

*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.*

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**FIRST EQUITY MODARABA
CORPORATE INFORMATION**

Modaraba Company
Premier Financial Services (Private) Limited

Board of Directors

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

Audit Committee

Zahid Bashir
Nadeem Maqbool

Registered and Business Office

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

Room No. 503 - 504
5th Floor,
Karachi Stock Exchange
Building, Karachi.
Tel: 32446020-3
Fax: 32446024

Auditors

Avais Hyder Liaquat Nauman
Chartered Accountants
407, Progressive Plaza,
Beaumont Road, Karachi-75530
Tel: 92-21-35655975-6,
35656082
Fax: 92-21-35655977

Bankers

Faysal Bank Limited.
Bank Al-Habib Ltd.
Habib Metropolitan Bank Ltd.
MCB Bank Ltd.
National Bank of Pakistan.
KASB Bank Ltd.
NIB Bank Ltd.
The Bank of Khyber.
United Bank Ltd.
Bank Islami Pakistan Ltd.
Meezan Bank Ltd.

FIRST EQUITY MODARABA

Registrar

THK Associates (Pvt.) Ltd.
Registrar
State Life Building # 3,
Dr. Ziauddin Ahmed Road, Karachi.
Tel: 111-000-322
Fax: 92-21-35655595

General Counsel

Moshin M. Tayebaly & Co.
Advocates & Legal Consultants

TEN YEARS AT A GLANCE

BALANCE SHEET	June 2004	June 2005	June 2006	June 2007	June 2008	June 2009	June 2010	June 2011	June 2012	June 2013
Authorized Capital	300,000	300,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Issued, Subscribed & Paid-up-Capital	262,200	524,400	524,400	524,400	524,400	524,400	524,400	524,400	524,400	524,400
Reserves	149,607	250,890	48,096	66,096	75,573	75,689	74,975	75,156	81,834	110,463
Revaluation Reserve on Investments	-	(88,151)	(52,331)	(7,747)	(25,780)	(55,625)	(51,554)	(36,738)	(43,147)	(7,355)
Deferred liabilities	599	949	649	939	1,109	1,006	1,397	(1,607)	1,832	2,092
Creditors, accrued expenses and other liabilities	35,368	26,430	49,450	32,198	36,068	17,187	9,889	21,422	8,784	6,139
Profit Distribution	111,435	-	-	-	-	-	-	-	-	-
Unclaimed Profit Distribution	18,082	27,340	25,617	25,533	26,375	26,361	26,354	26,262	26,082	26,003
Provision for taxation	-	-	-	-	1,400	1,486	1,486	1,547	3,773	3,773
Tangible Assets	577,291	741,858	595,881	641,419	639,115	590,504	586,947	613,656	603,558	665,515
Intangible Assets	2,102	1,963	4,653	12,460	16,965	15,189	19,051	18,580	19,131	19,234
Deferred Costs	25,435	28,355	13,633	43,362	58,551	58,551	53,051	53,051	53,051	19,000
Investments	163,842	-	1,933	1,288	858	492	-	-	-	-
Morabaha/Musharakah Receivables	38,269	357,438	286,485	297,036	309,231	290,805	295,237	292,584	307,017	373,192
Advances, deposits, prepayments & other receivables	96,723	100,434	83,127	55,655	92,001	118,590	124,755	132,542	137,621	150,039
Cash and Bank balance	250,920	130,670	114,437	115,461	108,651	96,184	74,670	59,642	52,954	54,475
	577,291	741,858	595,881	641,419	639,115	590,504	586,947	613,656	603,558	665,515
PROFIT & LOSS ACCOUNT										
Income / (Loss)	204,415	8,000	(168,002)	40,248	28,606	23,612	29,256	18,423	30,393	53,722
Operating expenses	(26,115)	(37,818)	(31,042)	(20,439)	(21,041)	(15,461)	(16,148)	(16,567)	(20,500)	(25,093)
Provision for diminution in value of investments	-	-	-	-	-	(2,298)	(6,699)	(1,615)	-	-
Provision for non performing assets	(95)	-	-	-	-	(5,500)	(7,000)	-	-	-
Modaraba Company's management fee	(17,821)	-	(3,749)	(1,810)	-	-	-	-	(989)	-
Taxation	-	-	-	-	(198)	(200)	(123)	(60)	(2,226)	-
Profit / (loss) for the year	160,384	(29,818)	(202,793)	17,999	7,367	146	(714)	181	6,678	28,629
Cash Distribution	42,300%	-	-	2.5%	-	-	-	-	-	-
Earnings per certificate	6.12	(0.57)	(3.87)	0.34	0.14	0.003	(0.014)	0.003	0.127	0.546
Breakup value	15.71	13.11	9.91	11.11	10.95	10.57	10.45	10.73	10.74	11.97



