments that took place during the year:

Training and Development:

The key staff of the FEM is fully equipped with Islamic finance tools and industry requirements through training. However no training session undertaken or attended by any staff member during the period.

iii. The agreements entered into by the Modaraba are Shari'ah compliant and the financing / facility agreements 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 information provided to me 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 Shari'ah requirements as well as the requirements of the Prospectus, Islamic Financial Accounting Standards as applicable in Pakistan and the Shari'ah Compliance and Shari'ah Audit Regulations for Modarabas

v. The earnings that have been realized from the sources or by means of prohibited by Shari'ah have been credited to charity accounts.

Charity:

An amount of Rs. 22,140/- was collected in charity account of which a maximum sum of Rs. 21,100/- has already been paid on account of charity with the approval of Shari'ah Advisor. Rs 1,040/- is payable at the reporting date.

Mufti Abdul Qadir

ANNUAL SHARI'AH REVIEW REPORT OF FIRST EQUITY MODARABA (FEM) FOR THE YEAR ENDED JUNE 30, 2017

Observations:

I have pointed out some issues to be settled in view of SECP Circular No. 8 of 2012 dated 03-02-2012, whereby Shari'ah Compliance and Audit Mechanism (SCSAM) was introduced.

With reference to the settlement of the issues:

- 1) As regard to the investment in shares and securities, it has been confirmed that First Equity Modaraba has only Shari'ah Compliant Shares in it's portfolio except the shares of the companies turned Non Shari'ah Compliant as per last accounts due to non-compliance with screening criteria highlighted categorically. On my query, the management confirmed to dispose off all the Non Shari'ah Compliant Shares accordingly in the subsequent months as some other already divested mentioned in last year report except the one i.e. Javed Omer Vohra and Company as it's trading is still suspended.
- 2) It has been observed that the Modaraba has placed his funds with Islamic Banking institutions or in Islamic Windows of Conventional Banks. Except some saving accounts in conventional banks which are not closed yet due to some regulatory issues as confirmed by the management. Currently, the operation is suspended and the profit realized from saving accounts has been credited to charity account. Furthermore, the balance in these accounts has been reduced to as low as Rs. 19,009.
- 3) As regards, Musharakah agreements, they are on the formats as approved by the Religious Board. Two Musharakah agreements were matured during the year. The profit of the projects has been shared according to the agreed ratio.

Recommendations:

- 1) Remaining Non Shari'ah Compliant Shares should be disposed off at the earliest.
- 2) The saving accounts at conventional banks should also be closed at your earliest.
- 3) The charity amount should be fully distributed to the approved charitable organizations within the ideal time frame as specified in SCSAM.
- 4) The management should continue its endeavor to comply with the rulings of Shari'ah in its business operation and future transactions.

Conclusion:

Based on the above mentioned facts, I am of the view that the business operations of First Equity Modaraba are Shari'ah compliant, to the best of my knowledge.

May Allah make us successful in this world and hereafter and forgive our mistakes.

Signature



Mufti Abdul Qadir
Shari'ah Advisor

Dated: October 06, 2017



**ON STATEMENT OF COMPLIANCE WITH
BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE**

We have reviewed the enclosed statement of compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Premier Financial Services (Private) Limited (the Management Company) for the year ended June 30, 2017 to comply with the requirements contained in Rule 5.19 of Pakistan Stock Exchange where the Company is listed.

The responsibility for compliance with the Code 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 provision of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

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

The Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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 Management Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Modaraba for the year June 30, 2017.



Engagement Partner: Mehmood A. Razzak
Karachi.

Dated: October 06, 2017



AUDITORS' REPORT

TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of FIRST EQUITY MODARABA (the Modaraba) as at June 30, 2017 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 purposes of our audit.

These financial statements are the Modaraba 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 unrealised loss of Rs. 4.9 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 profit for the year would have been lower by Rs.4.9 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;
- (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 in 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 Modaraba 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, 2017 and of its profit, its total comprehensive income, 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).



Engagement Partner: Mehmood A. Razzak
Karachi.

Dated: October 06, 2017

BALANCE SHEET
AS AT JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
<i>Equity & Liabilities</i>			
<i>Capital and reserves</i>			
Authorized Certificate Capital			
60,000,000 (2016: 60,000,000) modaraba			
certificates of Rs. 10 each		600,000,000	600,000,000
<hr/>			
Certificate holders' equity			
Certificate capital	6	524,400,000	524,400,000
Reserves	7	162,307,132	126,611,137
Remeasurement of defined benefit liability - Actuarial gain		594,518	358,832
Unrealised loss on remeasurment of investments		(30,617,609)	(25,645,604)
<hr/>			
<i>Total certificates holders' equity</i>		656,684,041	625,724,365
 <i>Non-current liabilities</i>			
Deferred liabilities	8	2,864,104	2,934,768
Security deposit		200,000	200,000
<hr/>			
<i>Total non-current liabilities</i>		3,064,104	3,134,768
 <i>Current liabilities</i>			
<hr/>			
Creditors, accrued and other liabilities	9	62,660,247	7,740,174
Unclaimed profit distribution		28,730,534	27,844,960
<hr/>			
<i>Total current liabilities</i>		91,390,781	35,585,134
<hr/>			
<i>Total equity and liabilities</i>		751,138,926	664,444,267
<hr/>			
 <i>Contingencies and commitments</i>	 10		



BALANCE SHEET

AS AT JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
<i>Assets</i>			
<i>Non-Current Assets</i>			
Fixed assets			
-tangible	11	7,113,993	14,529,146
-intangible	12	10,000,000	19,000,000
Investment property	13	1,711,667	1,831,667
Long term investments	14	398,217,361	325,797,990
Advances-considered good		2,510,000	2,510,000
Deposits		1,750,000	1,250,000
<i>Total Non-Current Assets</i>		421,303,021	364,918,803
<i>Current Assets</i>			
Morabaha/Musharaka receivables-secured	15	134,320,480	140,333,175
Short term investments	16	101,074,443	101,100,114
Advances	17	3,391,684	2,320,247
Trade deposits and prepayments	18	15,185,627	15,263,695
Other receivables	19	25,203,850	22,238,237
Tax refunds due from government		9,265,078	7,480,386
Bank balances	20	41,394,743	10,789,610
<i>Total Current Assets</i>		329,835,905	299,525,464
<i>Total Assets</i>		751,138,926	664,444,267

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

Adil A. Ghaffar
Chief Executive Officer
Premier Financial
Services (Private) Limited

Zahid Bashir
Director
Premier Financial
Services (Private) Limited

Nadeem Maqbool
Director
Premier Financial
Services (Private) Limited

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
Income	21	80,236,114	30,364,140
Expenditure			
Operating expenses	22	(34,149,829)	(21,362,914)
Financial charges	23	(13,652)	(38,641)
		(34,163,481)	(21,401,555)
Operating profit		46,072,633	8,962,585
Other income	24	2,833,877	315,518
		48,906,510	9,278,103
Management remuneration		(4,890,000)	-
Service Sales Tax on management remuneration		(635,700)	-
		43,380,810	9,278,103
Worker Welfare Fund		(867,615)	(185,562)
Profit before taxation		42,513,195	9,092,541
Taxation	25	-	-
<i>Profit for the year</i>		42,513,195	9,092,541
Earnings per certificate - Basic & Diluted	26	0.81	0.17

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

Adil A. Ghaffar
Chief Executive Officer
Premier Financial
Services (Private) Limited

Zahid Bashir
Director
Premier Financial
Services (Private) Limited

Nadeem Maqbool
Director
Premier Financial
Services (Private) Limited



STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
	Rupees	Rupees
Profit for the year	42,513,195	9,092,541
Other comprehensive income		
Items that will be reclassified to profit & loss account on disposal		
Unrealized loss on remeasurement of investments	(15,647,010)	(12,960,836)
Gain realized on disposal of investments	10,675,005	7,485,646
	(4,972,005)	(5,475,190)
Items that will not be reclassified to profit & loss account		
Remeasurement of defined benefit liability	235,686	267,641
Other comprehensive loss	(4,736,319)	(5,207,549)
Total comprehensive income for the year	37,776,876	3,884,992

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

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
Cash generated from operating activities			
Profit before taxation		42,513,195	9,092,541
<i>Adjustments for:</i>			
Depreciation	11 & 13	1,748,923	1,960,327
Provision for gratuity	8	485,855	546,925
Gain / (Loss) on sale of fixed asset		(2,545,148)	(4,492)
Impairment loss		9,000,000	-
Bad debts		1,421,076	-
Dividend income	21	(2,497,801)	(5,174,167)
		7,612,905	(2,671,407)
Cash generated from operations before working capital changes		50,126,100	6,421,134
Working Capital changes			
Decrease/(increase) in operating assets			
Morabaha/Musharaka receivables-secured		6,012,695	12,670,434
Advances		309,536	124,728
Trade deposits and prepayments		78,068	(236,401)
Other receivables		(4,269,588)	2,837,119
(Decrease) / increase in operating liabilities			
Creditors, accrued and other liabilities		54,920,073	(16,638,720)
		57,050,784	(1,242,840)
Dividend paid		(5,931,626)	(8,688,156)
Gratuity paid		(320,833)	-
Taxes paid		(3,165,665)	(1,785,322)
<i>Net cash generated from operating activities</i>		(97,758,760)	(5,295,184)
Cash flows from investing activities			
Investments		(77,365,705)	(8,482,637)
Long term deposits		(500,000)	(100,000)
Dividend received		2,380,700	5,320,810
Purchase of tangible assets		(7,296,466)	(943,279)
Sale proceeds on disposal of disposal tangible assets		15,627,845	4,500
<i>Net cash generated from / (used in) investing activities</i>		(67,153,626)	(4,200,606)
Net (decrease) / increase in cash and cash equivalents		30,605,134	(9,495,790)
Cash and cash equivalents at beginning of the year		10,789,610	20,285,400
Cash and cash equivalents at the end of the year	20	41,394,743	10,789,610

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

Adil A. Ghaffar
Chief Executive Officer
Premier Financial
Services (Private) Limited

Zahid Bashir
Director
Premier Financial
Services (Private) Limited

Nadeem Maqbool
Director
Premier Financial
Services (Private) Limited



STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2017

	Reserves						Total Reserves	Remeasur- ment of defined benefit liability	Unrealized loss on remeasur- ment of available for sale investments	Total
	Certificate Capital	Statutory Reserve *	Certificate premium account	General Reserve	Accumulated Loss					
Balance as at June 30, 2015	524,400,000	150,635,954	131,100,000	27,120,000	(182,422,558)	126,433,396	91,191	(20,170,414)	630,754,173	
Profit for the year	-	-	-	-	9,092,541	9,092,541	-	-	9,092,541	
Other Comprehensive loss for the year	-	-	-	-	-	-	267,641	(5,475,190)	(5,207,549)	
Profit distribution	-	-	-	-	(8,914,800)	(8,914,800)	-	-	(8,914,800)	
Transfer to statutory reserve	-	1,864,046	-	-	(1,864,046)	-	-	-	-	
Balance as at June 30, 2016	524,400,000	152,500,000	131,100,000	27,120,000	(184,108,863)	126,611,137	358,832	(25,645,604)	625,724,365	
Profit for the year	-	-	-	-	42,513,195	42,513,195	-	-	42,513,195	
Other Comprehensive loss for the year	-	-	-	-	-	-	235,686	(4,972,005)	(4,736,319)	
Profit distribution	-	-	-	-	(6,817,200)	(6,817,200)	-	-	(6,817,200)	
Transfer to statutory reserve	-	8,550,000	-	-	(8,550,000)	-	-	-	8,550,000	
Balance as at June 30, 2017	524,400,000	161,050,000	131,100,000	27,120,000	(156,962,868)	162,307,132	594,518	(30,617,609)	665,234,041	

* In accordance with the Prudential Regulations for Modarabas, the Modaraba is required to transfer an amount not less than 20% and not more than 50% of its after tax profits to statutory reserve until the reserve funds equals the paid-up capital. Thereafter, a sum not less than 5% of the after tax profits is required to be transferred to the statutory reserve.

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

Adil A. Ghaffar
Chief Executive Officer
Premier Financial
Services (Private) Limited

Zahid Bashir
Director
Premier Financial
Services (Private) Limited

Nadeem Maqbool
Director
Premier Financial
Services (Private) Limited

FOR THE YEAR ENDED JUNE 30, 2017

1. Legal Status and nature of business:

First Equity Modaraba (the Modaraba) was formed in 1991 under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed there under and is managed by Premier Financial Services (Private) Limited (the Modaraba Management Company), a company incorporated in Pakistan.

The Modaraba is a perpetual, multipurpose modaraba and is able to undertake a variety of fund and fee based activities. These include trading, manufacturing, equity investment and their financing and facilitation. The Modaraba is a member of Pakistan Stock Exchange Limited and is currently operating its brokerage activities in Pakistan Stock Exchange Limited.

The Modaraba is listed on Pakistan Stock Exchange. The registered office of the Modaraba is situated at B-1004, 10th floor, Lakson Square Building 3, Sarwar Shaheed Road, Karachi. The Modaraba has the following wholly owned subsidiary companies:

- Equity Textiles Limited
- Capital Financial Services (Private) Limited
- Apex Financial Services (Private) Limited

2. Statement of Compliance:

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by SECP differ with the requirements of IFRS, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 or the directives issued by SECP prevail.

2.2 The Securities and Exchange Commission of Pakistan (SECP) has issued directive (vide SRO 865 (I) / 2005) that Islamic Financial Accounting Standard 1 (IFAS-1) shall be followed in preparation of the financial statement by Companies and Modarabas while accounting for Morabaha transactions as defined by said Standard. The Modaraba has adopted the above said Standard.

2.3 The Securities and Exchange Commission of Pakistan (SECP) has issued directive (vide SRO 431 (I) / 2007) that Islamic Financial Accounting Standard 2 (IFAS-2) shall be followed in preparation of the financial statement by Companies and Modarabas while accounting for Ijarah (Lease) transactions as defined by said Standard. The Modaraba has adopted the above said Standard.

2.4 Changes in Accounting Standards and Interpretations*(a) Standards, interpretation and amendments to published approved accounting standards that are effective and relevant*

Following amendments to existing standards and interpretations have been published and are mandatory for accounting periods beginning on January 1, 2016 and are considered to be relevant to the Company's operations:

IAS 1, 'Presentation of financial statements' aims to improve presentation and disclosure in financial reports by emphasising the importance of understandability, comparability and clarity in presentation.

The amendments provide clarification on number of issues, including:

- Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Disaggregation and subtotals – line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes – confirmation that the notes do not need to be presented in a particular order.

The above do not have any significant impact on these financial statements.

(b) Standards, interpretation and amendments to published approved accounting standards that are effective but not relevant

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2016 are considered not to be relevant to Company's financial statements and hence have not been detailed here.

(c) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant

Following new amendment to published standard is effective for accounting periods beginning on or after January 1, 2017 and is considered to be relevant for Company's financial statements:

IAS 7, 'Cashflow statements' - This amendment requires disclosure to explain changes in liabilities for which cashflows have been, or will be classified as financing activities in the statement of cashflows. The amendment is part of the IASB's Disclosure Initiative. In the first year of adoption, comparative information need not be provided.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

3 Basis of measurement

- 3.1 These financial statements have been prepared under the historical cost convention except for certain financial assets which are stated at fair value.
- 3.2 These financial statements have been prepared under the accrual basis of accounting except for cash flow information.

4. Use of estimates

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Modaraba's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under circumstances. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial estimates are as follows:

	<i>Note</i>
a) Useful life of depreciable assets/amortizable assets	5.1 & 5.2
b) Impairment of assets	5.12
c) Classification of investments	5.4
d) Income tax	5.6
e) Provision for staff gratuity	5.8
f) Provision for non performing assets	5.4.1

5. Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

5.1. Fixed assets

5.1.1 Tangible

Fixed assets are stated at cost less accumulated depreciation and identified impairment loss, if any.

Depreciation is charged to income applying the straight line method whereby the depreciable amount of an asset is written off over its estimated useful life. Depreciation is charged at rates stated in note 11.

Depreciation on additions is charged from the month during which the asset is put to use. For disposals during the year, depreciation is charged up to the month preceding the month of disposal.

The assets' residual value and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Expenditure incurred subsequent to the initial acquisition of assets are capitalised only when it meets the recognition criteria. The profit or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

The Modaraba assesses at each balance sheet date whether there is any indication that fixed assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income currently. The recoverable amount is the higher of an assets' fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets' revised carrying amount over its estimated useful lives.

5.1.2 Intangible

Intangible assets are stated at cost less impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount and where the carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

5.2 Investment property

Property held to earn rentals or for capital appreciation or for both is classified as investment property. The investment property of the Modaraba comprises of office premises and is valued using the cost method i.e.at cost less any accumulated depreciation and any identified impairment loss.

FOR THE YEAR ENDED JUNE 30, 2017

Depreciation on office premises is charged to profit and loss account on the straight line method so as to write off the depreciable amount of office premises over its estimated useful life at the rate defined in note no 13. Depreciation on additions to investment property is charged from the month in which a property is acquired or capitalized while no depreciation is charged for the month in which the property is disposed off.

The Modaraba assesses at each balance sheet date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amount and the resulting impairment loss is recognised in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense

5.3 *Deferred cost and amortization*

The deferred cost is written off over a period not exceeding five years in accordance with the requirements of third schedule of Modaraba Companies and Modaraba Rules, 1981.

5.4 *Financial instruments*

Financial assets and financial liabilities are recognised when the Modaraba becomes a party to the contractual provisions of the financial instrument.

Regular way purchases and sales of financial asset including investments are recognized on trade date i.e., the date on which the Modaraba commit to purchase or sell.

Initial recognition

Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

All regular way of purchases and sale of financial instruments are recognized/derecognized on the trade date.

Subsequent measurement

Financial assets and financial liabilities are measured subsequently as described below.

5.4.1 *Financial assets*

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- held to maturity (the Modaraba does not have any such investments).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Following financial assets fall into this category of financial instruments:

- Deposits
- Advances
- Other receivables
- Cash and cash equivalents

Financial assets at fair value through profit or loss

Investments which are acquired principally for the purposes of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as 'financial assets at fair value through profit or loss.

Financial assets in this category are measured at fair value with gains or losses recognised in profit and loss account. These investments are marked to market and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair value of these investments are taken to the profit and loss account for the year.

Available for sale financial assets

Investments intended to be held for indefinite period of time, which may be sold in response to needs for liquidity or changes in equity



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

prices, are classified as 'available for sale financial assets'. Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale financial assets or are not classified as (a) loans and receivables (b) held to maturity investments (c) financial assets at fair value through profit or loss. Subsequent to initial recognition these investments are marked to market using the closing market rate and are carried on the balance sheet at fair value. Surplus/Deficit arising from re-measurement are taken to comprehensive income until the investments are sold/disposed-off or until the investments are determined to be impaired, at which time, cumulative surplus or deficit previously reported in the comprehensive income is included in the current year's profit and loss account

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value can not be reliably measured are measured at cost or fair value

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. 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 that asset. Musharika and Morabaha receivables considered doubtful are provided for in accordance with the requirements of the Prudential Regulations for Modarabas.

An impairment loss on available for sale financial asset -equity instruments is reversed only on the disposal of financial asset. Reversal of provision on musharika and morabaha receivables are reversed in accordance with Prudential Regulations for Modarabas.

Derecognition of financial assets

These are derecognised when the contractual rights to the cash flows from the financial assets expire, or when the financial asset and all substantial risks and rewards are transferred.

5.4.2 *Financial liabilities*

The Modaraba's financial liabilities include unclaimed profit distribution, creditors, accrued expenses and other liabilities.

Derecognition of financial liabilities

These are derecognised when they are extinguished, discharged, cancelled or expired.

5.4.3 *Investment in subsidiary*

Investment in subsidiary is initially recognized at cost. At subsequent reporting dates, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as expense. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the profit and loss account.

5.5 *Revenue recognition*

- a) Income from Morabaha/Musharaka transactions is recognized on the basis of pro-rata accrual of the estimated profit earned during the year.
- b) Dividend income is recognized when the right to receive dividend is established.
- c) Brokerage commission and fee income is recognized when accrued.
- d) Profit on PLS deposits is recognized on an accrual basis.
- e) Capital gains or losses arising on sale of investments are taken to income in the period in which they arise.

5.6 *Taxation*

Current

The charge for taxation is based on taxable income at current rates of taxation after taking into account tax credits and tax rebates available, if any or minimum tax under the provisions of the Income Tax Ordinance, 2001. For items covered under final tax regime, provision is made according to the final tax rate provided in the Income Tax Ordinance, 2001. The income of Modaraba other than trading income is exempt from tax under Clause 100 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. Provided that not less than 90% of its total profits in the year as reduced by the amount transferred to a mandatory reserve, as required under the provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 or the rules made thereunder, as are distributed amongst the certificate holders.

Deferred

Deferred tax is recognized using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the tax base. This is recognized on the basis of expected manner of the realization and the settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognized for all deductible temporary differences and carry

FOR THE YEAR ENDED JUNE 30, 2017

forward of unused tax losses, if any, to the extent that future taxable profits will be available against which the deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

However, deferred tax is not accounted for as the management believes that the temporary differences will not reverse in the foreseeable future.

5.7 *Foreign currency translation*

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into Pak rupees at exchange rate prevailing at the date of transaction. All non-monetary items are translated into rupees at exchange rate prevailing on the date of transaction or on the date when fair values are determined.

5.8 *Retirement benefits*

The Modaraba operates an Unfunded Gratuity for its permanent employees who complete the qualifying period of service. Provision has been made in accordance with actuarial recommendations using the Projected Unit Credit Method. The results of current valuation are summarized in Note 8. Actuarial gains / losses are recognized over the average lives of the employees.

5.9 *Offsetting of financial assets and financial liabilities*

A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the Modaraba has a 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.

5.10 *Provisions*

Provisions are recognized in the balance sheet when the Modaraba has a legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation and reliable estimate can be made of the amount of the obligation.