**PATTERN OF HOLDING OF CERTIFICATES
BY THE CERTIFICATE HOLDERS AS AT JUNE 30, 2013**

Number of Certificate Holders	Certificate Holding		Total Certificates Held
	From	To	
1,843	1	100	104,668
1,089	101	500	276,206
1,199	501	1000	833,137
851	1,001	5000	1,956,919
224	5,001	10,000	1,764,613
84	10,001	15,000	1,107,869
44	15,001	20,000	822,710
30	20,001	25,000	679,380
38	25,001	30,000	1,055,013
14	30,001	35,000	465,344
9	35,001	40,000	336,369
5	40,001	45,000	206,780
14	45,001	50,000	688,227
14	50,001	55,000	731,401
5	55,001	60,000	287,872
4	60,001	65,000	244,764
5	65,001	70,000	333,620
3	70,001	75,000	224,100
4	75,001	80,000	312,717
3	80,001	85,000	247,327
1	85,001	90,000	88,000
1	90,001	95,000	93,010
6	95,001	100,000	595,330
6	100,001	105,000	613,151
1	105,001	110,000	110,000
2	110,001	115,000	225,940
2	115,001	120,000	234,042
1	120,001	125,000	123,000
2	125,001	130,000	254,375
5	145,001	150,000	734,881
1	150,001	155,000	152,812
2	155,001	160,000	316,016
2	160,001	165,000	325,125
2	170,001	175,000	342,630
1	190,001	195,000	191,195
1	195,001	200,000	198,000
2	200,001	205,000	405,262
1	205,001	210,000	205,994
1	220,001	225,000	221,500
1	225,001	230,000	227,916
1	230,001	235,000	234,000
1	235,001	240,000	236,500
2	285,001	290,000	579,081
1	290,001	295,000	292,214
1	305,001	310,000	308,197
1	310,001	315,000	313,301
1	315,001	320,000	319,835
1	330,001	335,000	330,426
2	340,001	345,000	688,000
1	350,001	355,000	355,000
2	380,001	385,000	768,050
1	410,001	415,000	411,184
1	425,001	430,000	429,000
1	440,001	445,000	442,500
1	495,001	500,000	498,694
1	515,001	520,000	519,914
1	570,001	575,000	572,198
1	790,001	795,000	792,038
1	905,001	910,000	907,135
1	1,005,001	1,010,000	1,007,000
1	1,060,001	1,065,000	1,061,000
1	1,115,001	1,120,000	1,116,000
1	1,320,001	1,325,000	1,321,804
1	1,395,001	1,400,000	1,399,733
1	2,495,001	2,500,000	2,500,000
1	3,020,001	3,025,000	3,024,697
1	3,095,001	3,100,000	3,100,000
1	5,240,001	5,245,000	5,244,000
1	5,330,001	5,335,000	5,331,284
5,555			52,440,000

FIRST EQUITY MODARABA

PATTERN OF HOLDING OF CERTIFICATES
BY THE CERTIFICATE HOLDERS AS AT JUNE 30, 2013

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Categories of Certificate Holders	Number of Certificate Holders	Certificates Held	Percentage %
DIRECTORS, CEO & CHILDREN	12	680,745	1.30
ASSOCIATE COMPANIES	4	203,912	0.40
NIT & ICP	2	1,700	0.01
BANKS, DFI & NBF	8	2,536,101	4.83
INSURANCE COMPANIES	7	1,353,041	2.58
MODARABAS & MUTUAL FUNDS	4	52,550	0.10
GENERAL PUBLIC (LOCAL)	4,273	35,106,189	66.94
GENERAL PUBLIC (FOREIGN)	1,195	1,387,371	2.64
OTHERS	50	11,118,391	21.20
Total	5,555	52,440,000	100

DIRECTORS, CEO AND OTHER SPOUSE AND MINOR CHILDREN

Zahid Bashir	19,500
Nazia Maqbool	134,660
Ambreen Zahid Bashir	202,262
Nadeem Maqbool	152,356



**STATEMENT OF COMPLIANCE WITH THE
CODE OF CORPORATE GOVERNANCE**

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation 35 of Listing Regulations of Karachi Stock Exchange Limited [Formerly Karachi Stock Exchange (Guarantee) Limited], the Chapter XIII of Listing Regulations of Lahore Stock Exchange Limited [Formerly Lahore Stock Exchange (Guarantee) Limited] and Chapter XI of Listing Regulations of the Islamabad Stock Exchange Limited [Formerly Islamabad Stock Exchange (Guarantee) 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:

1. At present the board includes:

Category	Names
Non-Executive	Mr Zahid Bashir
Directors	Mr Nadeem Maqbool
Executive Directors	Mr Adil A Ghaffar

2. 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).
3. 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.
4. During the year no casual vacancy occurring on the board.
5. 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.
6. 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.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. Two of the Board of members are certified directors and one enjoys the exemption from certification.
10. No appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment was made during the year.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Modaraba were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the certificate of the Modaraba other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of non-executive members.

**STATEMENT OF COMPLIANCE WITH THE
CODE OF CORPORATE GOVERNANCE**

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16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Modaraba and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises non-executive and executive / CEO.
18. 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.
19. The statutory auditors of the Modaraba have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold 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.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Modaraba's securities, was determined and intimated to directors, employees and stock exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the CCG have been complied with except induction of independent director and head of internal audit for which reasonable progress is being made by the company to seek compliance by the end of next accounting year.

On behalf of the Board

September 27, 2013
Karachi

Adil A Ghaffar
Chief Executive Officer



**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 Equity Textiles Limited, a wholly owned subsidiary, for the year ended June 30, 2013.

Financial Results

The profit for the year amounted to Rs. 28,628,877 as compared to Rs 6,678,430 for the last year translated earnings per certificate of Rs. 0.55 as compared to Rs. 0.127 last year. Break-up value per certificate amounted to Rs. 11.97 against Rs. 10.74 last year, increased by Rs. 1.23 per certificate.

	Rupees
Income	16,621,402
Expenses	
Operating Expenses	(25,083,592)
Bank Charges	(9,563)
	(25,093,155)
Operating Profit	(8,471,753)
Extraordinary Item	36,368,860
Other Income	731,770
Profit for the year	<u>28,628,877</u>
Earnings per certificate	<u>0.55</u>

Increase in break-up value by Rs. 1.22 is combination of EPC (0.55) and favorable change in re-measurement of marketable securities (0.67). It is pertinent and interesting to note that this change of Rs. 1.22 is through book entry and did not realize any cash inflow.

Over the last few years, our auditors consistently qualified their opinion based on non-compliance of certain 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. Our principal stand for 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.

Alhamdulillah, change in break-up value is clearly evident of our understanding in the matter and proved by numbers. We strongly believe that no accounting concept would dictate to distribute unearned profit from capital. We urge regulators that there are certain requirements of international accounting standards, which are drafted for corporate of high status and should not be made mandatory for a peculiar home grown industry.

Our Performance and Future Prospects

Alhamdulillah, our profit for the year as reflected in our financial statements is Rs. 28m and if we compute we achieved our desired last years' objective of sustainability. Musharakah investment portfolio was stable. As envisaged, stock market set new records, but our role was limited due to investment in Shariah compliant shares only. The recent increase in the discount rate by State Bank of Pakistan would have negative impact on the stock market.

Being the election year, the economic activities were slow, and the new government will take some time to settle and to set its priorities. Therefore, we prefer to be cautious in business development and expansion in the fund based activities.

The continuously decreasing rupee parity, increasing cost of living and adverse law & order situation resulted in fewer opportunities and has severely affected the local small and medium financial intermediaries due to non-performing assets and its realization. Against the globe, Regulators have tightened risk management and non conducive regulatory environment has and will gravely affect small capital base financial sector companies.

Alhamdulillah, our decision proved itself and ETL's book value increased manifolds from Rs. 6.46 in June 2012 to Rs. 21.55 this year. ETL was able to realize profit of Rs. 109 million as against Rs. 12 million translating earnings per share (EPS) of Rs. 4.37 from Rs 0.48 last year. During the year ETL revalued its assets as required under the law. We are positive that with the grace of All mighty we will soon be able to intact ETL's paid up capital. Auditors and Regulators, both were of the view to reduce fair value of our investment in our wholly owned subsidiary, Equity Textile Ltd (ETL) and book loss of Rs. 6 per share amounting to Rs. 150m approximately. Since inception, we were of the view that this loss is temporary and once booked will aggravate accounting and financial issues.