5.11 *Profit distribution to certificates holders*

Profit distribution to certificate holders is recognized as liability in the period in which such distribution is announced.

5.12 *Impairment*

The carrying amount of Modaraba's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated and impaired losses are recognized in the profit and loss account.

5.13 *Segment reporting*

A segment is a distinguishable component of the Modaraba that is engaged in business activities from which the Modaraba earns revenues and incur expenses and its results are regularly reviewed by the Modaraba's Chief Operating Decision Maker to make decision about resources to be allocated to the segment and assess its performance. Further, discrete financial information is available for each segment.

Based on internal management reporting structure, services provided and products produced and sold, the Modaraba is organized into the following four operating segments:

- Musharakah facility
- Brokerage Operation
- Capital Market
- Others

Management monitors the operating results of above mentioned segments separately for the purpose of making decisions about resources to be allocated and assessing performance.

5.14 *Related party transactions*

All transactions with related party, if any, are recorded at an arm's length basis.

5.15 *Cash and cash equivalents*

For the purposes of cash flow statement, Cash and cash equivalents comprise cash in hand and cash with banks.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

5.16 Functional and reporting currency

Items include in the financial statements are measured using the currency of primary economic environment in which the Modaraba operates. The financial statements are presented in Pakistani Rupees, which is the Modaraba's functional and presentation currency.

5.17 Capital Risk Management

The Modaraba's objective when managing capital is to safe guard the Modaraba's ability to continue as a going concern so that it can provide returns for certificate holders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Modaraba manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Modaraba may adjust the amount of dividend paid to certificate holders or issue new certificates.

6. Certificate capital

2016 No of Certificates	2017 No of Certificates		2017 Rupees	2016 Rupees
46,220,000	46,220,000	Modaraba certificates of Rs. 10 each fully paid-up in cash	462,200,000	462,200,000
6,220,000	6,220,000	Modaraba certificates of Rs. 10 each issued as fully paid-up bonus certificates	62,200,000	62,200,000
52,440,000	52,440,000		524,400,000	524,400,000

6.1 Certificates held by management company 5,532,296 (2016: 5,532,296).

7. Reserves

	Capital Reserves			Revenue Reserves			Total Reserves 2017	Total Reserves 2016
	Statutory Reserve *	Certificate premium account	Total Capital Reserve	Accumulated Loss	General Reserve	Total Revenue Reserves		
Opening balance	152,500,000	131,100,000	283,600,000	(184,108,863)	27,120,000	(156,988,863)	126,611,137	126,433,396
Transfer from Profit & Loss Account	-	-	-	42,513,195	-	42,513,195	42,513,195	9,092,541
Dividends paid	-	-	-	(6,817,200)	-	(6,817,200)	(6,817,200)	(8,914,800)
Transfer to statutory reserve	8,550,000	-	8,550,000	(8,550,000)	-	(8,550,000)	-	-
Closing balance	161,050,000	131,100,000	292,150,000	(156,962,868)	27,120,000	(129,842,868)	162,307,132	126,611,137

*In accordance with the Prudential Regulations for Modarabas, the Modaraba is required to transfer an amount not less than 20% and not more than 50% of its after tax profits to statutory reserve until the reserve funds equals the certificate capital. Thereafter, a sum not less than 5% of the after tax profits is required to be transferred to the statutory reserve.

	Note	2017 Rupees	2016 Rupees
8. Deferred liability			
Staff gratuity	8.1	2,864,104	2,934,768
		2,864,104	2,934,768

8.1 General description

Employees, after completion of one year of service, shall be entitled for gratuity on leaving the company's employment. Gratuity shall be paid on the basis of one month's last drawn monthly gross salary for each completed year of service.

Annual provision is based on actuarial valuation, which was carried out as at June 30, 2017 on September 26, 2017 using the Projected Unit Method.

FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
8.2			
Amount recognized in the balance sheet are as follows:			
		2,864,104	2,934,768
		-	-
		2,864,104	2,934,768
8.3			
<i>Movement in defined benefit obligation</i>			
		2,934,768	2,655,484
		284,715	288,015
		201,140	258,910
		485,855	546,925
		(320,833)	-
		(235,686)	(267,641)
		(556,519)	(267,641)
		2,864,104	2,934,768
8.4			
<i>Actuarial assumptions</i>			
		<i>Rate per annum</i>	
		7.75%	7.25%
		7.75%	7.25%
		7.75%	7.25%

	Impact on obligation of change in assumptions		
	Change in assumption	Increase in obligation	Decrease in obligation
Discount rate	1%	2,652,889	3,096,284
Salary Increase rate	1%	3,108,371	2,638,672
Withdrawal rate	10%	2,864,104	2,864,104
Mortality Age	1 year	2,864,104	2,864,104

8.6 Expected maturity analysis of undiscounted defined obligation for the gratuity scheme is as follows:

	Year 1	Year 2	Year 3	Year 4	Year 5	Over 5 years
At at June 30, 2017						
Gratuity	152,107	43,114	144,625	40,319	180,944	41,537

8.7 Following risks are associated with Defined benefit plans:

Longevity risks: The risk arises when the actual lifetime of retirees in longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary increase risk: The most common type of retirement benefit is one where the benefit is linked with the final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal risk: The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of liability can go either way.

8.8 The disclosure made in notes 8.5 to 8.7 are based on the information included in the actuarial valuation report of the Modaraba as of June 30, 2017.

9. Creditors, accrued and other liabilities

Payable to clients		8,541,486	1,007,564
Accrued expenses		4,860,217	3,755,050
Charity payable	9.1	1,040	21,100
Advance from related party	9.2	10,000,000	-
Other liabilities	9.3	39,257,504	2,956,460
		62,660,247	7,740,174
9.1			
<i>Charity Payable - reconciliation</i>			
		21,100	26,103
		1,040	14,997
		(21,100)	(20,000)
		1,040	21,100



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

9.2 Advance receive against sale of Trading Right Entitlement Certificates of Pakistan Stock Exchange Limited from Capital Financial Services (Pvt.) Ltd. and Apex Financial Services (Pvt.) Ltd.

9.3 Other liabilities include Rs. 3,869,066 (2016 : Rs. 2,361,006) payable to Premier Financial Services (Private) Limited.

10. Contingencies and commitments

Modaraba has filed a suit against Samba Bank Ltd for the recovery of deposit amounting to Rs 21 million alongwith mark up. The matter is pending before the Honourable High Court of Sindh. Management of the Modaraba and its legal advisor are of the opinion that Modaraba has reasonable chance and it appear unlikely that Modaraba may suffer any loss from the same.

11. Tangible

2017								
Particulars	Cost			Accumulated Depreciation			Book Value as at June 30, 2017	Rate
	As at July 01, 2016	Addition / (Deletion)	As at June 30, 2017	As at July 01, 2016	Charged during the year / (Disposal)	As at June 30, 2017		%
Office premises	21,580,294	3,826,016	10,380,294	8,375,077	970,848	4,802,842	5,577,452	5
		(15,026,016)			(4,543,083)			
Furniture & fixtures	196,509	-	105,059	196,500	-	105,057	2	20
		(91,450)			(91,443)			
Motor vehicles	5,559,438	3,164,500	3,975,938	4,627,720	482,663	2,730,385	1,245,553	20
		(4,748,000)			(2,379,998)			
Computers	554,189	231,950	548,090	439,886	94,353	447,686	100,404	33
		(238,049)			(86,553)			
Office equipments	1,043,725	74,000	780,245	765,826	81,059	589,663	190,582	20
		(337,480)			(257,222)			
2017	28,934,155	7,296,466	15,789,626	14,405,009	1,628,923	8,675,633	7,113,993	
		(20,440,995)			(7,358,299)			

2016								
Particulars	Cost			Accumulated Depreciation			Book Value as at June 30, 2016	Rate
	As at July 01, 2015	Addition / (Deletion)	As at June 30, 2016	As at July 01, 2015	Charged during the year / (Disposal)	As at June 30, 2016		%
Office premises	20,804,134	776,160	21,580,294	7,315,466	1,059,611	8,375,077	13,205,217	5
Furniture & fixtures	196,509	-	196,509	196,500	-	196,500	9	20
Motor vehicles	5,559,438	-	5,559,438	4,033,099	594,621	4,627,720	931,718	20
Computers	627,015	83,249	554,189	523,622	72,332	439,886	114,303	33
		(156,075)			(156,068)			
Office equipments	1,116,185	83,870	1,043,725	808,392	113,763	765,826	277,899	20
		(156,330)			(156,329)			
2016	28,303,281	943,279	28,934,155	12,877,079	1,840,327	14,405,009	14,529,146	
		(312,405)			(312,397)			

12. Intangible		Note	2017 Rupees	2016 Rupees
Cost				
Impairment loss		12.1	19,000,000	19,000,000
			(9,000,000)	-
			10,000,000	19,000,000

FOR THE YEAR ENDED JUNE 30, 2017

- 12.1 This represents Trading Right Entitlement certificates (TREC) of Pakistan Stock Exchange Limited. After the integration of stock exchanges of Pakistan, the Registrar Modaraba have given us the permission to form wholly owned subsidiary companies and to transfer all brokerage related assets and liabilities to the new formed companies. The companies have been formed and the transfer of assets and liabilities are under process.

13. Investment Property

2017								
Particulars	Cost			Accumulated Depreciation			Book Value as at June 30, 2017	Rate %
	As at July 01, 2016	Transfer	As at June 30, 2017	As at July 01, 2016	Charged during the year	As at June 30, 2017		
Office premises	2,400,000	-	2,400,000	568,333	120,000	688,333	1,711,667	5

2016								
Particulars	Cost			Accumulated Depreciation			Book Value as at June 30, 2016	Rate %
	As at July 01, 2015	Transfer	As at June 30, 2016	As at July 01, 2015	Charged during the year	As at June 30, 2016		
Office premises	2,400,000	-	2,400,000	448,333	120,000	568,333	1,831,667	5

14. Long term investments	Note	2017	
		Rupees	2016 Rupees
<i>Investment in subsidiary</i>		350,000,000	250,020,000
	14.1	350,000,000	250,020,000
<i>Investment classified as available-for-sale financial assets</i>			
Listed securities		16,071,330	41,803,219
Unlisted securities	14.2.1	32,146,031	32,146,031
	14.2.2	48,217,361	73,949,250
Preference Share		-	1,828,740
	14.3	398,217,361	325,797,990

14.1 *Investment in subsidiary*

2016 Number	2017 Number		Note	2017 Rupees	2016 Rupees
100	500,000	Apex Financial Services (Pvt) Ltd	14.1.1	50,000,000	10,000
100	500,000	Capital Financial Services (Pvt) Ltd	14.1.1	50,000,000	10,000
25,000,000	25,000,000	Equity Textiles Limited	14.1.2	250,000,000	250,000,000
25,000,200	26,000,000			350,000,000	250,020,000

- 14.1.1 The Capital Financial Services (Pvt) Ltd and Apex Financial Services (Pvt) Ltd are wholly owned subsidiaries of the Modaraba having ordinary shares of Rs. 100 each. The companies have not yet started operations. Net assets value pr share of Capital Financial Service (Pvt.) Ltd. and Apex Financial Services (Pvt.) Ltd. is Rs. 88.22 (2016: Rs. 5,189 and Rs. 96.15 (2016: Rs. 3,689) as per financial statements as at June 30, 2017 audited by Baker Tilly Mehmood Idrees Qamar, Chartered Accountants.

- 14.1.2 Equity Textiles Limited is a wholly owned subsidiary of the Modaraba. Net assets value per share of Equity Textiles Limited is Rs. 28.53 (2016: Rs. 25.06) as per financial statements as at June 30, 2017 audited by BDO Ebrahim & Company, Chartered Accountants.

14.2 *Investment classified as available-for-sale financial assets*

14.2.1 **Listed securities**

The holding is in ordinary shares/units of Rs. 10 each of listed companies, unless otherwise stated:

		<i>Open-end mutual funds</i>			
11,968	-	Dawood Income Fund (Unit of Rs. 100 each)		-	847,188
		<i>Fixed Line Telecommunication</i>			
42,000	-	Pakistan Telecommunication Company Limited		-	631,260
		<i>Financial Services</i>			
22,000	22,000	Javed Omer Vohra & Company Limited		41,800	41,800
		<i>Equity investment instruments</i>			
735,000	-	First Dawood Mutual Fund		-	209,141
4,007,383	1,602,953	<i>Pakistan Stock Exchange Limited</i>	14.2.2.2	16,029,530	40,073,830
				16,071,330	41,803,219



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

14.2.2 Unlisted securities

The holding is in ordinary shares of Rs. 10 each.

2016	2017		Note	2017	2016
No of Shares	No of Shares			Rupees	Rupees
50,000	50,000	Sapphire Power Generation Limited	14.2.2.1	1,800,000	1,800,000
3,034,603	3,034,603	ISE Towers REIT Management Co Ltd	14.2.2.3	30,346,030	30,346,030
78,150	78,150	Callmate Telips Telecom Limited	14.2.2.4	1	1
				32,146,031	32,146,031

14.2.2.1 Net assets value per share of Sapphire Power Generation Limited is Rs. 69.49 (2015: Rs. 62.26) as per financial statements as at June 30, 2016 audited by Riaz Ahmad, Saqib, Gohar & Company, Chartered Accountants.

14.2.2.2 The market value per share of Pakistan Stock Exchange Limited as at June 30, 2017 was Rs. 25.68 and the market value is Rs. 41,163,833. Under the listing regulations, these shares are freeze.

14.2.2.3 Net assets value per share of ISE Towers REIT Management Company Limited is Rs. 12.13 (2016: Rs. 11.10) as per financial statements as at June 30, 2017 audited by BDO Ebrahim & Company, Chartered Accountants.

14.2.2.4 The company is in the process of winding up. Hence net assets value per share is not available.

14.3 Preference Shares

The holding is in ordinary shares of Rs. 10 each.

182,874	-	Mari Petroleum Ltd		-	1,828,740
				-	1,828,740

15.2

15. Morabaha/Musharaka receivables-secured

Musharaka - considered good				134,320,480	140,333,175
Morabaha - considered doubtful				17,380,055	17,380,055
				151,700,535	157,713,230
Provision for non performing assets				(17,380,055)	(17,380,055)
				134,320,480	140,333,175

15.1 The Modaraba has entered into Morabaha and Musharaka agreements under which the Modaraba has provided funds for working capital requirements on profit and loss sharing basis. These are secured against pledge, hypothecation of stock and receivables, demand promissory notes, personal guarantee of directors / proprietors and mortgage of property. Expected rate of profit on Musharaka transactions during the year range between 12% to 16% per annum (2016: 12% to 16% per annum).

15.2 The carrying amount is considered a reasonable approximation of fair value.

16. Short term investments*Investment classified as financial asset at fair value through profit or loss*

16.1

Listed securities

101,074,443 101,100,11416.1 Listed securities

The holding is in ordinary shares/units of Rs. 10 each of listed companies, unless otherwise stated:

		<i>Oil and Gas</i>			
5,700	-	Mari Petroleum Company Limited	-	5,176,854	
32,200	-	Hascol Petroleum Company Limited	-	6,290,914	
26,900	65,900	Oil & Gas Development Co Limited	9,271,471	3,714,083	
31,000	20,000	Pakistan Refinery Limited	1,065,200	1,276,580	
61,000	-	Sui Northern Gas Pipeline Limited	-	2,213,690	
35,000	-	Sui Southern Gas Pipeline Limited	-	963,550	
400	-	Shell Pakistan Limited	-	116,084	
		<i>Food</i>			
59,700	6,200	Engro Foods Limited	753,238	9,750,801	
		<i>Chemicals</i>			
8,000	-	Engro Fertilizer Limited	-	515,840	
-	4,700	Engro Corporation Limited	1,531,775	-	
57,500	168,500	Fauji Bin Qasim Limited	7,218,540	3,048,075	
161,000	12,500	Ghani Global Glass Limited	249,875	2,914,100	
-	30,001	Ghani Gases Limited	789,000	-	
3,500	-	ICI Pakistan Limited	-	1,557,570	
685,000	-	Lotte Chemical Pakistan PTA Limited	-	4,116,850	
2,000	-	Synthetic Product Limited	-	93,800	
25,000	-	Sitara Peroxide Limited	-	453,750	
16,000	-	Wah Noble Chemicals Limited	-	1,040,000	

FOR THE YEAR ENDED JUNE 30, 2017

2016 Number	2017 Number		Note	2017 Rupees	2016 Rupees
		<i>Construction and materials</i>			
6,100	11,700	AkzoNobel Pakistan Limited		2,808,000	1,126,365
-	5,000	Bestway Cement Limited		1,095,000	-
536,000	278,500	Dewan Cement Limited		5,620,130	7,761,280
-	7,078	D.G. Khan Cement Limited		1,508,746	-
50,000	-	Fauji Cement Company Limited		-	1,790,000
-	8,500	Fly Cement Limited		160,310	-
2,000	2,000	Cherat Cement Company Limited		357,560	239,140
200	-	Lucky Cement Limited		-	129,702
322,500	1,488,786	Power Cement Limited		19,919,957	3,363,675
		<i>Transport</i>			
100,000	475,306	Pakistan International Bulk Terminals Limited		11,008,087	3,207,000
		<i>Personal goods</i>			
20,500	8,300	Nishat Mills Limited		1,317,044	2,211,950
		<i>Household goods</i>			
4,000	-	Ghani Glass Industries Limited		-	377,520
		<i>Pharma and biotech</i>			
-	4,050	GlaxoSmith Kline Consumer Healthcare		846,491	-
13,500	-	GlaxoSmith Kline Limited		-	2,795,985
3,200	6,429	The Searle Pakistan Limited		3,291,519	1,715,680
		<i>Automobile and parts</i>			
13,900	16,900	Gandhara Nissan Limited		3,803,852	2,170,485
631,000	-	Ghani Automobile Limited		-	4,429,620
		<i>Paper and Board</i>			
-	45,000	Roshan Packages Limited		2,527,650	-
		<i>Engineering</i>			
-	175,700	Aisha Steel Limited		3,573,738	-
-	14,500	International Steel Limited		1,854,405	-
-	6,000	Mughal Steel & Iron Limited		484,380	-
		<i>Textile Composite</i>			
-	238,000	International Knitwear Limited		3,334,380	-
		<i>Miscellaneous</i>			
-	15,000	United Distributors Limited		1,005,000	-
		<i>Sugar and Allied</i>			
-	1,000	Imperial Sugar Limited		29,480	-
		<i>Fixed Line Telecommunication</i>			
709,500	709,500	Pakistan Telecommunication Company Limited		11,075,295	10,663,785
86,000	-	TRG Pakistan Limited		-	2,885,300
		<i>Cable & Electrical Goods</i>			
52,625	-	Pak Electron Limited		-	3,402,206
127,000	70,000	TPL Tracker Limited		691,600	1,596,390
		<i>Power Generation, Distribution and Electricity</i>			
991,500	500,000	K-Electric Limited		3,450,000	7,991,490
-	6,000	KotAdu Power Company Limited		432,120	-
				101,074,443	101,100,114
17. Advances - considered good					
Employee			17.1	226,019	385,555
Advance tax				3,165,665	1,784,692
Others				-	150,000
				3,391,684	2,320,247
17.1	The maximum aggregate amount due from employees at the end of any month during the year was Rs. 454,640 (2016: Rs. 600,023). These are secured against the property documents retained by the Modaraba.				
18. Trade deposits and prepayments					
Deposits				14,772,665	14,772,665
Prepayments				412,962	491,030
				15,185,627	15,263,695



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
19. Other Receivables			
Receivable from clients	19.1 & 19.2	19,527,513	20,415,949
Dividend		138,676	21,575
Sale of PSX shares		4,488,268	-
Others	19.2	1,049,393	1,800,713
		25,203,850	22,238,237
19.1 <i>Receivable from clients</i>			
Considered good		19,527,513	20,415,949
Considered doubtful		12,500,000	12,500,000
		32,027,513	32,915,949
Less: Provision for doubtful debts		(12,500,000)	(12,500,000)
		19,527,513	20,415,949
19.2	Receivable from clients and others include receivable from related parties amounting to Rs. 202,791 (2016: Rs. 1,203,270).		
20. Bank balances			
in current accounts		2,850,849	1,986,978
in saving accounts		19,054	70,677
in Islamic bank		38,524,840	8,731,955
		41,394,743	10,789,610
21. Income			
Profit on Musharaka		15,279,963	17,479,567
Brokerage commission		4,749,661	1,776,585
Capital gain		55,233,402	4,279,537
Dividend		2,497,801	5,174,167
Rental		1,452,000	1,320,000
Commission and fees		1,023,287	334,284
		80,236,114	30,364,140
22. Operating expenses			
Salaries, allowances and benefits	22.1	5,760,086	5,070,045
Traveling, conveyance and entertainment		646,469	552,862
Telephone and postage		784,301	660,017
Electricity		497,668	485,480
Insurance		460,241	358,065
Printing, stationery and advertising		1,236,716	778,156
Fees and subscriptions		2,383,575	1,735,656
Vehicle running and maintenance		985,855	953,133
Depreciation	11 & 13	1,748,923	1,960,327
Facilities and services		4,738,605	4,613,163
Repair and maintenance		1,519,594	1,022,374
Annual review meeting		112,629	106,303
Auditor's remuneration	22.3	439,285	382,776
Legal and professional		524,129	1,321,932
Training and development		-	3,500
Shariah Advisor		150,000	150,000
Bad debts		1,421,076	-
Zakat deduction		-	3,251
PSX & SECP Charges		698,726	422,336
Withholding & CVT tax		820,317	531,774
Impairment loss on intangible		9,000,000	-
Others		221,634	251,764
		34,149,829	21,362,914

FOR THE YEAR ENDED JUNE 30, 2017

22.1 *Remuneration of officers and other employees*

The aggregate amount charged in the financial statements for remuneration, including benefits to 9 (2016 : 8) employees of the modaraba is:

	2017		2016	
	Officers	Other Employees	Officers	Other Employees
Salaries and allowances	1,776,000	1,905,462	1,776,000	1,905,462
Leave fare & Encashment	205,000	1,184,664	131,900	74,393
Expenses reimbursed: Medical	49,600	417,048	91,296	143,628
	2,030,600	3,507,174	1,999,196	2,123,483

22.2 Salaries, allowances and benefits include provision for gratuity of Rs. 485,855 (2016: Rs. 546,925). Officers are also provided with free use of the Modaraba maintained cars.