We reported last year that we received one Trading Right Entitlement Certificate (TREC) and 40% of 4,007,393 and 3,034,603 shares of Karachi and Islamabad Stock Exchanges, respectively. Our cost of Rs. 53 m was much lower than what we received in lieu of membership cards. We preferred to keep shares at par value i.e. Rs. 10 each and TREC at the values assigned by respective stock exchanges for base minimum capital, and booked the resultant gain of Rs. 36m as an extra ordinary item.

We highlighted the practical difficulties in complying Stock Exchange (Corporatization, Demutualization and Integration) Act 2012 in our last quarterly report. This Act restricts TREC to companies only as defined in Companies Ordinance, 1984. Our submission to SECP that Modaraba being regulated under its auspices and being a corporate legal entity, be considered as company for the purposes of this Act has not been accepted by the Regulators. Thereafter, we requested our prime regulator, Registrar Modaraba (RM) to allow us to create a company as our wholly owned subsidiary enabling us to protect and safe guard assets of the modaraba. Even though there is a precedent of FEM holding a wholly owned subsidiary (ETL), RM rejected our request. Thus having no other option, FEM filed a suit in the Honorable High Court of Sindh and Stay Order was granted. Subsequently, SECP issued brokerage renewal license in our favor.

As reported last year, new Shariah Compliance and Shariah Audit Mechanism (SCSAM) have been issued by Securities and Exchange Commission of Pakistan (SECP). These guidelines are focused on investment in securities based on certain criteria mentioned therein. All those companies where investment in securities is considered to be non-Shariah financing/facilities are still permitted. Without compromising on the basic objective to Riba free profits/investments, we submitted a detailed proposal to our Regulators, as outlined in our last quarterly report, to relax its applicability such that its disposal is not detrimental to the interest of our certificate holders. Without any discussion on our proposal to evaluate its merits, we were directed by RM for strict compliance. Hence, we had to liquidate all those investments resulting in a loss of around Rs. 17 million. Had our proposal been considered, the current stock market values would have reduced this loss drastically.

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

Inspection

Registrar Modaraba initiated an inquiry in December 2006 through their in house inspection team. Inspection report was provided in September 2007 and a show cause notice was served in November 2007. After hearing of this show cause notice in February 2008, Registrar Modaraba again initiated an inquiry in May 2009, which was challenged in the High Court of Sindh and stay was granted by the Honorable Court.



**REPORT OF THE DIRECTORS OF THE
MODARABA COMPANY**

Dividend Distribution

Although FEM declared profit for the year but based on the fact that it is only because of book entry and no cash was realized, therefore, the Board decided not to charge any management fee neither distribute profit for year ended June 30, 2013. However to meet the regulations date of book closure would be from October 17, 2013 to October 30, 2013 (other days inclusive)

Board of Directors

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

S. No.	Name of Board Members	Meetings Attended
1.	Mr. Zahid Bashir	4
2.	Mr. Nadeem Maqbool	4
3.	Mr. Adil A. Ghaffar	4

Code of Corporate Governance

As stated in previous years Report that the Board has decided to adopt voluntarily 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;
- 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); and

FIRST EQUITY MODARABA

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.

**REPORT OF THE DIRECTORS OF THE
MODARABA COMPANY**

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Auditors

The present auditors M/s Avais Hyder Liaquat Nauman, Chartered Accountants have given their consent for reappointment. The Board has recommended their name for the formal 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

September 27, 2013
Karachi

Adil A Ghaffar
Chief Executive Officer



I have conducted the Shariah review of First Equity Modaraba (FEM) is managed by Premier Financial Services (Private) Limited, the Modaraba Management Company for the year ended June 30, 2013 in accordance with the requirements of the Shariah Compliance and Shari'ah Audit Mechanism for Modarabas and report that except the observations as reported hereunder, in my opinion

The Modaraba has introduced a mechanism which has strengthened the Shariah compliance, in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the Shariah principles; Following were the major developments that took place during the year:

Training and Development:

The key staff of First Equity Modaraba has attended the extensive training on Shariah Compliance and Audit conducted by the Center of Islamic Economics arranged by NBF1 & Modaraba Association of Pakistan.