	2017 Rupees	2016 Rupees
22.3 <i>Auditor's remuneration</i>		
Audit fee	226,806	226,806
Half yearly review	26,500	26,500
Other fees	185,979	129,470
	439,285	382,776

23. Financial Charges

Bank Charges	13,652	38,641
	13,652	38,641

24. Other income

Profit on Investment accounts with Islamic bank	288,729	311,026
Gain on sale of assets	2,545,148	4,492
	2,833,877	315,518

25. Taxation

Current

Assessment upto and including the tax year 2016 have been finalized under section 120 of the Income Tax Ordinance, 2001 (the Ordinance) which is subject to audit under section 170 of the Ordinance.

The income of non-trading Modarabas is exempt from tax provided that not less than ninety percent of their profits for the year as reduced by the amount transferred to mandatory reserves are distributed to the certificate holders. As the Management Company of the Modaraba, subsequent to the year end, has approved the required distribution, no provision for taxation has been made in these financial statements.

26. Earnings per certificates - basic and diluted

Profit for the year	42,513,195	9,092,541
Weighted average number of certificates outstanding during the year	52,440,000	52,440,000
Earnings per certificate - basic and diluted	0.81	0.17

26.1 There is no dilution effect on the basic earnings per share of the modaraba as the modaraba has no such commitments.

27. Risk management policies and objectives

Financial risk management

The board of directors of the Modaraba Management Company has overall responsibility for the establishment and oversight of the Modaraba's risk management framework. The Modaraba has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

2017 **2016**
Rupees **Rupees**

Credit and concentration risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Modaraba's performance to developments affecting a particular industry.

Credit risk of the Modaraba arises principally from the investments, Musharaka/Morabaha receivables, advances, trade deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Modaraba has developed a formal approval process whereby credit limits are applied to its customers. The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful for recovery.

The Carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

Investment	499,291,804	426,898,104
Morabaha/Musharaka receivables-secured	134,320,480	140,333,175
Advances-considered good	5,901,684	4,830,247
Trade deposits and prepayments	16,935,627	16,513,695
Other receivables	25,203,850	22,238,237
	681,653,445	610,813,458

Liquidity risk

Liquidity risk is the risk that the Modaraba will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Modaraba could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Modaraba's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Modaraba's reputation.

	2017				
		Over one year			
		Less than One year	but less than five years	Over five years	
Assets					
Long term investments	-	48,217,361	350,000,000	398,217,361	
Morabaha & Musharaka receivables	134,320,480	-	-	134,320,480	
Short term investments	101,074,443	-	-	101,074,443	
Advances	3,391,684	2,510,000	-	5,901,684	
Trade deposits	14,772,665	1,750,000	-	16,522,665	
Other receivables	25,203,850	-	-	25,203,850	
Tax refunds due from government	9,265,078	-	-	9,265,078	
Bank balances	41,394,743	-	-	41,394,743	
	329,422,943	52,477,361	350,000,000	731,900,305	
Liabilities					
Deferred liability	-	2,864,104	-	2,864,104	
Security Deposit	-	200,000	-	200,000	
Creditors, accrued and other liabilities	62,660,247	-	-	62,660,247	
Unclaimed profit distribution	28,730,534	-	-	28,730,534	
	91,390,781	3,064,104	-	94,454,885	
Net balance	238,032,162	49,413,257	350,000,000	637,445,420	

FOR THE YEAR ENDED JUNE 30, 2017

Assets	2016			Total
	Less than One year	Over one year but less than five years	Over five years	
Long term investments	-	75,777,990	250,020,000	325,797,990
Morabaha & Musharaka receivables	140,333,175	-	-	140,333,175
Short term investments	101,100,114	-	-	101,100,114
Advances	2,320,247	2,510,000	-	4,830,247
Trade deposits	14,772,665	1,250,000	-	16,022,665
Other receivables	22,238,237	-	-	22,238,237
Tax refunds due from government	7,480,386	-	-	7,480,386
Bank balances	10,789,610	-	-	10,789,610
	299,034,434	79,537,990	250,020,000	628,592,424
Liabilities				
Deferred liability	-	2,934,768	-	2,934,768
Security Deposit	-	200,000	-	200,000
Creditors, accrued and other liabilities	7,740,174	-	-	7,740,174
Unclaimed profit distribution	27,844,960	-	-	27,844,960
	35,585,134	3,134,768	-	38,719,902
Net balance	263,449,300	76,403,222	250,020,000	589,872,522

Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Operational Risk

Operational Risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Modaraba's operations either internally within the Modaraba or externally at the Modaraba's service providers, and from external; factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risks arise from all of the Modaraba's activities.

The Modaraba's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its objective of generating returns for certificate holders. The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors of the Management Company. This responsibility encompasses the controls in the following areas:

- Requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Ethical and business standards;
- Risk mitigation, including insurance where this is effective.

28. Fair value of financial instruments

The Modaraba is of the view that the fair market value of most of the financial assets and financial liabilities are not significantly different from their carrying amounts.

28.1 *Financial instruments by category*

	2017 Rupees	2016 Rupees
Financial assets		
Loans and receivables		
Morabaha/Musharaka receivables	134,320,480	140,333,175
Advances	5,901,684	4,830,247
Trade deposits	16,522,665	16,022,665



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

	2017 Rupees	2016 Rupees
Other receivables	25,203,850	22,238,237
Bank balances	41,394,743	10,789,610
<i>Financial assets at fair value through profit or loss</i>		
Short term investments	101,074,443	101,100,114
<i>Available-for-sale financial assets</i>		
Long term investments	48,217,361	75,777,990
	372,635,227	371,092,038
<i>Financial liabilities</i>		
Financial liabilities at amortised cost		
Creditors, accrued and other liabilities	62,660,247	7,740,174
Unclaimed profit distribution	28,730,534	27,844,960
	91,390,781	35,585,134
On balance sheet gap	281,244,446	335,506,904

29. Maturities of assets and liabilities

The following analysis is based on the contractual/expected maturities of assets and liabilities which may not necessarily correspond with actual maturities.

	2017				
	Upto one month	Over one month to one year	Over one year to five year	Over five Years	
Assets					
Tangible assets	-	-	-	7,113,993	7,113,993
Intangible assets	-	-	-	10,000,000	10,000,000
Investment property	-	-	-	1,711,667	1,711,667
Long term investments	-	-	48,217,361	350,000,000	398,217,361
Morabaha & Musharaka receivables	85,717,362	48,603,118	-	-	134,320,480
Short term investments	-	101,074,443	-	-	101,074,443
Advances	-	3,391,684	2,510,000	-	5,901,684
Trade deposits and prepayments	150,000	15,035,627	1,750,000	-	16,935,627
Other receivables	-	25,203,850	-	-	25,203,850
Tax refunds due from government	-	9,265,078	-	-	9,265,078
Bank balances	-	41,394,743	-	-	41,394,743
	85,867,362	243,968,544	52,477,361	368,825,660	751,138,927
Liabilities					
Deferred liabilities	-	-	2,864,104	-	2,864,104
Security Deposit	-	-	200,000	-	200,000
Creditors, accrued and other liabilities	12,043,162	50,617,085	-	-	62,660,247
Unclaimed profit distribution	-	28,730,534	-	-	28,730,534
	12,043,162	79,347,619	3,064,104	-	94,454,885
Net balance	73,824,200	164,620,925	49,413,257	368,825,660	656,684,041

	2016			
Assets				
Tangible assets	-	-	1,323,929	13,205,217
Intangible assets	-	-	-	19,000,000
Investment property	-	-	-	1,831,667
Long term investments	-	-	75,777,990	250,020,000
Morabaha & Musharaka receivables	16,384,695	123,948,480	-	140,333,175
Short term investments	-	101,100,114	-	101,100,114
Advances	-	2,320,247	2,510,000	-
Trade deposits and prepayments	150,000	15,113,695	1,250,000	-
Other receivables	-	22,238,237	-	22,238,237
Tax refunds due from government	-	7,480,386	-	7,480,386
Bank balances	-	10,789,610	-	10,789,610
	16,534,695	282,990,769	80,861,919	284,056,884
				664,444,267

FOR THE YEAR ENDED JUNE 30, 2017

	Over one				Total
	Upto one month	month to one year	Over one year to five years	Over five Years	
Liabilities					
Deferred liabilities	-	-	2,934,768	-	2,934,768
Security Deposit	-	-	200,000	-	200,000
Creditors, accrued and other liabilities	4,193,498	3,546,676	-	-	7,740,174
Unclaimed profit distribution	-	27,844,960	-	-	27,844,960
	4,193,498	31,391,636	3,134,768	-	38,719,902
Net balance	12,341,197	251,599,133	77,727,151	284,056,884	625,724,365

30. Yield/Profit rate risk exposure

Description	Effective yield / profit risk	2017						Total
		Yield / profit bearing maturing			Non yield / profit bearing maturing			
		Within 1 Yr	After 1 Yr	Sub total	Within 1 Yr	After 1 Yr	Sub total	
Financial Assets	%	Rupees						
Long term investments	-	-	48,217,361	48,217,361	-	-	-	48,217,361
Morabaha / Musharakah receivables	12% to 16%	134,320,480	-	134,320,480	-	-	-	134,320,480
Short term investments	-	101,074,443	-	101,074,443	-	-	-	101,074,443
Advances	-	-	-	-	3,391,684	2,510,000	5,901,684	5,901,684
Trade deposits	-	-	-	-	14,772,665	1,750,000	16,522,665	16,522,665
Other receivables	-	-	-	-	25,203,850	-	25,203,850	25,203,850
Bank balances	5% to 7%	38,543,894	-	38,543,894	2,850,849	-	2,850,849	41,394,743
		273,938,817	48,217,361	322,156,178	46,219,048	4,260,000	50,479,048	372,635,226
Financial Liabilities								
Creditors, accrued and other liabilities	-	-	-	-	62,660,247	-	62,660,247	62,660,247
Unclaimed profit distribution	-	-	-	-	28,730,534	-	28,730,534	28,730,534
		-	-	-	91,390,781	-	91,390,781	91,390,781
On Balance Sheet Gap		273,938,817	48,217,361	322,156,178	(45,171,733)	4,260,000	(40,911,733)	281,244,445

The above analysis is based on the contractual/expected maturities of assets and liabilities which may not necessarily correspond with actual maturities.

Yield risk is the risk of decline in earning due to adverse movement of the yield curve.

Profit rate risk is the risk that the value of the financial instruments will fluctuate due to changes in the market profit rates.

Description	Effective yield / profit risk	2016						Total
		Yield / profit bearing maturing			Non yield / profit bearing maturing			
		Within 1 Yr	After 1 Yr	Sub total	Within 1 Yr	After 1 Yr	Sub total	
Financial Assets	%	Rupees						
Long term investments	-	-	75,777,990	75,777,990	-	-	-	75,777,990
Morabaha / Musharakah receivables	12% to 16%	140,333,175	-	140,333,175	-	-	-	140,333,175
Short term investments	-	101,100,114	-	101,100,114	-	-	-	101,100,114
Advances	-	-	-	-	2,320,247	2,510,000	4,830,247	4,830,247
Trade deposits	-	-	-	-	14,772,665	1,250,000	16,022,665	16,022,665
Other receivables	-	-	-	-	22,238,237	-	22,238,237	22,238,237
Bank balances	5% to 7%	8,802,632	-	8,802,632	1,986,978	-	1,986,978	10,789,610
		250,235,921	75,777,990	326,013,911	41,318,127	3,760,000	45,078,127	371,092,037
Financial Liabilities								
Creditors, accrued and other liabilities	-	-	-	-	7,740,174	-	7,740,174	7,740,174
Unclaimed profit distribution	-	-	-	-	27,844,960	-	27,844,960	27,844,960
		-	-	-	35,585,134	-	35,585,134	35,585,134
On Balance Sheet Gap		250,235,921	75,777,990	326,013,911	5,732,993	3,760,000	9,492,993	335,506,903



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

31. Segment information

The Modaraba has three primary sources of revenue i.e. Musharaka facility, brokerage operations and capital market based on the nature of business and related risk associated with each type of business segment which are not deemed by the management to be sufficiently significant to disclose as separate items are reported under others.

Segment assets and liabilities included all assets and liabilities related to the segment relevant proportion of the assets and liabilities allocated to the segment on reasonable basis.

Segment revenue and expenses included all revenue and expenses related to the segment and relevant proportion of the revenue and expenses allocated to the segment on reasonable basis.

	2017					2016
	Musharakah Facility	Brokerage Operation	Capital Markets	Others	Total	Total
Rupees						
Segment Revenues	15,279,963	5,490,606	57,731,203	4,568,219	83,069,991	30,679,658
Segment Result	15,279,963	294,576	57,731,203	4,568,219	77,873,961	24,438,919
Unallocated Cost						
Operating expenses					(28,967,451)	(15,160,816)
Management fee					(4,890,000)	-
Service Sale Tax					(635,700)	-
WWF					(867,615)	(185,562)
Profit before taxation					42,513,195	9,092,541
Taxation					-	-
Profit for the year					42,513,195	9,092,541
Other information						
Segment assets	134,320,480	29,178,227	149,250,003	1,711,667	314,460,377	330,524,096
Unallocated assets	-	-	-	-	436,678,549	333,920,171
Total assets	134,320,480	29,178,227	149,250,003	1,711,667	751,138,926	664,444,267
Segment liabilities	-	8,541,486	-	-	8,541,486	1,603,019
Unallocated liabilities	-	-	-	-	85,913,399	37,116,883
Total liabilities	-	8,541,486	-	-	94,454,885	38,719,902

32. Transactions with related parties

The related parties of the Modaraba comprise the Modaraba Management Company, subsidiary company, staff retirement funds, directors of the Modaraba Management Company and key management personnel. Transactions with related parties are entered into at arm's length.

Transactions with related parties other than remuneration and benefits to officers and employees under the terms of their employment are as follows:

	2017 Rupees	2016 Rupees
32.1 <i>Balance outstanding at year end</i>		
<u>Modaraba Management Company</u>		
- Current account payable	3,869,066	2,361,006
<u>Subsidiary company</u>		
- Investment in Equity Textiles Limited	250,000,000	250,000,000
- Investment in Capital Financial Services (Private) Limited	50,000,000	10,000
- Investment in Apex Financial Services (Private) Limited	50,000,000	10,000
- Advance received against transfer of TREC	10,000,000	-
<u>(Payable)/Receivable from wholly owned subsidiary</u>	(34,914,504)	847,860
<u>Receivable from associated company</u>	349,099	349,099

FOR THE YEAR ENDED JUNE 30, 2017

		2017 Rupees	2016 Rupees
<u>Other related parties (including key management personnel)</u>			
-	Deferred liability staff gratuity	2,864,104	2,934,768
-	Brokerage house client receivable	202,791	6,309
32.2	<i>Transactions during the year</i>		
	<u>Modaraba Management Company</u>		
-	Management remuneration and services sales tax	5,525,700	-
-	Facilities & services and electricity	5,098,855	4,957,611
<u>Other related parties (including key management personnel)</u>			
-	Contribution to staff gratuity fund	485,854	279,285
			<i>Relationship</i>
	Services acquired		Associated company
	Brokerage commission earned	486,764	511,695
		1,340,745	516,203
33.	Number of employees		
	Total number of employees of the Modaraba as at June 30, 2017 are 9 (2016: 8).		
	Average number of employees of the Modaraba are 8 (2016: 8)		
34.	Corresponding Figures		
	Figures have been rounded off to the nearest rupee.		
35.	Authorization for issue		
	These financial statements were authorized for issue in accordance with a resolution of the Board of Directors on October 06, 2017.		
36.	The Board of Directors of the Management Company has approved dividend at the rate of Re. 0.60 per certificate (2016: Re. 0.13 per certificate) for the year ended June 30, 2017, resulting in a total distribution of profit amounting to Rs. 31,460,000/- (2016: Rs. 6,817,200/-), in its meeting held on October 06, 2017, which is more than 90% of the profit for the year ended June 30, 2017, after appropriation to the statutory (mandatory) reserve as required under the Modaraba Regulations.		
37.	General		
37.1	Figures in these financial statements have been rounded off to the nearest rupee.		
37.2	The corresponding figures, wherever necessary, have been re-arranged /re-classified for the purpose of comparison.		
37.3	Prior year figures have been reclassified for the purpose of better presentation and comparison.		

Adil A. Ghaffar
Chief Executive Officer
Premier Financial
Services (Private) Limited

Zahid Bashir
Director
Premier Financial
Services (Private) Limited

Nadeem Maqbool
Director
Premier Financial
Services (Private) Limited



FIRST EQUITY MODARABA NOTICE OF DISTRIBUTION OF PROFIT TRANSFER BOOK CLOSURE AND ANNUAL REVIEW MEETING

The 18th Annual Review Meeting (ARM) of certificate holders of First Equity Modaraba (FEM) will be held on Tuesday, December 26, 2017 at 10.30 a.m at Regent Plaza Hotel & Convention Centre, Shahrah-e-Faisal Road, Karachi to review the performance of the Modaraba for the year ended June 30, 2017

The Board of Directors of the Premier Financial Services (Pvt) Ltd the managers of FEM in its meeting held on October 06, 2017 approved a cash Dividend @ 6.00% (Rs. 0.60 per certificate of Rs. 10.00 each) for the year ended June 30, 2017

The certificate transfer book of the FEM shall remain closed from Thursday, December 14, 2017 to Tuesday December 26, 2017 (both days inclusive) for the purpose of entitlement of cash profit distribution/ dividend. All transfers received by our certificate registrar M/s THK Associate (Pvt) Ltd. St Floor, 40C, Block 6 P.E.C.H.S ., Karachi before the close of business on Wednesday, December 13, 2017 will be treated valid

All the Certificate holders are advised to check their status on Active Taxpayers List (ATL) to avail the lower rate of tax deduction. In case of joint account holders, please intimate proportion of shareholding of each holder to be treated individually as either filer or non-filer and tax will be deducted on the basis of shareholding. In case of no notification, each joint holder shall be assumed to have an equal number of shares.

Individual certificate holders are requested to submit a copy of their valid CNIC to the Modaraba or its Registrar, if not already provided. For certificate holders other than individuals, the checking will be done by matching the NTN number. Therefore the Corporate shareholders having CDC accounts are requested in their own interest to provide a copy of NTN certificate to check their names in the ATL, before the book closure date to their respective participants/CDC, whereas corporate shareholders holding physical share certificates should send a copy of their NTN certificate to the Modaraba or its Registrar. The certificate holders while sending CNIC or NTN certificates, as the case may be must quote their respective folio numbers.

In case of non-receipt of the copy of a valid CNIC, the Modaraba would be constrained under Section 243(2) (a) of the Companies Act 2017 to withhold dividend warrants of such shareholders.

Withholding Tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificates made available to M/s THK Associates (Pvt) Ltd, by the first day of Book Closure.

On behalf of the Board

Qazi Obaid Ullah
Company Secretary

Page 39

**FIRST EQUITY MODARABA NOTICE OF DISTRIBUTION
OF PROFIT TRANSFER BOOK CLOSURE
AND ANNUAL REVIEW MEETING**

DIVIDEND PAYMENT THROUGH E-DIVIDEND MANDATE

IN ACCORDANCE WITH THE PROVISION OF Section 242 of the Companies Act, 2017 and Circular No. 18/2017, a listed company, is required to pay cash dividend to certificates holders only through electronic mode directly into the bank account, designated by the entitled certificates holders.

In compliance with the said law, in order to receive your dividend directly in your Bank account, you are required to provide the information mentioned on the Form placed on the Modaraba's website www.firstequitymodaraba.com.pk and send the same to your brokers and/or to M/s THK Associates (Pvt) Ltd.