The agreement(s) entered into by the Modaraba are Shariah compliant and the financing agreement(s) have been executed on the formats as approved by the Religious Board and all the related conditions have been met;

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 Shariah requirements as well as the requirements of the Prospectus, Islamic Financial Accounting Standards as applicable in Pakistan and the Shariah Compliance and Shariah Audit Regulations for Modarabas

The earnings that have been realized from the sources or by means of prohibited by Shariah have been credited to charity accounts.

Observations

I have pointed out some issues to be settled in view of SECP Circular No. 8 of 2012 dated 03-02-2012, whereby Shariah 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 divested all Shariah non compliant shares except the following:

S.No	Shari'ah Non Compliant Shares	Reason for not being divested
1.	First Dawood Mutual Fund	Trading is suspended
2.	Javed Omer Vohra Ltd	Trading is suspended
3.	Dawood Money Market	Trading is suspended
4.	Callmate Telip Ltd	Company is winding up its business

2. It has also confirmed that no brokerage commission has charged for execution of orders of clients for purchase or sale of Non Shari'ah Compliant shares.
3. It is has been observed that the Modaraba has not closed yet all its saving accounts at conventional banks due to some administrative issues, the balance as at reporting date was 0.32% of the total bank balance, although the operation is suspended and the profit realized from saving accounts has been credited to charity account.
4. It is confirmed that the amendments highlighted or the suggestions provided were incorporated in all the Musharakah agreements that were executed after issuance of SCSAM. Furthermore, during this year no Musharakah agreement was matured or terminated. Where the profit received, is provisional and the income as reflected in the profit and loss account is on accrual basis.
5. As regards insurance coverage facility, it has been noticed that Modaraba has availed conventional insurance coverage facility instead of Takaful Facility.

Recommendation

1. Remaining Non Shari'ah Compliant Shares should be disposed off in accordance with the guidelines by Registrar Modaraba, SECP.
2. It is highly recommendable that Modaraba should not entertain the orders of clients for purchase or sale of Non Shari'ah Compliant shares as it is also mentioned in the section 10 of the Modaraba Ordinance which restricts Modaraba to support business prohibited by Shari'ah.
3. The saving accounts at conventional banks should be closed immediately.
4. Being an Islamic Financial Institution, it is highly desirable to convert their insurance coverage facility from conventional insurance companies to renowned Takaful Companies.
5. The management should continue its endeavor to comply with the rulings of Shariah in its business operation and future transactions.

May Allah give us courage to play active role in establishing the Riba free economic system.

Abdul Qadir
Shariah Advisor
Dated: September 30, 2013



**REVIEW REPORT TO THE MEMBERS
ON STATEMENT OF COMPLIANCE WITH
BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE**

We have reviewed the statement of compliance with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2013 prepared by the Board of Directors of PREMIER FINANCIAL SERVICES (PRIVATE) LIMITED (Modaraba Management Company), to comply with the requirements of Chapter XI of listing regulations of the Karachi Stock Exchange Limited, Lahore Stock Exchange Limited and Islamabad Stock Exchange Limited where Modaraba is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Management Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Modaraba's compliance with the provision of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Modaraba personnel and review of various documents prepared by the Modaraba to comply with the Code.

As part of our audit of financial statement 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and effectiveness of such internal controls, the Modaraba's corporate governance procedures and risks.

Further, Sub-Regulation (XIII) of Listing Regulation 35 notified by Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the Management company to place before the board of directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transaction and transactions which are not executed at arm length price recording proper justification for using such alternate price mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before 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 Modaraba's compliance in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2013.

September 27, 2013
Karachi.