I hereby communicate to receive my dividends directly in my Bank account as detail below:

<i>I) Shareholders details</i>	
Name of Shareholders	
CDC Participants ID & Sub Account No. / CDC IAS	
CNIC/NICOP/Passport/NTN No. (Please attach copy)	
Contact Number (landline & Cell Nos.)	
Shareholders Address	
<i>II) Shareholder's Bank account details</i>	
Title of Bank Account	
IBAN	
Banks Name	
Branch Address, Branch Name & Code Number	



بند ہونے پہلے دن میسرز THK ایسوسی ایٹس (پرائیوٹ) لمیٹڈ کو فراہم کی گئی ہو۔

ڈیویڈنڈز کی ادائیگی بذریعہ E ڈیویڈنڈ مینڈیٹ

کمپنیز ایکٹ 2017 کے سیکشن 242 اور سرکلر نمبر 18/2017 کی شقوں کی مطابقت میں، لسٹڈ کمپنی کے لئے ضروری ہے کہ صرف الیکٹرونک موڈ کے ذریعے براہ راست بینک اکاؤنٹ میں سرٹیفکیٹس ہولڈرز کے کیش ڈیویڈنڈ ادا کرے۔ جنہیں مستحق سرٹیفکیٹس ہولڈرز کی جانب سے مقرر کیا گیا ہے۔

مذکورہ بالا قانون کی تعمیل میں تاکہ آپ کے ڈیویڈنڈ براہ راست آپ کے بینک اکاؤنٹ میں وصول ہوں۔ آپ کے لئے ضروری ہے کہ مضاربہ کی ویب سائٹ www.firstequitymodaraba.com.pk پر لگے فارم پر بیان کردہ معلومات فراہم کریں اور اسے اپنے بروکر اور/یا میسرز THK ایسوسی ایٹس (پرائیوٹ) لمیٹڈ کو بھیجیں۔

میں یہاں مطلع کرتا ہوں کہ میرے ڈیویڈنڈز براہ راست میرے بینک اکاؤنٹ میں وصول ہو۔

	(i) شیئر ہولڈرز کی تفصیلات
	شیئر ہولڈر کا نام
	CDC پارٹنیشنز AD اور سب اکاؤنٹ نمبر CDCIAS
	سی این آئی سی / این آئی سی او پی / پاسپورٹ / NTN نمبر
	رابطہ نمبر (لینڈ لائن اور سیل نمبرز)
	شیئر ہولڈرز کا پتہ
	(ii) شیئر ہولڈر کے بینک اکاؤنٹ کی تفصیلات
	ٹائٹل آف بینک اکاؤنٹ
	IBAN
	بینک کا نام
	برانچ کا نام اور کوڈ نمبر
	سبرانچ کا پتہ

منجانب بورڈ

قاضی عبداللہ کمپنی سیکریٹری

فرسٹ ایکویٹی مضاربہ نفع کی تقسیم

ٹرانسفر بک بند ہونے اور سالانہ جائزہ اجلاس کے بابت اطلاع

فرسٹ ایکویٹی مضاربہ کے سرٹیفکیٹ ہولڈرز کا اٹھارواں سالانہ جائزہ اجلاس 26 دسمبر 2017 بروز منگل بوقت 10:30 بجے ریجنٹ پلازہ اور کنولش سینٹر، شاہراہ فیصل، کراچی پر بلایا گیا ہے جس میں 30 جون 2017 کو ختم ہونے والے سال کے لئے مضاربہ کی کارکردگی کا جائزہ لیا جائے گا۔

پری میئر فنانشل سروسز (پرائیوٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز نے FEM کے مینیجرز کے 6 اکتوبر 2017 کو بلائے گئے اجلاس میں 30 جون 2017 کو اختتام پذیر سال کے لئے 6.00 فیصد کے حساب (ہر 10.00 روپے کے سرٹیفکیٹ پر 0.60 روپے) نقد ڈیویڈنڈ کی منظوری دی۔

FEM کے سرٹیفکیٹ ٹرانسفر بک نقد نفع / ڈیویڈنڈ کے استحقاق کے مقصد کے لئے جمعرات 14 دسمبر 2017 سے منگل 26 دسمبر 2017 (بشمول دونوں دن) تک بند رہے گی۔ ہمارے سرٹیفکیٹ رجسٹر اریٹرز THK ایسوسی ایٹس (پرائیوٹ) لمیٹڈ۔ فرسٹ فلور، 40C، بلاک 6 پی ای سی ایچ ایس، کراچی کو بدھ، 13 دسمبر 2017 کو بزنس بند ہونے سے پہلے تمام موصولہ ٹرانسفرز کا رجسٹر ہوں گے۔

تمام سرٹیفکیٹ ہولڈرز کو مشورہ دیا جاتا ہے کہ ایکٹیو ٹیکس پیرلسٹ (ATL) میں اپنا اسٹیٹس چیک کریں تاکہ ٹیکس کٹوتی کے لئے کم تر شرح حاصل ہو۔ جو انٹ اکاؤنٹ ہولڈرز کی صورت میں برائے مہربانی ہر ہولڈرز کی شیئر ہولڈنگ کے تناسب سے مطلع کریں تاکہ انفرادی طور پر شمار کیا جائے کہ کون فلریا نان فلر ہے اور ٹیکس کی کٹوتی شیئر ہولڈنگ کی بنیاد پر کی جائے گی۔ کوئی اطلاع نہ ملنے کی صورت میں ہر جو انٹ ہولڈر شیئر کی مساوی تعداد رکھنے والا تصور کیا جائے گا۔

انفرادی سرٹیفکیٹس رکھنے والوں سے استدعا ہے کہ مضاربہ یا اس کے رجسٹرار کو اپنے سی این آئی سی کی کارآمد کاپی پیش کریں۔ اگر پہلے سے فراہم نہ کی گئی ہوں۔ انفرادی طور پر سرٹیفکیٹس رکھنے والوں کے علاوہ۔ چیکنگ NTN نمبر ملانے سے کی جائے گی۔ لہذا کارپوریٹ شیئر ہولڈرز جو CDC اکاؤنٹس رکھتے ہوں خود ان کے مفاد میں استدعا ہے کہ NTN سرٹیفکیٹ کی کاپی کتاب بند ہونے کی تاریخ سے پہلے اپنے متعلقہ حصہ داروں / CDC کو فراہم کریں تاکہ ان کے ناموں کی ATL میں جانچ پڑتال کی جائے۔ جب کہ کارپوریٹ شیئر ہولڈرز طبعی طور پر شیئر سرٹیفکیٹس رکھنے والے اپنی NTN سرٹیفکیٹ کی کاپی مضاربہ یا اس کے رجسٹرار کو بھیجیں گے۔ سرٹیفکیٹس ہولڈرز جب اپنا سی این آئی سی یا NTN سرٹیفکیٹ بھیج رہے ہوں خواہ کوئی صورت ہو۔ اپنا متعلقہ فونو نمبر ضرور کوٹ (بتائیں) گے۔

موثر سی این آئی سی کی کاپی نہ ملنے کی صورت میں مضاربہ کمپنیز ایکٹ 2017 کے سیکشن (a)(2) 243 کے تحت مجبور ہوگی کہ ایسے شیئر ہولڈرز کے ڈیویڈنڈ وارنٹ روک لے۔

ڈیویڈنڈ کی آمدنی سے وہ ہولڈنگ ٹیکس کے استثناء کی صورت میں اجازت دی جائے گی اگر موثر ٹیکس استثناء سرٹیفکیٹ کی کاپی بک (کتاب)

*Auditors Report and
Consolidated Financial Statements
of
First Equity Modaraba
and
Equity Textiles Ltd.
for the year ended June 30, 2017*

TO THE CERTIFICATE HOLDERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of FIRST EQUITY MODARABA (the Modaraba) and its subsidiary companies as at June 30, 2017 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended. We have also expressed separate opinion on the financial statements of First Equity Modaraba, Apex Financial Services (Private) Limited and Capital Financial Services (Private) Limited. The financial statements of Equity Textiles Limited were audited by another auditor, whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for the subsidiary company, is based solely on the report of such other auditors who expressed an unqualified opinion.

These consolidated financial statements are the responsibility of Modarabas' Management Company. Our responsibility is to express an opinion on these consolidated financial 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 consolidated 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 Management of Modaraba Company, as well as, evaluating the overall presentation of the consolidated 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 unrealised loss of Rs. 4.9 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 profit for the year would have been lower by Rs. 4.9 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;

In our opinion, except for the matters stated in paragraph (a) above, the consolidated financial statements examined by us, present fairly the financial position of First Equity Modaraba and its subsidiary companies as at June 30, 2017 and the results of their operations, comprehensive income, their cash flows and changes in equity for the year then ended.



Chartered Accountants

Karachi.

Dated: October 06, 2017

Engagement Partner: Mehmood A. Razzak



CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2017

	Note	2017 Rupees	Restated 2016 Rupees	Restated 2015 Rupees
<i>Equity & Liabilities</i>				
<i>Capital and reserves</i>				
Authorized Certificate Capital				
60,000,000 (2016: 60,000,000) modaraba certificates of Rs. 10 each		600,000,000	600,000,000	600,000,000
Certificate holders' equity				
Certificate capital	6	524,400,000	524,400,000	524,400,000
Reserves	7	131,977,971	138,964,099	187,441,393
Remeasurement of defined benefit liability - Actuarial gain		595,275	359,589	91,948
Unrealised loss on remeasurment of investments		(40,160,250)	(29,409,957)	(20,170,414)
<i>Total certificates holders' equity</i>		616,812,996	634,313,731	691,762,927
Surplus on revaluation of fixed assets	8	492,681,258	367,119,689	396,256,172
<i>Non-current liabilities</i>				
Long term financing	9	282,447,812	379,920,178	439,104,584
Liabilities against assets subject to finance lease	10	2,216,857	876,372	-
Deferred Mark up	11	-	-	25,537,448
Deferred liabilities	12	233,947,968	185,821,476	203,408,950
Security deposit		200,000	200,000	200,000
<i>Total non-current liabilities</i>		518,812,637	566,818,026	668,250,982
<i>Current liabilities</i>				
Short term borrowings	13	146,592,258	139,735,517	18,166,501
Current portion of long term liabilities	14	138,418,834	95,241,605	93,928,184
Creditors, accrued and other liabilities	15	342,353,967	226,729,730	176,149,285
Accrued mark up	16	27,035,673	12,004,917	19,722,294
Unclaimed profit distribution		28,730,534	27,844,960	27,618,316
<i>Total current liabilities</i>		683,131,266	501,556,729	335,584,580
<i>Total equity and liabilities</i>		2,311,438,157	2,069,808,175	2,091,854,661
<i>Contingencies and commitments</i>	17			

CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2017

	Note	2017 Rupees	Restated 2016 Rupees	Restated 2015 Rupees
<i>Assets</i>				
<i>Non-Current Assets</i>				
Fixed assets				
-tangible	18	1,361,149,735	1,166,715,322	1,223,964,011
-intangible	19	10,000,000	19,000,000	19,000,000
Investment property	20	1,711,667	1,831,667	1,951,667
Long term investments	21	48,217,361	75,777,990	76,007,730
Advances		2,510,000	2,510,000	2,510,000
Deposits		1,995,900	1,250,000	1,150,000
<i>Total Non-Current Assets</i>		1,425,584,663	1,267,084,979	1,324,583,408
<i>Current Assets</i>				
Store and spares	22	27,653,481	27,533,131	29,440,537
Stock-in-trade	23	251,526,526	275,672,704	214,722,397
Trade debts	24	102,040,587	66,735,124	93,542,674
Morabaha/Musharaka receivables-secured	25	134,320,480	140,333,175	153,003,609
Short term investments	26	153,962,235	125,696,522	124,811,665
Advances	27	41,734,909	54,932,913	38,406,840
Trade deposits and prepayments	28	39,892,774	33,566,592	23,167,882
Other receivables	29	26,151,507	22,262,682	26,918,541
Tax refunds due from government	30	48,609,469	25,931,805	20,987,246
Tax-net	31	11,806,967	13,829,046	10,639,864
Cash and bank balances	32	48,154,559	16,229,501	31,629,998
<i>Total Current Assets</i>		885,853,494	802,723,195	767,271,253
<i>Total Assets</i>		2,311,438,157	2,069,808,175	2,091,854,661

The annexed notes 1 to 49 form an integral part of these financial statements.

Adil A. Ghaffar
Chief Executive Officer
Premier Financial
Services (Private) Limited

Zahid Bashir
Director
Premier Financial
Services (Private) Limited

Nadeem Maqbool
Director
Premier Financial
Services (Private) Limited



CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	Restated 2016 Rupees
Income	33	106,546,791	57,470,852
Expenditure			
Operating expenses	34	(59,915,133)	(50,065,710)
Distribution and selling expenses	35	(14,033,227)	(16,414,303)
		(73,948,360)	(66,480,013)
Operating profit / (loss)		32,598,431	(9,009,161)
Financial Charges	36	(60,931,693)	(61,931,470)
		(28,333,262)	(70,940,631)
Other Income	37	1,393,833	3,870,056
		(26,939,379)	(67,070,575)
Unrealized (loss) on remeasurement of investment	38	(7,266,883)	-
Other charges		(869,737)	(185,562)
Management fee		(4,890,000)	-
Service Sales Tax on management remuneration		(635,700)	-
(Loss) before taxation		(40,601,698)	(67,256,137)
Taxation			
- current	39	(17,429,611)	(15,987,970)
- prior		(198,235)	(3,321,627)
- deferred		21,348,647	6,212,164
		3,720,801	(13,097,433)
(Loss) for the year		(36,880,897)	(80,353,570)
(Loss) per certificate - basic and diluted	40	(0.70)	(1.53)

The annexed notes 1 to 49 form an integral part of these financial statements.

Adil A. Ghaffar
Chief Executive Officer
Premier Financial
Services (Private) Limited

Zahid Bashir
Director
Premier Financial
Services (Private) Limited

Nadeem Maqbool
Director
Premier Financial
Services (Private) Limited

FOR THE YEAR ENDED JUNE 30, 2017

	2017 Rupees	2016 Rupees
(Loss) for the year	(36,880,897)	(85,409,432)
Other comprehensive (loss)		
Items that will be reclassified to profit & loss account on disposal		
Unrealized (loss) on remeasurement of investments	(21,425,298)	(16,725,189)
Gain realized on disposal of investments	10,675,005	7,485,646
	(10,750,293)	(9,239,543)
Items that will not be reclassified to profit & loss account		
Remeasurement of defined benefit liability	235,686	267,641
Other comprehensive (loss)	(10,514,607)	(8,971,902)
Total comprehensive (loss) for the year	(47,395,504)	(94,381,334)

The annexed notes 1 to 49 form an integral part of these financial statements.

Adil A. Ghaffar
Chief Executive Officer
Premier Financial
Services (Private) Limited

Zahid Bashir
Director
Premier Financial
Services (Private) Limited

Nadeem Maqbool
Director
Premier Financial
Services (Private) Limited



CONSOLIDATED CASH FLOW STATEMENT**FOR THE YEAR ENDED JUNE 30, 2017**

	2017 Rupees	Restated 2016 Rupees
Cash flows from operating activities		
(Loss) before taxation	(40,601,698)	(67,256,137)
<i>Adjustments for:</i>		
Depreciation	118,314,279	123,341,981
Provision for gratuity	485,855	546,925
Dividend income	(2,497,801)	(6,178,817)
(Gain) on sale of asset	(501,711)	(1,759,573)
Impairment loss	9,000,000	-
Bad debts	1,442,558	256,535
Financial charges	60,931,693	61,931,470
	187,174,873	178,138,521
Cash generated from operations before working capital changes	146,573,175	110,882,384
Working Capital changes		
Decrease/(increase) in operating assets		
Store, Spares and Loose tools	(120,350)	1,907,406
Stock-in-trade	24,146,178	(60,950,307)
Trade debts	(35,326,945)	26,551,015
Morabaha/Musharaka receivables-secured	6,012,695	12,670,434
Advances	13,198,004	(16,526,073)
Trade deposits and prepayments	(6,326,182)	(10,398,710)
Other receivables	(5,192,800)	4,509,216
Tax refund from government authorities	(9,790,041)	2,374,898
Increase/(decrease) in operating liabilities		
Short term borrowing	6,856,741	121,569,016
Deferred Markup	(25,537,448)	(24,000,000)
Creditors, accrued and other liabilities	115,624,237	50,580,445
	83,544,089	108,287,340
Staff retirement benefit - gratuity paid	(320,833)	-
Financial charges paid	(45,900,937)	(69,648,847)
Dividend paid	(5,931,626)	(8,688,156)
Taxes paid	(28,493,388)	(29,818,236)
<i>Net cash generated from operating activities</i>	149,470,480	111,014,486
Cash flows from investing activities		
Investments	(11,455,377)	(9,894,662)
Long term deposits	(745,900)	(100,000)
Proceeds from sale of tangible assets	599,843	2,409,500
Dividend received	2,380,700	6,325,460
Purchases of tangible assets	(80,907,484)	(66,623,220)
<i>Net cash (used in) investing activities</i>	(90,128,218)	(67,882,922)

CONSOLIDATED CASH FLOW STATEMENT

Page 49

FOR THE YEAR ENDED JUNE 30, 2017

	2017 Rupees	Restated 2016 Rupees
Cash flows from financing activities		
Liabilities against assets subject to finance lease	2,003,202	1,278,123
Long term financing	(29,420,406)	(59,810,184)
<i>Net cash generated from financing activities</i>	(27,417,204)	(58,532,061)
Net (decrease) / increase in cash and cash equivalents	31,925,058	(15,400,497)
Cash and cash equivalents at beginning of the year	16,229,501	31,629,998
Cash and cash equivalents at the end of the year	48,154,559	16,229,501

The annexed notes 1 to 49 form an integral part of these financial statements.

Adil A. Ghaffar
Chief Executive Officer
Premier Financial
Services (Private) Limited

Zahid Bashir
Director
Premier Financial
Services (Private) Limited

Nadeem Maqbool
Director
Premier Financial
Services (Private) Limited



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2017

	Certificate Capital	Statutory Reserve *	Certificate premium account	General Reserve	Accumulated Loss	Total Reserves	Remeasurement of defined benefit liability	Unrealized loss on remeasurement of available for sale investments	Total
Balance as at June 30, 2015	524,400,000	150,635,954	131,100,000	27,120,000	(121,363,682)	187,492,272	91,948	(20,170,414)	691,813,806
Effect of restatement (Note 5.25)	-	-	-	-	(50,879)	(50,879)	-	-	(50,879)
Balance as at June 30, 2015 (Restated)	524,400,000	150,635,954	131,100,000	27,120,000	(121,414,561)	187,441,393	91,948	(20,170,414)	691,762,927
Total Comprehensive income									
for the year	-	-	-	-	(80,353,570)	(80,353,570)	267,641	(9,239,543)	(89,325,472)
Incremental depreciation on revaluation surplus net off deferred tax	-	-	-	-	40,791,076	40,791,076	-	-	40,791,076
Profit Distribution	-	-	-	-	(8,914,800)	(8,914,800)	-	-	(8,914,800)
Transfer to statutory reserve	-	1,864,046	-	-	(1,864,046)	-	-	-	-
Balance as at June 30, 2016	524,400,000	152,500,000	131,100,000	27,120,000	(171,755,901)	138,964,099	359,589	(29,409,957)	634,313,731
Total Comprehensive income									
for the year	-	-	-	-	(36,880,897)	(36,880,897)	235,686	(10,750,293)	(47,395,504)
Incremental depreciation on revaluation surplus net off deferred tax	-	-	-	-	36,711,969	36,711,969	-	-	36,711,969
Profit Distribution	-	-	-	-	(6,817,200)	(6,817,200)	-	-	(6,817,200)
Transfer to statutory reserve	-	8,550,000	-	-	(8,550,000)	-	-	-	-
Balance as at June 30, 2017	524,400,000	161,050,000	131,100,000	27,120,000	(187,292,029)	131,977,971	595,275	(40,160,250)	616,812,996

* In accordance with the Prudential Regulations for Modarabas, the Modaraba is required to transfer an amount not less than 20% and not more than 50% of its after tax profits to statutory reserve until the reserve funds equals the paid-up capital. Thereafter, a sum not less than 5% of the after tax profits is required to be transferred to the statutory reserve.

The annexed notes 1 to 49 form an integral part of these financial statements.

FOR THE YEAR ENDED JUNE 30, 2017**1. Legal Status and nature of business:***The group*

The group consist of First Equity Modaraba (the Modaraba) and its subsidiaries, Equity Textiles Limited (ETL), Capital Financial Services (Private) Limited and Apex Financial Services (Private) Limited.

1.1 *First Equity Modaraba*

First Equity Modaraba (the Modaraba) was formed in 1991 under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed there under and is managed by Premier Financial Services (Private) Limited (the Modaraba Management Company), a company incorporated in Pakistan.

The Modaraba is a perpetual, multipurpose modaraba and is able to undertake a variety of fund and fee based activities. These include trading, manufacturing, equity investment and their financing and facilitation. The Modaraba is a trading right entitlement certificate holder of the Karachi and Islamabad stock exchanges of Pakistan and is currently operating its brokerage activities in Karachi Stock Exchange.

The Modaraba is listed on Karachi, Lahore and Islamabad Stock Exchanges. The registered office of the Modaraba is situated at B-1004, 10th floor, Lakson Square Building 3, Sarwar Shaheed Road, Karachi. The Modaraba is holding Equity Textiles Limited, Capital Financial Services (Private) Limited and Apex Financial Services (Private) Limited as wholly owned subsidiary companies.

1.2 *Equity Textiles Limited*

Equity Textiles Limited (ETL) was incorporated in Pakistan on May 31, 2005 as a public limited company under the Companies Ordinance, 1984. The registered office of ETL is situated at 3rd Floor, Cotton Exchange Building, I.I. Chundrigar Road, Karachi. The principal activities of ETL is manufacturing and sale of textile products. ETL commenced commercial operations on April 1, 2007.

1.3 *Capital Financial Services (Private) Limited*

The Company was incorporated in Pakistan on November 13, 2015 as Private Limited Company by shares under the Companies Ordinance, 1984. The registered office of the Company is situated at B-1004, 10th Floor, Lakson Square Building No. 3, Sarwar Shaheed Road, Karachi. The principal activities of the company is to act as member / broker of the Stock Exchange and to carry on the business of brokerage services in stock, shares etc.

1.4 *Apex Financial Services (Private) Limited*

The Company was incorporated in Pakistan on November 13, 2015 as Private Limited Company by shares under the Companies Ordinance, 1984. The registered office of the Company is situated at B-1004, 10th Floor, Lakson Square Building No. 3, Sarwar Shaheed Road, Karachi. The principal activities of the company is to act as member / broker of the Stock Exchange and to carry on the business of brokerage services in stock, shares etc.

1.5 *Consolidation procedure*Subsidiaries

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights or the parent - subsidiary relationship meet the definition as given in section 3 of the Companies Ordinance, 1984. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group and are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the profit and loss account.

Transactions eliminated on consolidation

Inter-company transactions, balances and unrealized gains/losses on transactions between group companies are eliminated.



FOR THE YEAR ENDED JUNE 30, 2017Functional and reporting currency of group

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the group operates. The consolidated financial statements are presented in Pakistani Rupees which is the functional and presentation currency of all the group companies.

1.6 *Basis of consolidation*

These consolidated financial statements include the accounts of group [First Equity Modaraba and its subsidiary companies, Equity Textile Mills Limited, Apex Financial Services (Private) Limited and Capital Financial Services Private Limited - (100% - Holding)]. Financial Statements of subsidiary company have been consolidated on a line-by-line basis

All material inter-company balances, transactions and resulting unrealized profit and losses have been eliminated.

2. Statement of compliance

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by SECP differ with the requirements of IFRS, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 or the directives issued by SECP prevail.

2.2 The Securities and Exchange Commission of Pakistan (SECP) has issued directive (vide SRO 865 (I) / 2005) that Islamic Financial Accounting Standard 1 (IFAS-1) shall be followed in preparation of the financial statement by Companies and Modarabas while accounting for Morabaha transactions as defined by said Standard. The Modaraba has adopted the above said Standard

2.3 The Securities and Exchange Commission of Pakistan (SECP) has issued directive (vide SRO 431 (I) / 2007) that Islamic Financial Accounting Standard 2 (IFAS-2) shall be followed in preparation of the financial statement by Companies and Modarabas while accounting for Ijarah (Lease) transactions as defined by said Standard. The Modaraba has adopted the above said Standard.

2.4 The Securities and Exchange Commission of Pakistan (SECP) vide circular No. 10 of 2004 dated February 13, 2004 has deferred the application of IAS 17 "Leases" on modarabas till further orders.

2.5 *New or revised standards, amendments and interpretations to published approved accounting standards that are effective and relevant*

Following amendments to existing standards and interpretations have been published and are mandatory for accounting periods beginning January 1, 2015 and are considered to be relevant to the Company's operations:

IFRS 12: "Disclosure of interests in other entities" includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities, and all other off balance sheet vehicles. The standard will affect the disclosures in the financial statements of the Company.

IFRS 13: "Fair Value Measurements" aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurements and disclosure requirements for use across IFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard will affect the determination of fair value and its related disclosures in the financial statements of the Company.

New or revised standards, amendments and interpretations to published approved accounting standards that are effective but not relevant

The new standards, amendments and interpretations that are mandatory for the accounting periods beginning on or after January 1, 2015 are considered not to be relevant to Company's financial statements and hence have not been detailed here.

New or revised standards, amendments and interpretations to published approved accounting standards that are not yet effective

New standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2016 are not yet effective and hence have not been detailed here.

FOR THE YEAR ENDED JUNE 30, 2017

3. Basis of measurement

3.1 Parent

These financial statements have been prepared under the historical cost convention method except for certain financial assets which are stated at fair value and subsidiary's fixed assets which have been stated at revalued amounts.

3.2 These financial statements have been prepared under the accrual basis of accounting except for cash flow information.

4. Use of estimates

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Modaraba's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under circumstances. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial estimates are as follows:

	<i>Note</i>
a) Useful life of depreciable assets/amortizable assets	5.1 & 5.2
b) Impairment of assets	5.1.3 & 5.4.1
c) Classification of investments	5.4
d) Income tax	5.12
e) Provision for staff gratuity	5.14
f) Provision for non performing assets	5.19

5. Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

5.1 Fixed assets

5.1.1 Tangible

Fixed assets are stated at cost/revalued amount less accumulated depreciation and identified impairment loss, if any. Capital work-in-progress is stated at cost. Cost of operating fixed assets comprises historical cost, borrowing cost and other expenditures pertaining to the acquisition, construction, erection and installation of these assets.

The Parent company charges depreciation on the straight line method and subsidiary company charge depreciation on reducing balance method, whereby the depreciable amount of an asset is written off over its estimated useful life. Depreciation is charged at rates stated in note 18. Full Depreciation is charged on additions, except major additions or extensions to production, facilities which are depreciated on pro-rata basis for the duration of use during the year. Parent company charges depreciation on additions from the month during which the asset is put to use. For disposals during the year, depreciation is charged up to the month preceding the month of disposal but subsidiary charge no depreciation on assets deleted during the year. The Modaraba accounts for impairment, where indication exists, by reducing the carrying value to the estimated recoverable amount.

The assets' residual value and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Expenditures incurred subsequent to the initial acquisition of assets are capitalized only when it meets the recognition criteria. The profit or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

The group assesses at each balance sheet date whether there is any indication that fixed assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income currently. The recoverable amount is the higher of an assets' fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets' revised carrying amount over its estimated useful lives.



FOR THE YEAR ENDED JUNE 30, 2017

5.1.2 Capital work-in-progress

Capital work-in-progress are stated at cost and consist of expenditure incurred, advances made and other costs directly attributable to operating fixed assets in the course of their construction and installation. Cost also includes applicable borrowing costs. Transfers are made to relevant operating fixed assets category as and when assets are available for use intended by the management.

5.1.3 Finance Leases

Assets held under finance leases are recognized as assets of the Company at their fair value at the date of acquisition or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

Depreciation is charged at rates used for similar owned assets, so as to depreciate the assets over their estimated useful lives in view of certainty of ownership of the assets at the end of the lease term.

Income arising from sale and lease back transactions, if any, is deferred and amortized equally over the lease period.

5.1.4 Operating Leases

Lease payments under operating leases (net of any incentives received from the lessor) are charged to profit and loss account on a straight line basis over the respective lease term.

5.1.5 Intangible

Intangible assets are stated at cost less impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount and where the carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

5.2 *Investment property*

Property held to earn rentals or for capital appreciation or for both is classified as investment property. The investment property of the Modaraba comprises of office premises and is valued using the cost method i.e. at cost less any accumulated depreciation and any identified impairment loss.

Depreciation on office premises is charged to profit and loss account on the straight line method so as to write off the depreciable amount of office premises over its estimated useful life at the rate defined in note # 18. Depreciation on additions to investment property is charged from the month in which a property is acquired or capitalized while no depreciation is charged for the month in which the property is disposed off.

The Modaraba assesses at each balance sheet date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amount and the resulting impairment loss is recognised in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

5.3 *Deferred cost and amortization*

The deferred cost is written off over a period not exceeding five years in accordance with the requirements of third schedule of Modaraba Companies and Modaraba Rules, 1981.

5.4 *Financial instruments*

Financial assets and financial liabilities are recognised when the Modaraba becomes a party to the contractual provisions of the financial instrument.

Initial recognition

Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

FOR THE YEAR ENDED JUNE 30, 2017

All regular way of purchases and sale of financial instruments are recognized/derecognized on the trade date.

Subsequent measurement

Financial assets and financial liabilities are measured subsequently as described below.

Subsidiary Company

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instruments. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. Any gain or loss on de-recognition of the financial assets and financial liabilities is taken to profit and loss account currently.

5.4.1 Financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- held to maturity (the Modaraba does not have any such investments).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Following financial assets fall into this category of financial instruments:

- Deposits
- Advances
- Other receivables
- Cash and cash equivalents

Financial assets at fair value through profit or loss

Investments which are acquired principally for the purposes of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as 'financial assets at fair value through profit or loss'.

Financial assets in this category are measured at fair value with gains or losses recognised in profit and loss account. These investments are marked to market and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair value of these investments are taken to the profit and loss account for the year.

Available for sale financial assets

Investments intended to be held for indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as 'available for sale financial assets'. Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale financial assets or are not classified as (a) loans and receivables (b) held to maturity investments (c) financial assets at fair value through profit or loss. Subsequent to initial recognition these investments are marked to market using the closing market rate and are carried on the balance sheet at fair value. Surplus/Deficit arising from re-measurement are taken to comprehensive income until the investments are sold/disposed-off or until the investments are determined to be impaired, at which time, cumulative surplus or deficit previously reported in the comprehensive income is included in the current year's profit and loss account.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value can not be reliably measured are measured at cost or fair value.

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. 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 that asset. Musharika and Morabaha receivables considered doubtful are provided for in accordance with the requirements of the Prudential Regulations for Modarabas.

An impairment loss on available for sale financial asset -equity instruments is reversed only on the disposal of financial asset. Reversal of provision on musharika and Morabaha receivables are reversed in accordance with Prudential Regulations for Modarabas.

Derecognizing of financial assets

These are derecognised when the contractual rights to the cash flows from the financial assets expire, or when the financial asset and all substantial risks and rewards are transferred.

5.4.2 Financial liabilities

The Modaraba's financial liabilities include unclaimed profit distribution, creditors, accrued expenses and other liabilities.



FOR THE YEAR ENDED JUNE 30, 2017

Derecognition of financial liabilities

These are derecognised when they are extinguished, discharged, cancelled or expired.

5.4.3 Investment in associate

Associated companies, where the Modaraba holds 20% or more of the voting power of the investee company and where the company has significant influence, but not control, over the financial and operating policies, are accounted for using the equity method.

Investment in associate is stated in consolidated financial statements using the equity method of accounting. Under the equity method, investments in associate is carried in the balance sheet at cost as adjusted for post acquisition changes in the Modaraba's share of net assets of the associate, less any impairment in the value of individual investment. When the Modaraba's share of losses in an associate equals or exceeds its interest in the associate including any other unsecured receivables if any, the Modaraba does not recognise further losses, unless it has incurred obligations or made payments on behalf of associate.

5.5 Stores, spares and loose tools

These are valued at weighted average cost except for items in transit, which are valued at cost comprising invoice value, plus other charges paid thereon. Provision is made for slow moving and obsolete items.

5.6 Stock-in-trade

These are valued at the lower of cost and net realizable value except waste, which is valued at net realizable value determined on the basis of contract price. The cost is determined as follows:

Raw materials	Weighted average cost
Work-in-progress and finished goods	Weighted average manufacturing cost including a proportion of production overheads
Waste	Net realizable value

Net realisable value represents estimated selling prices in the ordinary course of business less expenses incidental to making the sale.

5.7 Trade debts

Trade debts are carried at the amounts billed / charged which is fair value of consideration to be received in the future. An estimate is made for doubtful receivables based on review of outstanding amounts at the year end, if any. Provision is made against those having no activity during the current period and are considered doubtful by the management. Balances considered bad and irrecoverable are written off when identified.

5.8 Other receivables

Other receivables are recognized at nominal amount which is fair value of the consideration to be received in the future.

5.9 Creditors, accrued and other liabilities

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

5.10 Revenue recognition

- (a) Income from Morabaha/Musharaka transactions is recognized on the basis of pro-rata accrual of the estimated profit earned during the year.
- (b) Dividend income is recognized when the right to receive dividend is established.
- (c) Brokerage commission and fee income is recognized when accrued.
- (d) Profit on PLS deposits is recognized on an accrual basis.
- (e) Capital gains or losses arising on sale of investments are taken to income in the period in which they arise.
- (f) Sales are recognized on dispatch of goods to customers, when risk and rewards of ownership are transferred. Waste sales are recognized when delivery is made to customers.
- (g) Profit on investment accounts with Islamic banks is recognized on an accrual basis.
- (h) Rent from investment property is recorded on accrual basis

5.11 Borrowing cost

Financing and borrowings are recorded at the amounts received. Financial charges are accounted for on accrual basis. Financial charges on long term financing is capitalized up to the date of commissioning of respective property, plant and equipment acquired out of the proceeds of such long term financing. Other financial charges are charged to profit and loss account in the year in which they are incurred.

5.12 TaxationParent companyCurrent

The charge for taxation is based on taxable income at current rates of taxation after taking into account tax credits and tax rebates available, if

FOR THE YEAR ENDED JUNE 30, 2017

Any or minimum tax under the provisions of the Income Tax Ordinance, 2001. For items covered under final tax regime, provision is made according to the final tax rate provided in the Income Tax Ordinance, 2001. The income of Modaraba other than trading income is exempt from tax under Clause 100 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. Provided that not less than 90% of its total profits in the year as reduced by the amount transferred to a mandatory reserve, as required under the provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 or the rules made thereunder, as are distributed amongst the certificate holders.

Deferred

Deferred tax is recognized using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the tax base. This is recognized on the basis of expected manner of the realization and the settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that future taxable profits will be available against which the deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

However, deferred tax is not accounted for as the management believes that the temporary differences will not reverse in the foreseeable future.

Subsidiary companies**Current**

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years

Deferred

Deferred taxation is accounted for using the balance sheet liability method providing for temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary timing differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is calculated based on the rates that have been enacted or substantively enacted upto the balance sheet date and are expected to apply to the period when the difference arises

5.13 *Foreign currency translation***Parent company**

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into Pak rupees at exchange rate prevailing at the date of transaction. All non-monetary items are translated into rupees at exchange rate prevailing on the date of transaction or on the date when fair values are determined. Exchange differences are included in income currently.

Subsidiary company

Assets and liabilities in foreign currencies are translated at the rates of exchange prevailing at balance sheet date or at the contracted rates while foreign currency transactions are recorded at the rates of exchange prevailing at the transaction date or at the contracted rates. Exchange gains and losses are charged to income currently.

5.14 *Retirement benefits***Parent company**

The Modaraba operates an Unfunded Gratuity for its permanent employees who complete the qualifying period of service. Provision has been made in accordance with actuarial recommendations using the Projected Unit Credit Method. The results of current valuation are summarized in Note 12 of this financial statement. Actuarial gains / losses are recognized over the average lives of the employees.

Subsidiary company**Defined contribution plan**

The Company operates a funded employees' provident fund scheme for its permanent employees. Equal monthly contributions at the rate of 6 percent of basic pay are made both by the Company and employees to the Fund.



FOR THE YEAR ENDED JUNE 30, 2017Employee compensated absences

Compensated absences are accounted for in the period in which the absences are earned.

5.15 *Offsetting of financial assets and financial liabilities*

A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the Modaraba has a 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.

5.16 *Derivative financial instruments*

The Company enters in to derivative financial instruments. These are initially recorded at cost and are re-measured to fair value at subsequent reporting dates. Any resulting gain or loss is recognized in current year income. Derivatives with positive market values are included in other receivables and derivatives with negative market values are included in other liabilities in the balance sheet.

5.17 *Provisions*

Provisions are recognized in the balance sheet when the Modaraba has a legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation and reliable estimate can be made of the amount of the obligation.

5.18 *Profit distribution to certificate holders*

Profit distribution to certificate holders is recognized as liability in the period in which such distribution is announced

5.19 *Impairment*

The carrying amount of Modaraba's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated and impaired losses are recognized in the profit and loss account.

5.20 *Segment reporting*

A segment is a distinguishable component of the Modaraba that is engaged in business activities from which the Modaraba earns revenues and incur expenses and its results are regularly reviewed by the Modaraba's Chief Operating Decision Maker to make decision about resources to be allocated to the segment and assess its performance. Further, discrete financial information is available for each segment.

Based on internal management reporting structure, services provided and products produced and sold, the Modaraba is organized into the following four operating segments:

- Musharaka facility
- Brokerage operation
- Capital market
- Textile Business
- Others

Management monitors the operating results of above mentioned segments separately for the purpose of making decisions about resources to be allocated and of assessing performance.

5.21 *Related party transactions*Parent

All transactions with related parties, if any, are recorded at an arm's length basis.

Subsidiary Company

Transactions and contracts with the related parties are based on the policy that all transactions between the Company and related parties are carried out at an arm's length.

5.22 *Cash and cash equivalents*

For the purposes of cash flow statement, Cash and cash equivalents comprise cash in hand and cash with banks net of borrowing considered as being in the nature of financing activities. .

5.23 *Functional and reporting currency*

Items include in the financial statements are measured using the currency of primary economic environment in which the Modaraba operates. The financial statements are presented in Pakistani Rupees, which is the Modaraba's functional and presentation currency.

5.24 *Capital Risk Management*

The Modaraba's objective when managing capital is to safeguard the Modaraba's ability to continue as a going concern so that it can provide returns for certificate holders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

FOR THE YEAR ENDED JUNE 30, 2017

The Modaraba manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Modaraba may adjust the amount of dividend paid to certificate holders or issue new certificates.

5.25 Restatements

Previously, investment in Premier Insurance Limited (PIL) was treated as an investment in associate on account of common directorship, using equity method of accounting based on latest available reviewed accounts till June 30, 2016. During the current year, the Company revised its position regarding investment in PIL under equity method of accounting and concluded that in the light of requirement of International Accounting Standard 28 - 'Investment in Associates and Joint Ventures', PIL does not qualify as an associate, therefore, the Company decided to carry the above investment as available for sale. Accordingly, the Company has re-stated the financial statements retrospectively in accordance with International Accounting Standard - 8 'Accounting Policies, Changes in Accounting Estimates and Errors', by adjusting the opening balance of Short term investments and Reserves for the earliest prior period presented. The valuation has been done on the basis of market price of PIL quoted on the Pakistan Stock Exchange.

6. Certificate capital

2016 No of Certificates	2017 No of Certificates		2017 Rupees	2016 Rupees
46,220,000	46,220,000	Modaraba certificates of Rs. 10 each fully paid-up in cash	462,200,000	462,200,000
6,220,000	6,220,000	Modaraba certificates of Rs. 10 each issued as fully paid-up bonus certificates	62,200,000	62,200,000
52,440,000	52,440,000		524,400,000	524,400,000

- 6.1 Certificates held by management company 5,532,296 (2016: 5,532,296).
 Certificates held by associated companies and undertakings 4,972,475 (2016: 4,972,475).

7. Reserves

	Capital Reserves			Revenue Reserves			Total Reserves 2017	Total Reserves 2016
	Statutory Reserve *	Certificate premium account	Total Reserve	Accumulated Loss	General Reserve	Total Reserves		
Opening balance - restated	150,635,954	131,100,000	283,600,000	(171,755,901)	27,120,000	(144,635,901)	138,964,099	187,441,393
Transfer from Profit & Loss Account	-	-	-	(36,880,897)	-	(36,880,897)	(36,880,897)	(80,353,570)
Transfer to statutory reserve	8,550,000	-	8,550,000	(8,550,000)	-	(8,550,000)	-	-
Profit distribution	-	-	-	(6,817,200)	-	(6,817,200)	(6,817,200)	(8,914,800)
Incremental depreciation on revaluation surplus net off deferred tax	-	-	-	36,711,969	-	36,711,969	36,711,969	40,791,076
Closing balance	161,050,000	131,100,000	292,150,000	(187,292,029)	27,120,000	(160,172,029)	131,977,971	138,964,099

In accordance with the Prudential Regulations for Modarabas, the Modaraba is required to transfer an amount not less than 20% and not more than 50% of its after tax profits to statutory reserve until the reserve funds equals the paid-up capital. Thereafter, a sum not less than 5% of the after tax profits is required to be transferred to the statutory reserve.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
8. Surplus on revaluation of fixed assets			
Opening balance		524,456,698	582,729,664
Revaluation during the year		231,819,340	-
Less: transfer to unappropriated profit in respect of incremental depreciation charged during the year- (net of deferred tax)		36,711,969	40,791,076
Related deferred tax liability		15,733,701	17,481,890
		52,445,670	58,272,966
Closing balance		703,830,368	524,456,698
Related deferred tax effect on			
Opening balance		157,337,009	186,473,492
Effect of rate adjustment		69,545,802	(11,654,593)
Less: incremental depreciation charged during the year transferred to the profit and loss account.		(15,733,701)	(17,481,890)
Closing balance		211,149,110	157,337,009
Net Closing balance		492,681,258	367,119,689

8.1 This represents net surplus on revaluation of Company's factory building, colony building, plant and machinery, generators, electric installation and factory equipment carried out as on June 30, 2017 - by an independent valuer, M/s Joseph Lobo (Private) Limited.

9. Long term financing

Secured - Financial institution

Habib Bank Limited - Demand Finance	9.1	-	5,250,000
The Bank of Punjab - Demand Finance	9.2	370,926,400	433,854,584
Habib Metropolitan Bank - Term Loan	9.3	48,875,778	10,118,000
		419,802,178	449,222,584
Less: Current portion shown under current liabilities	14	(137,354,366)	(69,302,406)
		282,447,812	379,920,178

9.1 Habib Bank Limited - Demand Finance

Demand finance	9.1.1	-	5,250,000
		-	5,250,000

9.1.1 This finance is obtained for the construction of Grid Station and is secured against first pari passu hypothecation charge on present and future plant and machinery, first pari passu equitable mortgage charge on present and future land and building, equitable mortgage over personal property and personal guarantees of all the directors of the Company. This finance carries mark up at 6 month KIBOR plus 2% per annum payable on quarterly basis. The facility is repayable in 12 equal quarterly installments, commencing from July 2014.

9.2 The Bank of Punjab

Demand finance I	9.2.1	348,231,998	400,231,998
Demand finance II	9.2.2	22,694,402	33,622,586
		370,926,400	433,854,584

9.2.1 This amount is payable against demand finance as a sub limit of import letter of credit sight / DA 720 days opened with Bank of Punjab for import of plant and machinery. This facility is secured against existing first pari passu charge of Rs. 643.72 million on all present and future fixed assets of the Company with 25% margin duly registered with SECP. The loan was rescheduled on March 31, 2014 and the Company's old facilities of running finance and PAOA was merged with demand finance. As per the revised terms, the facility is additionally secured with equitable mortgage of project building and personal guarantee of three directors of the Company. The charge over the said project ranks pari passu with the charge registered with Habib Bank Limited. The finance carries markup at the rate of 3 month KIBOR plus 200 bps with a floor of 11% per annum payable on quarterly basis. The loan is now repayable in 43 quarterly installments commencing from April 15, 2010. The accompanying suspended mark up was also rescheduled with the same facility.

9.2.2 The facility is created against conversion of accrued markup upto September 30, 2009 on all facilities except LTF-EOP loan. The facility is secured against equitable mortgage of project building and personal guarantee of three directors of the Company. The charge over the said project ranks pari passu with the charge registered with Habib Bank Limited. The loan was rescheduled on March 31, 2010 and the Company's old facilities of running finance and PAOA was merged with demand finance. This loan is repayable in 39 quarterly installments commencing from April 15, 2010.

9.3 Habib Metropolitan Bank

Term Loan		48,875,778	10,118,000
		48,875,778	10,118,000

FOR THE YEAR ENDED JUNE 30, 2017

9.3.1 This facility is obtained for the modernisation and upgradation of plant and machinery and is secured against exclusive hypothecation charge of Rs. 83.340 million on assets to be imported under the sanctioned term loan limit amounting to Rs. 50.000 million. This finance carries mark up at 3 months KIBOR plus 2.5% per annum payable on quarterly basis. This facility is repayable in 18 equal quarterly installments commencing from March 06, 2017.