Avais Hyder Liaquat Nauman
Chartered Accountants
Moazzam Saddique
Engagement Partner

ADDENDUM TO THE DIRECTORS REPORT *Page 14-a*

Board of Directors Premier Financial Services (Pvt) Ltd managers of First Equity Modaraba (FEM) in its meeting held on September 27, 2013 considered and approved the financial statements of FEM for the year ended June 30, 2013 along with the unqualified audit report, initialed by auditors M/s Avais Hyder Liaquat Nauman, Chartered Accountants for identification. Subsequently, auditors changed their opinion and issued a qualified report on October 24, 2013. We do not concur with the auditors' opinion on the following basis:

1. Trading Right Entitlement Certificate (TREC) were given notional value of Rs. 15m and Rs. 4m by none other than Karachi Stock Exchanges Limited (KSEL) and Islamabad Stock Exchanges Limited (ISEL), respectively, for the purposes of Base Minimum Capital in consultation with SECP;

2. Shares of KSEL/ISEL

Karachi Stock Exchange (**KSE**) founded in 1949 is the biggest and most liquid exchange in Pakistan. It was declared the "Best Performing Stock Market of the World for the year 2002". With more than 550 listed companies, market capitalization of Rs. 5.3 trillion and having listed capital of more than Rs. 1.1 trillion, average daily turnover of 251 m shares translating in Rs.7.6 billion. The KSE-100 Index more than 22,000 on October 24, 2013. Break-up value per share Rs. 10.08 as per the audited accounts for the year ended June 30, 2013;

Islamabad Stock Exchange (ISE) incorporated in 1989 in Islamabad. With 250 listed companies, market capitalization of Rs. 4 trillion and having listed capital of more than Rs. 870 billion, average daily turnover of 0.12m shares translating in Rs.33.56 million. The ISE Index more than 3,800 on October 24, 2013. Break-up value per share Rs. 10.68 as per the audited accounts for the year ended June 30, 2013;

3. Government of Pakistan (GOP) floated the concept of corporatization, demutualization and integration of stock exchange in Pakistan in year 2006. To develop the consensus and sale this new concept, GOP gave tax exemption to the then existing members of all the stock exchanges on transfer of membership rights of guarantee limited stock exchanges to a company limited by shares in form of Trading Right Entitlement Certificate (TREC) and certain number of shares of public limited company stock exchanges. This tax exemption was made part of Income Tax Ordinance, 2001 through Second Schedule Clause 110(B) vide Finance Act, 2007.

It is clearly evident that with the inclusion of this tax exemption, GOP and its legislation were aware of the fact that the then prevailing market price of the memberships rights were exorbitantly higher than the historical cost of membership card. Hence to pass the legislation, GOP, legislatures along with Securities and Exchange Commission of Pakistan (SECP) and Federal Board of Revenue (FBR), were all on board and a conscious decision was made to address the phenomenal capital gains that will be incurred by merely a book entry transfer of membership card in form of membership right i.e TREC and shares in a public limited company. Rationale behind was simple as nothing in cash was being received by the then existing members and therefore one time capital gain tax exemption was made part of law.

The technical committee of the Institute of Chartered Accountants of Pakistan (ICAP), issued a Selected / Technical Opinion (SO) and made it obligatory on its members to report where membership rights (TREC) along with the shares are booked in excess of historical cost due to requirements of International Accounting Standards (IAS). ICAP is not a regulatory body whose SOs are mandatory on corporates. Unfortunately the Regulatory corridors also endorsed this specific SO leaving member at the mercy of their external auditors.

Since financial results were declared on September 27, 2013 and the clarification from SECP was circulated by LSE to our auditors on October 7, 2013 which was brought to our attention on October 13, 2013 by our auditors leaving us with no other option than to accept their qualification.

On behalf of board

Karachi.
October 28, 2013

Adil A Ghaffar
Chief Executive Officer



**AUDITORS' REPORT
TO THE CERTIFICATE HOLDERS**

We have audited the annexed balance sheet of **FIRST EQUITY MODARABA (the Modaraba)** as at June 30, 2013 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) Management of the Modaraba as explained, in notes 12.1 & 13.2.2.2, the accounting treatment on conversion of membership cards of Karachi Stock Exchange Limited (KSE) and Islamabad Stock Exchange Limited to Trading Rights Entitlement Certificates (TREC's) and shares of respective stock exchanges which, in our opinion, is not in accordance with International Accounting Standards and technical opinion of The Institute of Chartered Accountants of Pakistan (ICAP) issued in this respect.

Had the Modaraba made accounting treatment in accordance with ICAP technical opinion, the profit and equity would have been lower by Rupees 36.369 million, the intangible assets would have been lower by Rs. 7.728 million and the long term investments would have been lower by Rs. 28.641 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:

- FIRST EQUITY MODARABA**
- (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;

AUDITORS' REPORT

Page 15

TO THE CERTIFICATE HOLDERS

- (d) Except for the matter discussed in paragraph (a) above, in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof confirm with the approved accounting standards as applicable in Pakistan and give the information required by the Modabara Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of Modaraba's affairs as at June 30, 2013 and of its profit, its total comprehensive income, its 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).