10. Liability against asset subject to finance lease - Secured

	Note	2017 Rupees	2016 Rupees
Balance as at July 01		1,278,123	-
Additions during the year		2,405,132	1,460,000
		3,683,255	1,460,000
Payments / Adjustments during the year		(401,930)	(181,877)
		3,281,325	1,278,123
Less: Payable within one year shown under current liabilities		(1,064,468)	(401,751)
		2,216,857	876,372

This represents finance leases entered into with financial institutions for vehicle. Financing rate of 6 month KIBOR plus 2.75% per annum have been used as a discounting factor. At the end of the lease period the ownership of assets shall be transferred to the Company on payment of residual values of the assets.

The future minimum lease payments to which the Company is committed under the lease agreements and the periods in which they will become due are as follows:

	2017			2016		
	Upto one year	One to five years	Total	Upto one year	One to five years	Total
Minimum lease payments outstanding	1,291,377	2,367,417	3,658,794	502,224	962,620	1,464,844
Financial charges not due	(226,909)	(150,560)	(377,469)	(100,473)	(86,248)	(186,721)
Present value of minimum lease payments	1,064,468	2,216,857	3,281,325	401,751	876,372	1,278,123
Payable within one year shown under current liabilities	(1,064,468)	-	(1,064,468)	(401,751)	-	(401,751)
Total	-	2,216,857	2,216,857	-	876,372	876,372

11. Deferred mark up

Deferred markup		-	25,537,448
Less: Current portion shown under current liabilities		-	(25,537,448)
		-	-

12. Deferred liabilities

Deferred taxation liability	12.1	231,083,864	182,886,708
Staff gratuity	12.2	2,864,104	2,934,768
		233,947,968	185,821,476

12.1 *Deferred taxation liability/asset*

The net balance for deferred taxation is in respect of the following temporary differences:

Deferred tax liabilities

Accelerated tax depreciation allowance		95,115,335	93,596,808
Revaluation of operating fixed assets		211,149,110	157,337,009
Lease Rentals		85,568	47,263
		306,350,013	250,981,080

Deferred tax assets

losses carried forward		(10,211,306)	(1,897,521)
turnover tax		(65,054,843)	(66,196,851)
		231,083,864	182,886,708

12.2 *Staff gratuity*

		2,864,104	2,934,768
--	--	-----------	-----------



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees			
12.2.1 <i>General description</i>						
Employees, after completion of one year of service, shall be entitled for gratuity on leaving the company's employment. Gratuity shall be paid on the basis of one month's last drawn monthly gross salary for each completed year of service.						
Annual provision is based on actuarial valuation, which was carried out as at June 30, 2017 on September 26, 2017 using the Projected Unit Method.						
12.2.2 <i>Amount recognized in the balance sheet are as follow:</i>						
Present value of defined benefit obligation		2,864,104	2,934,768			
Fair value of plan assets		-	-			
Total defined benefit obligation		2,864,104	2,934,768			
12.2.3 <i>Movement in defined benefit obligation</i>						
Opening balance		2,934,768	2,655,484			
Charged for the define benefit plan						
Current service cost		284,715	288,015			
Net interest		201,140	258,910			
		485,855	546,925			
Remeasurement of defined benefit liability						
Benefits paid		(320,833)	-			
Due to experience adjustments		(235,686)	(267,641)			
		(556,519)	(267,641)			
Benefits paid		-	-			
Closing balance		2,864,104	2,934,768			
12.2.4 <i>Actuarial assumptions</i>		<i>Rate per annum</i>				
Valuation discount rate		7.75%	7.25%			
Salary increase rate - Short term (period of next one year)		7.75%	7.25%			
Salary increase rate- long term		7.75%	7.25%			
12.2.5 <i>Sensitivity analysis of principal assumptions</i>		Impact on obligation of change in assumptions				
		Change in assumption	Increase in obligation			
Valuation Discount rate		1%	3,096,284			
Salary Increase rate - Short term (period of next one year)		1%	2,638,672			
Salary Increase rate - Long term		10%	2,864,104			
Mortality age		1 Year	2,864,104			
12.2.6 Expected maturity analysis of undiscounted defined obligation for the gratuity scheme is as follows:						
At at June 30, 2017	Year 1	Year 2	Year 3	Year 4	Year 5	Over 5 years
Gratuity	152,107	43,114	144,625	40,319	180,944	41,537
12.2.7 Following risks are associated with Defined benefit plans:						
<u>Longevity risks:</u> The risk arises when the actual lifetime of retirees in longer than expectation. This risk is measured at the plan level over the entire retiree population.						
<u>Salary increase risk:</u> The most common type of retirement benefit is one where the benefit is linked with the final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.						
<u>Withdrawal risk:</u> The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of liability can go either way.						
12.2.8 The disclosure made in notes 12.2.5 to 12.2.7 are based on the information included in the actuarial valuation report of the Modaraba as of June 30, 2017.						
13. Short term borrowings						
<i>Secured - financial institutions (Running finance arrangements)</i>						
Habib Bank Limited - Pledge	13.1	51,563,880	99,748,468			
Habib Bank Limited - FIM	13.1	12,081,071	-			
Habib Bank Limited - Hypothecation	13.2	9,959,340	9,904,700			
Habib Metropolitan Bank - Pledge	13.3	72,987,967	12,178,845			
Habib Metropolitan Bank - FIM	13.3	-	17,903,504			
		146,592,258	139,735,517			

FOR THE YEAR ENDED JUNE 30, 2017

- 13.1 The facility is obtained for import / purchase of raw cotton bales and to finance working capital inventory. This facility is secured against pledge of raw cotton with 10% margin and pledge of cotton / blended yarn with 15% margin. The finance carries mark-up at the rate of 1 month KIBOR + 150 basis points to be calculated on monthly basis. The total sanctioned limit is Rs. 250 million (2016: Rs. 250 million).
- 13.2 The facility was obtained for working capital requirements. This facility was secured against first pari passu charge of Rs. 57 million on stocks and receivables of the Company. The finance carries markup at the rate of 1 month KIBOR plus 125 basis points to be calculated on monthly basis. The total sanctioned limits Rs. 10 million (2016: 10 million).
- 13.3 The facility is obtained for import / purchase of raw cotton bales and to finance working capital inventory with a 10% margin. This facility is secured against first pari passu charge of Rs. 234 million on stocks and receivables of the Company. The finance carries markup at the rate of 6 month KIBOR plus 150 basis points to be calculated on monthly basis. The total sanctioned limit is Rs. 100 million (2016: 100 million).

	Note	2017 Rupees	2016 Rupees
14. Current portion of long term liabilities			
<i>Secured – financial institution</i>			
Bank of Punjab Demand Finance		127,272,866	62,928,184
Habib Bank Limited - Grid Station		-	5,250,000
Habib Metropolitan Bank Limited - Term Loan		10,081,500	1,124,222
		137,354,366	69,302,406
Liabilities against assets subject to finance lease		1,064,468	401,751
Deferred mark up		-	25,537,448
		138,418,834	95,241,605

15. Creditors, accrued and other liabilities			
Creditors		67,783,864	54,910,281
Accrued expenses		252,484,353	161,214,985
Charity		1,040	21,100
Payable to clients		8,541,485	1,007,564
Advance from customer		2,375,124	383,599
Rention money payables		3,172,446	3,172,446
Sale tax payable		387,235	155,655
Withholdolding tax payable		77,052	401,332
Workers' Welfare Fund		3,188,365	2,506,308
Other liabilities	15.1	4,343,003	2,956,460
		342,353,967	226,729,731

- 15.1 This includes Rs. 3,869,066 (2016: Rs. 2,361,006) payable to Premier Financial Services (Private) Limited

16. Accrued Mark Up			
Financial institutions		27,035,673	12,004,917
		27,035,673	12,004,917

17. Contingencies and commitments

Contingencies

There is a contingent liability in respect of bank guarantees issued by the Company's banker in the ordinary course of business in favor of Sui Southern Gas Company Limited and HESCO aggregating to Rs. 30.566 million (2016: Rs. 29.06 million).

During the prior year, two separate cases have been decided in the International Court of Arbitration against the Company in respect of liabilities aggregating to US\$ 611,523. The plaintiffs through their legal advisor served the Company with a notice to pay the amount as per the award and filed suits against the Company in the Honorable High Court of Sindh for enforcement of award. No provision has been made in the financial statements for the liability that may arise in the event of a decision against the Company as the management is of the opinion, based on advice of legal advisor, that the decision is likely to be in the favor of the Company.

Modaraba has filed a suit against Samba Bank Ltd for the recovery of deposit amounting to Rs 21 million alongwith mark up. The matter is pending before the Honourable High Court of Sindh. Management of the Modaraba and its legal advisor are of the opinion that Modaraba has reasonable chance and it appear unlikely that Modaraba may suffer any loss from the same

Commitments

Commitment in respect of letters of credit as at the balance sheet date amounted to Rs. 44.237 million (2016: Rs. 24.030 million).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

18. Tangible

Note 2017
Rupees 2016
Rupees

Operating fixed assets	18.1	1,361,149,735	1,166,715,322
		1,361,149,735	1,166,715,322

Particulars	2017								Book value As at June 30, 2017	Rate %
	Cost				Accumulated depreciation					
	As at July 01, 2016	Addition / *Transfer	Revaluation Surplus	As at June 30, 2017	As at July 01, 2016	Charged during the year	As at June 30, 2017			
Rupees										
Owned										
Leasehold land	40,140,000	-	-	40,140,000	3,838,103	363,019	4,201,122	35,938,878	1	
Factory building	307,432,912	-	45,717,597	353,150,509	142,132,599	16,530,031	158,662,630	194,487,879	10	
Colony building	58,423,768	679,000	53,523,552	112,626,320	29,721,320	2,892,878	32,614,198	80,012,122	10	
Plant & machinery	1,523,868,997	67,984,265	119,441,594	1,711,294,856	738,130,435	81,259,221	819,389,656	891,905,200	10	
Gas generator	111,409,827	-	7,295,311	118,705,138	58,986,601	5,242,323	64,228,924	54,476,214	10	
Electric installations	82,204,318	-	5,347,649	87,551,967	43,776,759	3,842,756	47,619,515	39,932,452	10	
Office premises	21,624,794	3,826,016	-	25,450,810	8,395,928	1,131,823	9,527,751	15,923,059	5 & 10	
Grid Station	32,179,692	-	-	32,179,692	2,988,177	2,919,152	5,907,329	26,272,363		
Office equipments	1,043,725	74,000	-	1,059,225	774,150	85,532	822,632	236,593	20	
		(58,500)				(37,050)				
Factory equipment	4,957,420	964,815	493,637	6,415,872	2,434,942	294,798	2,729,740	3,686,132	20	
Computers	2,055,729	333,513	-	2,376,812	1,450,155	251,856	1,697,225	679,587	33 & 20	
		(12,430)				(4,786)				
Motor vehicles	21,951,877	4,315,500	-	23,573,377	9,732,852	2,997,142	10,105,032	13,468,345	20	
		(2,694,000)				(2,624,962)				
Furniture & fixtures	1,201,234	271,375	-	1,472,609	852,617	55,631	908,248	564,361	20	
Leased Asset-Vehicle	1,460,000	2,459,000	-	3,919,000	24,333	328,117	352,450	3,566,550		
2017	2,209,954,293	80,907,484	231,819,340	2,519,916,187	1,043,238,971	118,194,279	1,158,766,452	1,361,149,735		
		(2,764,930)				(2,666,798)				

Particulars	2016								Book value As at June 30, 2016	Rate %
	Cost			Accumulated depreciation						
	As at July 01, 2015	Addition / *Transfer	As at June 30, 2016	As at July 01, 2015	Charged during the year	As at June 30, 2016				
Rupees										
Owned										
Leasehold land	40,140,000	-	40,140,000	3,471,417	366,686	3,838,103	36,301,897	1		
Factory building	307,432,912	-	307,432,912	123,765,898	18,366,701	142,132,599	165,300,313	10		
Colony building	58,423,768	-	58,423,768	26,532,159	3,189,161	29,721,320	28,702,448	10		
Plant & machinery	1,476,427,613	47,441,384	1,523,868,997	653,671,806	84,458,629	738,130,435	785,738,562	10		
Gas generator	110,674,827	735,000	111,409,827	53,175,409	5,811,192	58,986,601	52,423,226	10		
Electric installations	82,204,318	-	82,204,318	39,507,030	4,269,729	43,776,759	38,427,559	10		
Office premises	20,848,634	776,160	21,624,794	7,336,317	1,059,611	8,395,928	13,228,866	5 & 10		
Grid Station	23,809,569	8,370,123	32,179,692	198,413	2,789,764	2,988,177	29,191,515			
Office equipments	1,116,185	83,870	1,043,725	815,013	115,466	774,150	269,575	20		
		(156,330)			(156,329)					
Factory equipment	4,719,915	237,505	4,957,420	2,159,065	275,877	2,434,942	2,522,478	20		
Computers	2,050,905	160,899	2,055,729	1,342,759	263,464	1,450,155	605,574	33 & 20		
		(156,075)			(156,068)					
Motor vehicles	18,855,440	7,358,279	21,951,877	11,152,140	2,192,635	9,732,852	12,219,025	20		
		(4,261,842)			(3,611,923)					
Furniture & fixtures	1,201,234	-	1,201,234	813,884	38,733	852,617	348,617	20		
Leased Vehicles	-	1,460,000	1,460,000	-	24,333	24,333	1,435,667			
2016	2,147,905,320	66,623,220	2,209,954,293	923,941,310	123,221,981	1,043,238,971	1,166,715,322			
		(4,574,247)			(3,924,320)					

FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
18.1.1 Depreciation for the year has been allocated as follows:			
<i>Modaraba business</i>			
Administrative expense		1,628,923	1,840,327
<i>Brokerage business</i>			
Administrative expense		301,337	-
<i>Textile Business</i>			
Cost of sale		113,786,802	119,879,849
Administrative expense		2,477,054	1,483,805
		118,194,116	123,203,981

18.1.2 Had there been no revaluation, the net book value of the specific classes of property, plant and equipment would have been as follows:			
Factory building		57,280,925	63,645,472
Colony building		10,346,767	10,767,111
Plant & machinery		387,466,694	357,940,025
Gas generator		20,907,878	23,230,976
Electric installations		15,075,267	16,750,297
Factory equipment		2,101,961	1,334,963
		493,179,492	473,668,844

18.2 Fair value measurement

18.2.1 Fair value of factory building, colony building, plant and machinery, generators, electric installations and factory equipment was based on the valuations carried out by an independent valuer M/s Joseph Lobo (Private) Limited on the basis of market value.

18.2.2 Fair value of factory building and colony building was based on assumptions considered to be level 2 in the fair value hierarchy due to significant observable inputs used in the valuation, while fair value of plant and machinery, generators, electric installations and factory equipment are considered to be based on level 3 in the fair value hierarchy due to significant unobservable inputs used in the valuation.

Valuation techniques used to derive level 2 fair values

Fair value of factory building and colony building was derived using a sales comparison approach. Sale prices of comparable buildings in close proximity are adjusted for differences in key attributes such as location and size of the property. Moreover value of building also depends upon the type of construction, age and quality. The most significant input in this valuation approach is price / rate per square foot in particular locality. This valuation is considered to be level 2 in fair value hierarchy due to significant observable inputs used in the valuation.

Valuation techniques used to derive level 3 fair values

In the absence of current prices in an active market, the fair values of plant and machinery, generators, electric installations and factory equipment was determined by taking into account the following factors:

- Make, model, country of origin and etc.;
- Present physical condition;
- Resale prospects; and
- Obsolescence.

The valuation was considered to be level 3 in the fair value hierarchy due to the above unobservable inputs used in the valuation. Most significant input in this valuation was the current replacement cost which is adjusted for factors above.

18.2.3 A reconciliation from opening balances to closing balances of fair value measurements categorized in level 3 is provided below:			
Opening balance (level 3 recurring fair values)		1,073,114,588	1,141,071,988
Additions - Cost		68,949,079	48,413,889
Depreciation charge		(90,639,097)	(116,371,289)
Closing balance (level 3 recurring fair values)		1,051,424,570	1,073,114,588

18.2.4 There were no transfers between levels 2 and 3 for recurring fair value measurements during the year.

19. Intangible

Cost		19,000,000	19,000,000
Impairment loss		(9,000,000)	-
		10,000,000	19,000,000

19.1 This represents Trading Right Entitlement certificates (TREC) of Pakistan Stock Exchanges Limited.

After the integration of stock exchanges of Pakistan, the Registrar Modaraba have given us the permission to form wholly owned subsidiary companies and to transfer all brokerage related assets and liabilities to the new formed companies. The companies have been formed and the transfer of assets and liabilities are under process.



FOR THE YEAR ENDED JUNE 30, 2017

20. Investment property

2017								
Particulars	Cost			Accumulated Depreciation			Book Value as at June 30, 2017	Rate %
	As at July 01, 2016	Transfer	As at June 30, 2017	As at July 01, 2016	Charged during the year	As at June 30, 2017		
Office premises	2,400,000	-	2,400,000	568,333	120,000	688,333	1,711,667	5

2016								
Particulars	Cost			Accumulated Depreciation			Book Value as at June 30, 2016	Rate %
	As at July 01, 2015	Transfer	As at June 30, 2016	As at July 01, 2015	Charged during the year	As at June 30, 2016		
Office premises	2,400,000	-	2,400,000	448,333	120,000	568,333	1,831,667	5

21. Long term investments

	Note	2017 Rupees	2016 Rupees
<i>Investment classified as available-for-sale financial assets</i>			
Listed securities	21.1.1	16,071,330	41,803,219
Unlisted securities	21.2	32,146,031	32,146,031
Preference Share	21.3	-	1,828,740
		48,217,361	75,777,990

21.1 Investment classified as available-for-sale financial assets

21.1.1 Listed securities

The holding is in ordinary shares/units of Rs. 10 each of listed companies, unless otherwise stated:

2016 Number	2017 Number		2017 Rupees	2016 Rupees
		<i>Open-end mutual funds</i>		
11,968	-	Dawood Income Fund (Unit of Rs. 100 each)	-	847,188
		<i>Fixed Line Telecommunication</i>		
42,000	-	Pakistan Telecommunication Company Limited	-	631,260
		<i>Financial Services</i>		
22,000	22,000	Javed Omer Vohra & Company Limited	41,800	41,800
		<i>Equity investment instruments</i>		
735,000	-	First Dawood Mutual Fund	-	209,141
4,007,383	4,007,383	Pakistan Stock Exchange Limited	16,029,530	40,073,830
			16,071,330	41,803,219

21.2 Unlisted securities

The holding is in ordinary shares of Rs. 10 each.

			2017 Rupees	2016 Rupees
		21.2.1		
		21.2.3		
50,000	50,000	Sapphire Power Generation Limited	1,800,000	1,800,000
3,034,603	3,034,603	ISE Towers REIT Management Company Limited	30,346,030	30,346,030
78,150	78,150	Callmate Telips Telecom Limited	1	1
			32,146,031	32,146,031

21.2.1 Net assets value per share of Sapphire Power Generation Limited is Rs. 69.49 (2015: Rs. 85.23) as per financial statements as at June 30, 2016 audited by Riaz Ahmad, Saqib, Gohar & Company, Chartered Accountants.

21.2.2 The market value per share of Pakistan Stock Exchange Limited as at June 30, 2017 was Rs. 25.68 and the market value is Rs. 41,163,833. Under the listing regulations, these share are freeze.

21.2.3 Net assets value per share of ISE Towers REIT Mangement Company Limited is Rs. 12.13 (2016: Rs. 11.10) as per financial statements as at June 30, 2017 audited by BDO Ebrahim & Company, Chartered Accountants.

21.2.4 The company is in the process of winding up, hence Net assets value per share is not available.

21.3 Preference Shares

The holding is in ordinary shares of Rs. 10 each.

182,874	-	Mari Petroleum	-	1,828,740
			-	1,828,740

FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
22. Stores and spares			
- in hand		27,653,481	27,533,131
		27,653,481	27,533,131
23. Stock-in-trade			
Raw material			
- in hand		158,821,108	159,818,869
Work in Process		8,006,052	7,623,217
Finished goods	23.1	84,699,366	108,230,618
		251,526,526	275,672,704
23.1	The carrying amount of finished goods includes inventories amounting to Rs. 78.035 (2016: 0.631) million which were carried at net realizable value.		
24. Trade debts			
Secured - considered good		-	31,644
24.1	Unsecured - considered good		
		102,040,587	66,703,480
		102,040,587	66,735,124
24.2	Unsecured - considered doubtful		
		9,843,370	9,821,888
	Less: Provision for bad debts against local debtors		
		(9,843,370)	(9,821,888)
		-	-
		102,040,587	66,735,124
25. Morabaha/Musharaka receivables-secured			
Musharaka - considered good	25.1	134,320,480	140,333,175
Morabaha - considered doubtful		17,380,055	17,380,055
		151,700,535	157,713,230
	Provision for non performing assets		
		(17,380,055)	(17,380,055)
		134,320,480	140,333,175
25.1	The Modaraba has entered into musharaka agreements under which the Modaraba has provided funds for working capital requirements on profit and loss sharing basis. These are secured against pledge, hypothecation of stock and receivables, demand promissory notes, personal guarantee of directors / proprietors and mortgage of property. Expected rate of profit on musharaka transactions during the year range between 12% to 16 % (2016: 12 % to 16%).		
26. Short term investments			
	<i>Investment classified as financial asset at fair value through profit or loss</i>		
Listed securities	26.1	153,962,235	125,696,522
		153,962,235	125,696,522
26.1	<u>Listed securities</u>		
	The holding is in ordinary shares/units of Rs. 10 each of listed companies, unless otherwise stated:		
	2016	2017	
	Number	Number	
			<i>Oil and Gas</i>
	5,700	-	Mari Petroleum Company Limited
	-	2,500	Attock Refinery
	32,200	-	Hascol Petroleum Company Limited
	26,900	95,700	Oil & Gas Development Co Limited
	31,000	33,500	Pakistan Refinery Limited
	-	7,400	Pakistan State Oil
	-	700	National Refinery Limited
	61,000	2,500	Sui Northern Gas Pipeline Limited
	35,000	-	Sui Southern Gas Pipeline Limited
	400	-	Shell Pakistan Limited
			<i>Food</i>
	59,700	9,700	Engro Foods Limited
			<i>Chemicals</i>
	8,000	-	Engro Fertilizer Limited
	-	23,000	Engro Corporation Limited



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

2016 Number	2017 Number	Note	2017 Rupees	2016 Rupees
57,500	168,500	Fauji Bin Qasim Limited	7,218,540	3,048,075
161,000	12,500	Ghani Global Gas Limited	249,875	2,914,100
-	30,000	Ghani Gases Limited	789,000	-
3,500	-	ICI Pakistan Limited	-	1,557,570
685,000	-	Lotte Chemical Pakistan PTA Limited	-	4,116,850
2,000	-	Synthetic Product Limited	-	93,800
25,000	-	Sitara Peroxide Limited	-	453,750
16,000	-	Wah Noble Chemicals Limited	-	1,040,000
		<i>Construction and materials</i>		
6,100	11,700	AkzoNobel Pakistan Limited	2,808,000	1,126,365
-	5,000	Bestway Cement Limited	1,095,600	-
536,000	483,500	Dewan Cement Limited	9,757,030	7,761,280
-	7,078	DG Khan Cement Limited	1,508,746	-
-	7,400	Engro Corporation	2,411,734	-
50,000	-	Fauji Cement Company Limited	-	1,790,000
-	13,500	Fly Cement Limited	254,610	-
2,000	2,000	Cherat Cement Company Limited	357,560	239,140
-	20,000	MapleLeaf Cement Limited	2,227,200	-
200	-	Lucky Cement Limited	-	129,702
322,500	1,604,463	Power Cement Limited	21,467,715	3,363,675
		<i>Transport</i>		
100,000	507,806	Pakistan International Bulk Terminals Limited	11,760,787	3,207,000
		<i>Personal goods</i>		
20,500	8,300	Nishat Mills Limited	1,317,044	2,211,950
		<i>Household goods</i>		
4,000	-	Ghani Glass Limited	-	377,520
		<i>Pharma and biotech</i>		
-	4,050	GlaxoSmithKline Consumer Healthcare	846,491	-
13,500	-	GlaxoSmith Limited	-	2,795,985
3,200	7,429	The Searle Pakistan Limited	3,803,499	1,715,680
		<i>Automobile and parts</i>		
13,900	16,900	Gandhara Nissan Limited	3,803,852	2,170,485
631,000	192,500	Ghani Automobile Limited	2,246,475	4,429,620
-	650	Millat Tractors Limited	893,386	-
-	18,500	Huffaz Seamless Pipes	791,430	-
		<i>Paper & Board</i>		
-	45,000	Roshan Packages Limited	2,527,650	-
		<i>Engineering</i>		
-	175,700	Aisha Steel Limited	3,573,738	-
-	14,500	International Steel Limited	1,854,405	-
-	6,000	Mughal Steel & Iron Limited	484,380	-
		<i>Textile Composite</i>		
-	249,500	International Knitwear Limited	3,495,495	-
		<i>Miscellaneous</i>		
-	15,000	United Distributors Limited	1,005,000	-
		<i>Sugar & Allied</i>		
-	1,000	Imperial Sugar Limited	29,480	-
-	15,000	Haseeb Waqas Sugar Limited	176,550	-
		<i>Fixed line telecommunication</i>		
709,500	709,500	Pakistan Telecommunication Company Limited	11,075,295	10,663,785
86,000	-	TRG Pakistan Limited	-	2,885,300
		<i>Cable & electrical goods</i>		
52,625	-	Pak Electron Limited	-	3,402,206
127,000	70,000	TPL Tracker Limited	691,600	1,596,390
		<i>Power Generation & Distribution</i>		
991,500	500,000	K-Electric Limited	3,450,000	7,991,490
-	6,000	Kot Addu Power Company Limited	432,120	-
		<i>Insurance</i>		
1,004,651	1,436,136	Premier Insurance Limited	20,931,991	24,596,408
			153,962,235	125,696,522

FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
27. Advances - considered good			
To employees		1,588,649	1,519,386
To supplier of goods		35,274,738	51,977,194
Against letter of credit	27.1	4,871,522	1,286,333
Others		-	150,000
		41,734,909	54,932,913
27.1 This represents advances against import of raw material and store and spares.			
28. Trade Deposits and Prepayments			
Deposits		14,772,665	14,772,665
Margin deposit		18,398,381	6,688,246
Prepayments		6,721,728	12,105,681
		39,892,774	33,566,592
29. Other Receivables			
Receivable from clients	29.1	19,527,513	20,415,949
Insurance claim		-	67,843
Dividend		138,676	21,575
Sales tax receivables		561,832	-
From Pakistan Stock Exchange Limited		4,488,268	-
Cotton claims		385,825	804,462
Others		1,049,393	952,853
		26,151,507	22,262,682
29.1 <i>Receivable from clients</i>			
Considered good		19,527,513	20,415,949
Considered doubtful		12,500,000	12,500,000
Less: Provision for doubtful debts		32,027,513	32,915,949
		(12,500,000)	(12,500,000)
		19,527,513	20,415,949
30. Tax refund from government authorities			
Sales tax refundable		14,805,402	5,015,361
Income tax refundable		33,804,067	20,916,444
		48,609,469	25,931,805
31. Taxation - Net			
Advance income tax		29,236,578	29,817,016
Less : Provision for taxation		(17,429,611)	(15,987,970)
		11,806,967	13,829,046
32. Cash and bank balances			
Cash in hand		725,000	725,000
Bank balances			
-in current accounts		8,837,274	5,943,905
-in Islamic bank		38,568,398	8,751,955
-In saving accounts	32.1	23,887	808,641
		48,154,559	16,229,501
32.1 Effective mark-up rate in respect of PLS accounts ranges from 5% to 7% (2016: 5% to 7%) per annum.			
33. Income			
Income from modaraba's business	33.1	81,274,331	30,364,140
Income from textile's business	33.2	25,272,460	27,106,712
		106,546,791	57,470,852
33.1 <i>Income from modaraba's business</i>			
Profit on musharaka		15,279,963	17,479,567
Brokerage commission		4,749,661	1,776,585



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
Capital gain		56,271,619	4,279,537
Dividends		2,497,801	5,174,167
Rentals		1,452,000	1,320,000
Commission and fees		1,023,287	334,284
		81,274,331	30,364,140
33.2 Income from textile's business			
Sales			
- Local		2,338,279,135	2,005,008,654
- Exports		7,760,111	-
- Waste sales		80,936,564	60,076,379
		2,426,975,810	2,065,085,033
Less: Commission to selling agent		(57,278,297)	(50,683,000)
		2,369,697,513	2,014,402,033
Less: Cost of sale	33.3	(2,344,425,053)	(1,987,295,321)
		25,272,460	27,106,712
33.3 Cost of sale			
Raw material consumed	33.3.1	1,767,714,049	1,460,368,664
Store consumed		37,823,256	33,368,109
Packing material consumed		25,283,444	27,109,619
Salaries, wages and other benefits		151,301,664	137,947,229
Provident fund contribution		2,177,890	2,065,715
Fuel and power		207,786,056	203,910,772
Insurance		6,737,653	9,464,200
Repair & maintenance		5,042,570	6,251,352
Depreciation	18.1.1	113,786,802	119,897,849
Other manufacturing overheads		3,623,252	3,035,306
		2,321,276,636	2,003,418,815
Work in Process			
-opening stock		7,623,217	6,812,613
-closing Stock		(8,006,052)	(7,623,217)
Cost of goods manufactured		2,320,893,801	2,002,608,211
Finished goods			
-opening stock		108,230,618	92,917,728
-closing Stock		(84,699,366)	(108,230,618)
		2,344,425,053	1,987,295,321
33.3.1 Raw material consumed			
Opening stock		159,818,869	114,992,056
Purchased during the year		1,766,716,288	1,505,195,477
		1,926,535,157	1,620,187,533
Closing stock		(158,821,108)	(159,818,869)
		1,767,714,049	1,460,368,664
34. Operating expenses			
Salaries, allowances and benefits	34.1&34.2	18,026,556	15,736,356
Provident fund contribution		418,288	390,041
Director fee		150,000	-
Traveling, conveyance and entertainment		1,506,513	1,227,749
Telephone and postage		1,057,964	937,583
Rent, rates and taxes		1,278,466	710,043
Electricity		1,340,976	485,480
Insurance		910,828	763,031
Printing, stationery and advertising		1,361,913	1,012,006
Fees and subscriptions		2,872,364	2,389,800
Vehicle running and maintenance		2,304,667	2,305,045
Depreciation	18.1.1	4,527,314	3,444,133

FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
Facilities and services		4,738,605	4,613,163
Repair and maintenance		1,791,577	3,012,231
Annual Review Meeting		112,629	106,303
Auditors' remuneration	34.3	724,285	642,776
Legal and professional		2,518,524	2,599,274
Shariah Advisor		150,000	150,000
Training and development		1,276,880	479,600
Impairment loss on intangible assets		9,000,000	-
Bad debts		1,442,558	256,535
KSE & SECP Charges		698,726	422,336
Zakat		-	3,251
Withholding & CVT tax		820,317	531,774
Donation		500,000	6,158,334
Cartage expense		96,780	98,972
Preliminary expenses - net		-	747,860
Others		288,403	842,034
		59,915,133	50,065,710

34.1 *Remuneration of officers and other employees*

	2017		2016	
	Officers	Other Employees	Officers	Other Employees
Salaries and allowances	6,521,381	8,485,710	5,917,200	7,497,516
Gratuity and Leave fare	205,000	118,464	131,900	175,000
Expenses reimbursed: Medical	236,016	1,032,049	259,496	976,685
	6,962,397	9,636,223	6,308,596	8,649,201

Salaries, allowances and benefits include provision for gratuity of Rs. 485,855 (2016: Rs. 546,925). Officers are also provided with free use of Modaraba maintained cars.

34.3 *Auditor's remuneration*

Audit fee	568,315	486,806
Half yearly review	26,500	26,500
Other fees	129,470	129,470
	724,285	642,776



FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
35. Distribution and Selling Expenses			
Freight loading and unloading		13,427,641	15,967,881
Export development charges		19,391	-
Pressing comber noil		586,195	446,422
		14,033,227	16,414,303
36. Financial Charges			
<i>Markup / interest on :</i>			
Long term loan - secured		40,108,123	47,662,431
Short term loan & running finance - secured		16,941,386	11,199,875
Finance Lease		116,688	9,975
Bank charges		3,765,496	3,059,189
		60,931,693	61,931,470
37. Other income			<i>Restated</i>
Profit on PLS deposits		344,561	311,026
Gain on sale of fixed assets		501,711	1,759,573
Interest income		547,611	780,432
Others		-	1,019,025
		1,393,883	3,870,056
38. Other charges			
Worker Welfare Fund		867,619	185,562
Exchange loss - net		2,118	-
		869,737	185,562
39. Taxation			
The charge for current tax is based on taxable income at current rates of taxation after taking into account tax credits and rebates available and minimum tax as applicable under the Income Tax Ordinance, 2001.			
Assessments, in respect of First Equity Modaraba, upto and including the tax year 2016 have been finalized under section 120 of the Income Tax Ordinance, 2001 (the Ordinance) which is subject to audit under section 170 of the Ordinance.			
40. (Loss) / Earnings per certificates - basic and diluted			
(Loss) / Profit for the year		(36,880,897)	(80,353,570)
		Number	Number
Weighted average number of certificates outstanding during the year		52,440,000	52,440,000
		Rupees	Rupees
(Loss) / Profit per certificate - basic and diluted		(0.70)	(1.53)
40.1			
There is no dilution effect on the basic earnings per share of the Modaraba as the Modaraba has no such commitments.			
41. Risk Management Policies and Objectives:			
<i>Financial risk management</i>			
The board of directors has overall responsibility for the establishment and oversight of the Modaraba's risk management framework. The Modaraba has exposure to the following risks from its use of financial instruments:			
- Credit risk			
- Liquidity risk			
- Market risk			
<i>Credit and concentration risk</i>			
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Modaraba's performance to developments affecting a particular industry.			
Credit risk of the Modaraba arises principally from the investments, musharaka/morahaba receivables, advances, trade deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Modaraba has developed a formal approval process whereby credit limits are applied to its customers. The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful for recovery.			
The Carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:			
Investment		202,179,596	200,233,884
Trade debts		102,040,587	66,735,124
Morabaha/Musharaka receivables-secured		134,320,480	140,333,175
Advances-considered good		44,244,909	57,442,913
Trade deposits and prepayments		41,888,674	34,816,592

FOR THE YEAR ENDED JUNE 30, 2017

	2017 Rupees	2016 Rupees
Other receivables	26,151,507	22,262,682
	550,825,753	521,824,370

Liquidity risk

Liquidity risk is the risk that the Modaraba will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Modaraba could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Modaraba's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Modaraba's reputation.

	2017			
		Over one year but less than five years	Over five years	Total
	Less than One year			
<i>Assets</i>				
Long term investments	-	48,217,361	-	48,217,361
Trade debts	102,040,587	-	-	102,040,587
Morabaha & musharaka receivables	134,320,480	-	-	134,320,480
Short term investments	153,962,235	-	-	153,962,235
Advances	41,734,909	-	2,510,000	44,244,909
Trade deposits	33,171,046	1,995,900	-	35,166,946
Other receivables	26,151,507	-	-	26,151,507
Bank balances	48,154,559	-	-	48,154,559
	539,535,323	50,213,261	2,510,000	592,258,584
<i>Liabilities</i>				
Security Deposit	-	200,000	-	200,000
Long term financing	137,354,366	282,447,812	-	419,802,178
Liabilities against asset subject to finance lease	1,064,468	2,216,857	-	3,281,325
Current portion of long term liabilities	138,418,834	-	-	138,418,834
Short term borrowings	146,592,258	-	-	146,592,258
Creditors, accrued and other liabilities	342,353,967	-	-	342,353,967
Accrued mark up	27,035,673	-	-	27,035,673
Unclaimed profit distribution	28,730,534	-	-	28,730,534
	821,550,000	284,864,669	-	1,016,414,769
Net balance	(282,014,777)	(234,651,408)	2,510,000	(514,156,185)

	2016			
		Over one year but less than five years	Over five years	Total
	Less than One year			
<i>Assets</i>				
Long term investments	-	75,777,990	-	75,777,990
Trade debts	66,735,124	-	-	66,735,124
Morabaha & musharaka receivables	140,333,175	-	-	140,333,175
Short term investments	125,696,522	-	-	125,696,522
Advances	54,932,913	-	2,510,000	57,442,913
Trade deposits	21,460,911	1,250,000	-	22,710,911
Other receivables	22,262,682	-	-	22,262,682
Bank balances	16,229,501	-	-	16,229,501
	447,650,828	77,027,990	2,510,000	527,188,818
<i>Liabilities</i>				
Security Deposit	-	200,000	-	200,000
Long term financing	94,839,854	379,920,178	-	474,760,032
Liabilities against assets subject to finance lease	401,751	876,372	-	1,278,123
Current portion of long term liabilities	95,241,605	-	-	95,241,605
Short term borrowings	139,735,517	-	-	139,735,517
Creditors, accrued and other liabilities	226,729,730	-	-	226,729,730
Accrued mark up	12,004,917	-	-	12,004,917
Unclaimed profit distribution	27,844,960	-	-	27,844,960
	823,528,064	380,996,550	-	1,188,684,571
Net balance	(375,877,236)	(303,968,560)	2,510,000	(661,495,753)



FOR THE YEAR ENDED JUNE 30, 2017

Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Operational Risk

Operational Risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Modaraba's operations either internally within the Modaraba or externally at the Modaraba's service providers, and from external; factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risks arise from all of the Modaraba's activities.

The Modaraba's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its objective of generating returns for certificate holders. The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors of the Management Company. This responsibility encompasses the controls in the following areas:

- Requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Ethical and business standards;
- Risk mitigation, including insurance where this is effective.

Currency risk

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currency.

42. Fair value of financial instruments

The Modaraba is of the view that the fair market value of most of the financial assets and financial liabilities are not significantly different from their carrying amounts.

42.1 *Financial Instruments by category*

	2017 Rupees	2016 Rupees
<u>Financial assets</u>		
<i>Loans and receivables</i>		
Morabaha/Musharaka receivables	134,320,480	140,333,175
Trade debts	102,040,587	66,735,124
Advances	44,244,909	57,442,913
Trade deposits	35,166,946	22,710,911
Other receivables	26,151,507	22,262,682
Bank balances	48,154,559	16,229,501
<i>Financial assets at fair value through profit or loss</i>	153,962,235	125,696,522
Short term investments		
<i>Available-for-sale financial assets</i>		
Long term investments	48,217,361	75,777,990
	592,258,584	527,188,818
<u>Financial liabilities</u>		
Security Deposit	200,000	200,000
Long term financing	282,447,812	379,920,178
Liabilities against asset subject to finance lease	2,216,857	876,372
Short term borrowing	146,592,258	139,735,517
Current portion of long term liabilities	138,418,834	95,241,605
Creditors, accrued and other liabilities	342,353,967	226,729,730
Accrued mark up	27,035,673	12,004,917
Unclaimed profit distribution	28,730,534	27,844,960
	967,995,935	882,553,279
On balance sheet gap	(375,737,351)	(355,364,461)

FOR THE YEAR ENDED JUNE 30, 2017

43. **Maturities of assets and liabilities**

The above analysis is based on the contractual/expected maturities of assets and liabilities which may not necessarily correspond with actual maturities.

	2017				Total
	Upto one month	Over one month to one year	Over one year to five years	Over five Years	
<i>Assets</i>					
Tangible assets	-	-	1,347,960,455	13,189,280	1,361,149,735
Intangible assets	-	-	-	10,000,000	10,000,000
Investment property	-	-	1,711,667	-	1,711,667
Long term investments	-	-	48,217,361	-	48,217,361
Stores and spares	-	27,653,481	-	-	27,653,481
Stock-in-trade	-	251,526,526	-	-	251,526,526
Trade debts	-	102,040,587	-	-	102,040,587
Morabaha & musharaka receivables	38,820,480	95,500,000	-	-	134,320,480
Short term investments	-	153,962,235	-	-	153,962,235
Advances	156,000	41,578,909	2,510,000	-	44,244,909
Trade deposits and prepayments	25,041,681	14,851,093	1,995,900	-	41,888,674
Other receivables	-	26,151,507	-	-	26,151,507
Tax refund from government authorities	-	60,416,436	-	-	60,416,436
Bank balances	-	48,154,559	-	-	48,154,559
	64,018,161	821,835,333	1,402,395,383	23,189,280	2,311,438,157
<i>Liabilities</i>					
Security Deposit	-	-	200,000	-	200,000
Long term financing	-	137,354,366	282,447,812	-	419,802,178
Liabilities against asset subject to finance lease	-	1,064,468	2,216,857	-	3,281,325
Deferred liabilities	-	-	233,947,968	-	233,947,968
Short term borrowing	-	146,592,258	-	-	146,592,258
Current portion of long term liabilities	-	138,418,834	-	-	138,418,834
Creditors, accrued and other liabilities	27,634,401	314,719,566	-	-	342,353,967
Accrued mark up	-	27,035,673	-	-	27,035,673
Unclaimed profit distribution	28,730,534	-	-	-	28,730,534
	56,364,935	765,185,165	518,812,637	-	1,340,362,737
Net balance	7,653,226	56,650,169	883,582,746	23,189,280	971,075,421
	2016				
<i>Assets</i>					
Tangible assets	-	-	1,153,526,042	13,189,280	1,166,715,322
Intangible assets	-	-	-	19,000,000	19,000,000
Investment property	-	-	1,831,667	-	1,831,667
Long term investments	-	-	75,777,990	-	75,777,990
Stores and spares	-	27,533,131	-	-	27,533,131
Stock-in-trade	-	275,672,704	-	-	275,672,704
Trade debts	-	66,735,124	-	-	66,735,124
Morabaha & musharaka receivables	16,384,695	123,948,480	-	-	140,333,175
Short term investments	-	125,696,522	-	-	125,696,522
Advances	-	52,422,913	2,510,000	-	54,932,913
Trade deposits and prepayments	18,715,499	14,851,093	1,250,000	-	34,816,592
Other receivables	-	22,262,682	-	-	22,262,682
Tax refund from government authorities	-	39,760,851	-	-	39,760,851
Bank balances	16,229,501	-	-	-	16,229,501
	51,329,695	748,883,500	1,234,895,699	32,189,280	2,067,298,174
<i>Liabilities</i>					
Security Deposit	-	-	200,000	-	200,000
Long term financing	-	94,839,854	379,920,178	-	474,760,032
Liabilities against asset subject to finance lease	-	401,751	876,372	-	1,278,123
Deferred liabilities	-	-	185,821,477	-	185,821,476
Short term borrowings	-	139,735,517	-	-	139,735,517
Current portion of long term liabilities	-	95,241,605	-	-	95,241,605
Creditors, accrued and other liabilities	27,634,401	199,095,329	-	-	226,729,730
Accrued mark up	-	12,004,917	-	-	12,004,917
Unclaimed profit distribution	27,844,960	-	-	-	27,844,960
	55,479,361	541,318,973	566,818,026	-	1,163,616,360
Net balance	(4,149,666)	207,564,527	668,077,673	32,189,280	903,681,814



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

44. Yield / Profit rate risk exposure

Description	Effective yield / profit risk	2017						2017 Total
		Yield / profit bearing maturing			Non yield / profit bearing maturing			
		Within 1 Yr	After 1 Yr	Sub total	Within 1 Yr	After 1 Yr	Sub total	
<i>Financial Assets</i>	%	Rupees						
Long term investments	-	-	48,217,361	48,217,361	-	-	-	48,217,361
Trade debts	-	-	-	-	102,040,587	-	102,040,587	102,040,587
Morabaha / Musharakah receivables	12% to 16%	134,320,480	-	134,320,480	-	-	-	134,320,480
Short term investments	-	153,962,235	-	153,962,235	-	-	-	153,962,235
Advances	-	-	-	-	41,734,909	2,510,000	44,244,909	44,244,909
Trade deposits	-	-	-	-	33,171,046	1,995,900	35,166,946	35,166,946
Other receivables	-	-	-	-	26,151,507	-	26,151,507	26,151,507
Bank balances	5% to 7%	38,592,285	-	38,592,285	9,562,274	-	9,562,274	48,154,559
		326,875,000	48,217,361	375,092,361	212,660,323	4,505,900	217,166,223	592,258,584
<i>Financial Liabilities</i>								
Security deposit	-	-	200,000	200,000	-	-	-	200,000
Long term financing	-	-	282,447,812	282,447,812	-	-	-	282,447,812
Liabilities against assets subject to finance lease	-	-	2,216,857	2,216,857	-	-	-	2,216,857
Short term borrowings	-	146,592,258	-	146,592,258	-	-	-	146,592,258
Current portion of long term liabilities	-	138,418,834	-	138,418,834	-	-	-	138,418,834
Creditor, accrued and other liabilities	-	-	-	-	342,353,967	-	342,353,967	342,353,967
Accrued markup	-	-	-	-	27,035,673	-	27,035,673	27,035,673
Unclaimed profit distribution	-	-	-	-	28,730,534	-	28,730,534	28,730,534
		285,011,092	284,864,669	569,875,761	398,120,174	-	398,120,174	967,995,935
On balance sheet gap		41,863,908	(236,647,308)	(194,583,400)	(185,459,850)	4,505,900	(180,953,950)	(375,737,350)

- The above analysis is based on the contractual/expected maturities of assets and liabilities which may not necessarily correspond with actual maturities.
- Yield risk is the risk of decline in earning due to adverse movement of the yield curve.
- Profit rate risk is the risk that the value of the financial instruments will fluctuate due to changes in the market profit rates.

Description	Effective yield / profit risk	2016						2016 Total
		Yield / profit bearing maturing			Non yield / profit bearing maturing			
		Within 1 Yr	After 1 Yr	Sub total	Within 1 Yr	After 1 Yr	Sub total	
<i>Financial Assets</i>	%	Rupees						
Long term investments	-	-	75,777,990	75,777,990	-	-	-	75,777,990
Trade debts	-	-	-	-	66,735,124	-	66,735,124	66,735,124
Morabaha / Musharakah receivables	12% to 16%	140,333,175	-	140,333,175	-	-	-	140,333,175
Short term investments	-	125,696,522	-	125,696,522	-	-	-	125,696,522
Advances	-	-	-	-	54,932,913	2,510,000	57,442,913	57,442,913
Trade deposits	-	-	-	-	21,460,911	1,250,000	22,710,911	22,710,911
Other receivables	-	-	-	-	22,262,682	-	22,262,682	22,262,682
Bank balances	5% to 7%	9,560,596	-	9,560,596	6,668,905	-	6,668,905	16,229,501
		275,590,293	75,777,990	351,368,283	172,060,535	3,760,000	175,820,535	527,188,818
<i>Financial Liabilities</i>								
Security deposit	-	-	200,000	200,000	-	-	-	200,000
Long term financing	-	-	379,920,178	379,920,178	-	-	-	379,920,178
Liabilities against assets subject to finance lease	-	-	876,372	876,372	-	-	-	876,372
Short term borrowings	-	139,735,517	-	139,735,517	-	-	-	139,735,517
Current portion of long term liabilities	-	95,241,605	-	95,241,605	-	-	-	95,241,605
Creditor, accrued and other liabilities	-	-	-	-	226,729,730	-	226,729,730	226,729,730
Accrued markup	-	-	-	-	12,004,917	-	12,004,917	12,004,917
Unclaimed profit distribution	-	-	-	-	27,844,960	-	27,844,960	27,844,960
		234,977,122	380,996,550	615,973,672	226,579,607	-	226,579,607	882,553,279
On balance sheet gap		40,613,171	(305,218,560)	(264,605,389)	(94,519,072)	3,760,000	(90,759,072)	(355,364,461)

FOR THE YEAR ENDED JUNE 30, 2017

45. Segment information

The Modaraba has four primary source of revenue i.e. musharaka facility, brokerage operations, textile unit and capital market based on the nature of business and related risk associated with each type of business segment which are not deemed by the management to be sufficiently significant to disclose as separate items are reported under others.

Segment assets and liabilities included all assets and liabilities related to the segment relevant proportion of the assets and liabilities allocated to the segment on reasonable basis.

Segment revenue and expenses included all revenue and expenses related to the segment and relevant proportion of the revenue and expenses allocated to the segment on reasonable basis.

	2017						2016
	Musharakah Facility	Brokerage Operation	Capital Markets	Textile Business	Others	Total	Total
Rupees							
Segment Revenues	15,279,963	5,490,606	57,731,203	2,369,697,513	1,393,885	2,449,593,170	2,046,311,579
Segment Result	15,279,963	294,576	57,731,203	25,272,460	1,393,885	99,972,087	52,775,519
Unallocated Cost							
Operating expenses						(59,213,428)	(42,248,435)
Distribution & Selling expenses						(14,033,227)	(16,414,303)
Financial Charges						(60,931,693)	(61,931,470)
Other Charges						(869,737)	(442,097)
Management fee with sales tax						(5,525,700)	-
Impairment in associated company						-	-
Share of profit / (loss) in associated company						-	(4,051,212)
(Loss) before taxation						(40,601,698)	(72,311,998)
Taxation						3,720,801	(13,097,433)
Profit for the year						(36,880,897)	(85,409,432)
Other information							
Segment assets	134,320,480	23,967,322	202,138,140	1,793,801,734	1,711,667	2,155,939,343	1,937,686,526
Unallocated assets	-	-	-	-	-	155,498,809	130,881,019
Total assets	134,320,480	23,967,322	202,138,140	1,793,801,734	1,711,667	2,311,438,152	2,068,567,545
Segment liabilities	-	8,541,485	-	1,149,557,643	-	1,158,099,128	1,016,489,721
Unallocated liabilities	-	-	-	-	-	43,844,775	51,885,035
Total liabilities	-	8,541,485	-	1,149,557,643	-	1,201,943,903	1,068,374,755
						1,109,494,250	1,000,192,790

46. Transactions with related parties

The related parties of the Modaraba comprise management company, staff retirement funds, directors of the management company and key management personnel. Transactions with related parties other than remuneration and benefits to officers and employees under the terms of their employment are as follows:

	2017 Rupees	2016 Rupees
46.1 <i>Balance outstanding at year end</i>		
Modaraba Management Company		
- Current account payable	3,869,066	2,361,006
(Payable)/ receivable to wholly owned subsidiary company	(34,914,504)	847,860
Other related parties (other than key management personnel)		
- Deferred liability staff gratuity	2,864,104	2,934,768
- Brokerage house clients receivables	202,791	6,309
- Receivables	349,099	380,743
- Trade and other payable	13,214,702	13,214,702
- Loan and advances	31,508,503	30,239,341



FOR THE YEAR ENDED JUNE 30, 2017

		2017 Rupees	2016 Rupees
46.2	<i>Transactions during the year</i>		
	<u>Modaraba Management Company</u>		
	- Management remuneration and services sales tax	5,525,700	-
	- Facilities & services and electricity	5,098,855	4,957,611
	<u>Other related parties (including key management personnel)</u>		
	- Contribution to staff gratuity fund	485,854	279,285
	- Donation	-	3,333,333
	- Purchase of shares	2,005,000	1,432,877
	Services acquired	486,764	511,695
	Brokerage commission earned	1,340,745	516,203
	Purchases of goods and services	7,120,553	58,795,416
	Sales of goods and services	-	63,957
	Insurance claim receivable	67,843	67,843
	Services rendered	17,911,336	15,231,397
	Reimbursement		
	Contribution towards employees	2,596,178	2,455,756
	Profit on Subordinated loan from Sponsor	5,071,016	4,605,200

47. **Number of employees**

Total number of employees of the Group as at June 30, 2017 are 550 (2016: 564)

Average number of employees of the Group are 551 (2016: 557)

48. **Authorization for issue**

These financial statements were authorized for issue in accordance with a resolution of the Board of Directors on October 06, 2017.

48.1 The Board of Directors of the Management Company has approved dividend at the rate of Re. 0.6 per certificate (2016: Re. 0.13 per certificate) for the year ended June 30, 2017, resulting in a total distribution of profit amounting to Rs. 31,460,000/- (2016: Rs. 6,817,200/-), in its meeting held on October 06, 2017, which is more than 90% of the net profit for the year ended June 30, 2017, after appropriation to the statutory (mandatory) reserve as required under the Modaraba Regulations.

49. **General**

49.1 Figures in these financial statements have been rounded off to the nearest of rupee.

49.2 The corresponding figures, wherever necessary, have been re-arranged for purpose of comparison.

Adil A. Ghaffar
Chief Executive Officer
Premier Financial
Services (Private) Limited

Zahid Bashir
Director
Premier Financial
Services (Private) Limited

Nadeem Maqbool
Director
Premier Financial
Services (Private) Limited

اہم آپریٹنگ اور فنانشل ڈیٹا۔ منسلک ہے۔

اسٹاف کے سبکدوش ہونے پر مراعات
مضاربہ کی سروس قوانین نے مستقل ملازمین کے لئے غیر فنڈڈ گریجویٹی مہیا کی ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز بیکر ٹیلی محمود ادریس قمر، چارٹرڈ اکاؤنٹنٹس نے دوبارہ تقرری کے لئے اپنی رضامندی ظاہر کی ہے، بورڈ نے رجسٹرار مضاربہ سے ان کے نام کی منظوری کی سفارش کی ہوگی۔

اعتراف

ہم اپنے ملازمین کی پوری کے ساتھ سخت محنت کا اعتراف کرتے ہیں اور اپنے کاروباری ساتھیوں، کلائنٹس اور مالی اداروں کا ہم پر اعتماد اور معاونت کے لئے شکر گزار ہیں۔ ہم اپنے ریگولیٹرز سے رہنمائی اور تعاون کے لئے مداح سراہیں۔

بورڈ کے توسط و جانب سے

عادل اے غفار

چیف ایگزیکٹو آفیسر

کراچی 16 اکتوبر 2017



بورڈ آف ڈائریکٹرز

جائزہ کے تحت سال کے دوران بورڈ کے چار اجلاس منعقد ہوئے تھے اور اس میں درج ذیل ڈائریکٹرز نے شرکت کی۔

بورڈ کے اراکین کا نام	اجلاس میں شرکت
جناب زاہد بشیر	4 میں سے 4
جناب ندیم مقبول	4 میں سے 4
جناب قیصر احمد گلوں	1 میں سے 1
جناب عادل اے۔ غفار	4 میں سے 4

کوڈ آف کارپوریٹ گورننس

جیسا کہ پچھلے سال کی رپورٹ میں بیان کیا گیا ہے کہ بورڈ نے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ کوڈ آف گورننس کو اپنانے کا فیصلہ کیا ہے اور لسٹنگ ریگولیشن کا حصہ بنایا ہے۔

تمام سرگرمیاں اسٹاک ایکسچینج کے لسٹنگ ریگولیشنز کے مطابق انجام دی جائیں گی۔ ویژن اور مشن اسٹیٹمنٹس، کور و پالیسی اور کوڈ آف کنڈیکٹ تیار کئے گئے ہیں اور بورڈ کی جانب سے منظور کئے گئے ہیں اور ملازمین کو communicate کئے گئے ہیں۔ کوڈ آف کارپوریٹ گورننس کے تحت ضروری مناسب پالیسیز مرتب کی گئی ہیں اور بورڈ کی جانب سے وقفہ وقفہ سے جائزہ لیا جاتا ہے۔ جیسا کہ کوڈ آف کارپوریٹ گورننس کی جانب سے ضروری ہے۔ ڈائریکٹرز بتاتے ہوئے مسرت محسوس کرتے ہیں کہ

- مالیاتی گوشوارے مضاربہ کی انتظامیہ کی جانب تیار کئے گئے ہیں جو اس کی امور کے حالات کو جس میں اس کے آپریشنز، کیش فلوز اور ایکویٹی میں تبدیلی کے نتائج کو عہدگی سے پیش کیا گیا ہے
- مضاربہ کی اکاؤنٹ کی کتابیں باقاعدگی سے مینٹین کی گئی ہیں۔
- مالیاتی گوشواروں کی تیاری میں موزوں اکاؤنٹنگ پالیسیز کا استقامت سے استعمال کیا گیا ہے اور اکاؤنٹنگ اسٹیٹمنٹس مناسب اور محتاط فیصلوں کی بنیاد پر ہیں۔
- مالیاتی گوشواروں کی تیاری میں انٹرنیشنل فنانشیل رپورٹنگ اسٹینڈرڈز (IFRS) پر عمل کیا گیا ہے جیسا کہ پاکستان میں قابل اطلاق ہے۔ جس پر مالی گوشواروں کی تیاری میں عمل کیا گیا ہے اور سالانہ رپورٹ میں مناسب طور پر انکشاف کرنے سے کوئی چیز چھوڑی نہیں گئی ہے۔
- انٹرنل کنٹرول سسٹم پورے سال استقامت سے رائج رہا اور اس کی موثر طور نفاذ اور نگرانی کی گئی اور اسے مزید بہتر بنانے کے لئے کوششیں جاری ہیں۔
- یہاں مضاربہ کی قابلیت کے بارے میں کوئی شک نہیں ہے جیسا کہ تشویش جاری ہے۔
- یہاں کارپوریٹ گورننس کی عمدہ اعمال سے نکلنے کے لئے کوئی مواد نہیں ہے۔ جیسا کہ اسٹاک ایکسچینج کی لسٹنگ ریگولیشنز میں بتایا گیا ہے۔

شیئر ہولڈنگ کا طریقہ کار۔۔ منسلک ہے۔

آڈیٹرز کی صلاحیت/ قابلیت

آڈیٹرز اپنی رائے میں مارکیٹ اسپل سیکورٹیز کی عمدہ قیمت کے لئے لاگت ایڈجسٹنگ سے متعلق بین الاقوامی اکاؤنٹنگ معیارت کی عدم تعمیل پر صلاحیت ہیں اور کسی نفع/ نقصان 4.9 روپے کی رقم سال کے لئے نفع اور نقصان کی مد میں وصول کی جانی چاہئے۔ ہمارے پرنسپل کو آڈیٹرز کی صلاحیت قبول نہ کرنا حقیقت کی بنیاد پر تھا۔ پہلے یہ کہ ہم نہیں سمجھتے کہ یہ خرابیاں مستقل نوعیت کی ہیں۔ دوئم ہماری انڈسٹری کو اس نظریہ پر قائم کیا گیا تھا کہ سالانہ بنیاد پر کیا کمائی ہے تو تقسیم کرے۔ ہمارے ریگولیٹرز نے اسے لازمی بنا ہے کہ انکم ٹیکس کے استثناء کلیم کرنے کے لئے مضاربہ اپنے سرٹیفکیٹ رکھنے والوں کو نقد ڈیویڈنڈ کی صورت میں سال کے لئے نفع کا 90 فیصد تقسیم کرے گی۔ لہذا عمدہ قیمت کے لاگت ایڈجسٹنگ کے مساوی تقسیم کی جائے خواہ غیر حقیقی کمپنیاں گین یا اخراجات کی ریکوری سے۔

ہماری کارکردگی اور مستقبل کا تناظر

سال کے دوران اسٹاک مارکیٹ کا رجحان تیزی سے شروع ہوا اور 25 مئی 2017 کو 52,869 کی بلندی پر پہنچ گیا۔ حالیہ مالی سال کے دوران اہم قابل برداشت رجحان دیکھا گیا اور جاری ہے۔ پاکستان اسٹاک ایکسچینج لمیٹڈ (پی ایس ایکس) (سابقہ کراچی اسٹاک ایکسچینج لمیٹڈ) سے شیئرفیس ویلیو پر بک کرنے کا فیصلہ قابل عمل ہوگا جیسا کہ ہم 60 فیصد ہولڈنگ کی لازمی فروخت سے سحت مند حصول ہے۔ شریعہ کمپنٹ اسکرپٹ میں سرمایہ کاریوں پر پابندیوں کے باوجود ہماری کارکردگی اطمینان کا باعث ہے۔

سرمایہ کاریوں کی دوبارہ پیمائش پر غیر حقیقی نقصان پی ایس ایکس شیئرز پر نفع بڑھنے شامل نہیں ہے۔ بعض ریگولیٹری شرائط کی وجہ سے ان شیئرز کو منجمد کر دیا گیا تھا۔ چنانچہ مارکیٹ ویلیو کے مقابلے میں بک ویلیو سے شمار کی گئی۔ کیا ان شیئرز کو جو مارکیٹ ویلیو پر بک کئے گئے تھے سرمایہ کاری کی دوبارہ پیمائش پر غیر حقیقی نقصان 30 ملین روپے کے مقابلے میں صرف 5 ملین روپے ہوا۔ جیسا کہ مالیاتی گوشوارے میں بتایا گیا ہے۔

ٹیکسٹائل کے شعبے میں بحران کی وجہ سے طلب میں کمی ہوئی اور ایکسپورٹ آرڈرز میں بھی کمی ہوئی۔ ETL کو پچھلے سال 88.54 ملین روپے کے مقابلے میں 69.91 ملین روپے کا نقصان برداشت کرنا پڑا۔ جب کہ پچھلے سال 3.54 روپے کے مقابلے میں فی شیئر 2.78 روپے نقصان ہوا۔ ETL کی بک ویلیو میں 30 جون 2016 میں 25.06 روپے کے اضافے سے 2017 میں 28.53 روپے ہوگی اضافہ کی وجہ فکسڈ اثاثہ جات کی دوبارہ تخمینہ سازی پر فرسودگی ہے۔

رجسٹرڈ مضاربہ نے بروکریج سے متعلق برنس کے لئے دو قطعی طور خریدی کی سبسیڈریز بنانے کی اجازت دے دی ہے۔ دو قطعی خریداری گئی سبسیڈریز قائم کی گئی ہیں اور ضروری اثاثے منتقل کئے گئے ہیں۔ TREC کے ٹرانسفر کے لئے مطلوبہ معلومات اور دستاویزات PSX کو پیش کی ہیں اور بعض قانونی ضروریات کی وجہ سے پروسیس میں ہے۔

جیسا کہ SCSAM کے تحت ضروری ہے۔ FEM مالیاتی ٹرانزیکشنز عنایت کئے گئے تھے اور خود مختار شریعہ ایڈوائزر کی جانب سے آڈٹ کی گئی تھی اور اس کی رپورٹ منسلک کی گئی ہے۔

مضار بہ کمپنی کے ڈائریکٹرز کی رپورٹ

پری میئر فنانشیل سروسز (پرائیویٹ) لمیٹڈ کے ڈائریکٹرز، فرسٹ ایکویٹی مضار بہ (ایف ای ایم) کمپنی کی انتظامیہ 30 جون 2017 کو ختم ہونے والے سال کے لئے اپنی رپورٹ اور مضار بہ کے قطعی ملکیت کے ذیلی ادارے ایکویٹی ٹیکسٹائل لمیٹڈ، کمپیٹل فنانشیل سروسز (پرائیویٹ) لمیٹڈ اور ایکس فنانشل سروسز (پرائیویٹ) لمیٹڈ کے آڈٹ شدہ مالی گوشواروں کے ساتھ مضار بہ کے مستحکم مالی گوشوارے پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

مالیاتی نتائج

سال کے لئے نفع پچھلے سال کے نفع 9.09 ملین روپے کے مقابلہ میں 42.513 ملین روپے رہا۔ اور فی سرٹیفکیٹ آمدنی پچھلے سال 0.17 روپے کے مقابلے میں 0.811 روپے رہی۔ فی سرٹیفکیٹ بریک اپ ویلیو پچھلے سال 11.97 روپے کے خلاف 12.52 روپے رہی۔

روپے میں	آمدنی
80,236,114	آپریٹنگ اخراجات
(34,149,829)	بینک چارجز
(13,652)	
(34,163,481)	آپریٹنگ نفع
46,072,633	دیگر آمدنی
2,833,877	
43,380,810	انتظامیہ کا مشاہرہ
(4,890,000)	انتظامیہ مشاہرہ پر سروس سیل ٹیکس
(635,700)	
48,906,510	ورکر ویلفیئر فنڈ کے لئے فراہمی
867,615	سال کے لئے نفع
42,513,195	فی سرٹیفکیٹ آمدنی
0.811	

نفع کی تقسیم

ڈائریکٹرز نے اپنے منعقدہ اجلاس 6 اکتوبر 2017 میں 30 جون 2017 کو ختم ہونے والے سال کے لئے فی سرٹیفکیٹ 0.60 روپے (6.00 فیصد) کے نقد ڈیویڈنڈ کا اعلان کیا (2016: 0.13 روپے (1.30 فیصد) تھا)

نفع کی تقسیم کے استحقاق کے لئے سرٹیفکیٹ شیئر ٹرانسفر بک جمعرات، 14 دسمبر 2017 سے منگل 26 دسمبر 2017 (شمول دونوں دن) بند رہے گی۔

www.jamapunji.pk








 **Jama
Punji**
سرمایہ کاری سمجھداری کے ساتھ










**Be aware, Be alert,
Be safe**

Learn about investing at
www.jamapunji.pk

Key features:

-  Licensed Entities Verification
-  Scam meter*
-  Jamapunji games*
-  Tax credit calculator*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered

-  Stock trading simulator
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event
notifications, corporate and
regulatory actions)
-  Jamapunji application for
mobile device
-  Online Quizzes



Jama Punji is an Investor
Education Initiative of
Securities and Exchange
Commission of Pakistan

 jamapunji.pk

 [@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices

UNDER CERTIFICATE OF POSTING

If undelivered please return to:-
THK Associates (Pvt) Ltd.
Registrars of First Equity Modaraba
1st Floor, 40-C, Block 6,
PECHS, Karachi.