October 24, 2013
Karachi.

Avais Hyder Liaquat Nauman
Chartered Accountants
Moazzam Saddique
Engagement Partner



	Note	2013 Rupees	2012 Rupees
<i>Equity & Liabilities</i>			
<i>Capital and reserves</i>			
Authorized Certificate Capital			
60,000,000 (2012: 60,000,000) modaraba certificates of Rs. 10 each		600,000,000	600,000,000
Certificate holders' equity			
Certificate capital	6	524,400,000	524,400,000
Reserves	7	110,462,972	81,834,095
Unrealised loss on remeasurment of investments		(7,354,696)	(43,147,595)
<i>Total certificates holders' equity</i>		627,508,276	563,086,500
<i>Non-current liabilities</i>			
Deferred liabilities	8	2,092,021	1,831,735
<i>Total non-current liabilities</i>		2,092,021	1,831,735
<i>Current liabilities</i>			
Creditors, accrued and other liabilities	9	6,138,303	8,784,203
Provision for taxation		3,772,849	3,772,849
Unclaimed profit distribution		26,003,219	26,082,863
<i>Total current liabilities</i>		35,914,371	38,639,915
<i>Total equity and liabilities</i>		665,514,668	603,558,150
<i>Contingencies and commitments</i>			
	10		

BALANCE SHEET AS AT JUNE 30, 2013

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	Note	2013 Rupees	2012 Rupees
<i>Assets</i>			
<i>Non-current assets</i>			
Fixed assets			
-tangible	11	19,233,655	19,131,977
-intangible	12	19,000,000	53,051,000
Long term investments	13	333,209,730	280,098,775
Advances-considered good		2,510,000	2,510,000
Deposits		1,150,000	1,150,000
<i>Total non-current assets</i>		375,103,385	355,941,752
<i>Current Assets</i>			
Morabaha/Musharaka			
receivables-secured	14	150,039,060	137,621,599
Short term investments	15	39,981,789	26,918,313
Advances	16	1,150,998	1,136,248
Trade deposits and prepayments	17	15,026,617	14,847,219
Other receivables	18	26,961,373	26,142,765
Tax refunds due from government		7,676,427	7,165,696
Bank balances	19	49,575,019	33,784,558
<i>Total current assets</i>		290,411,283	247,616,398
<i>Total Assets</i>		665,514,668	603,558,150

The annexed notes 1 to 36 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, 2013**

	Note	2013 Rupees	2012 Rupees
<i>Income</i>	20	16,621,402	29,668,392
 <i>Expenditures</i>			
Operating expenses	21	(25,083,592)	(17,282,614)
Financial charges	22	(9,563)	(861,044)
		(25,093,155)	(18,143,658)
<hr/>			
Operating profit		(8,471,753)	11,524,734
Other income		731,770	725,130
Extra Ordinary Item	23	36,368,860	-
Other charges		-	(2,355,894)
		28,628,877	9,893,970
Management fee		-	(989,397)
<hr/>			
Profit before taxation		28,628,877	8,904,573
Taxation	24	-	(2,226,143)
<i>Profit for the year</i>		28,628,877	6,678,430
<hr/>			
Earnings per certificate			
- basic and diluted	25	0.546	0.127

The annexed notes 1 to 36 form an integral part of these financial statements.

FIRST EQUITY MODARABA

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 OTHER COMPREHENSIVE INCOME *Page 19*
FOR THE YEAR ENDED JUNE 30, 2013

	2013	2012									
	Rupees	Rupees									
<i>Profit for the year</i>	28,628,877	6,678,430									
Other comprehensive income											
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Unrealized gain / (loss) on remeasurement of available for sale investments</td> <td style="text-align: right; width: 20%;">9,911,495</td> <td style="text-align: right; width: 20%;">(6,478,742)</td> </tr> <tr> <td>Gain on disposal of investments</td> <td style="text-align: right;">25,881,404</td> <td style="text-align: right;">69,184</td> </tr> <tr> <td></td> <td style="text-align: right;">35,792,899</td> <td style="text-align: right;">(6,409,558)</td> </tr> </table>			Unrealized gain / (loss) on remeasurement of available for sale investments	9,911,495	(6,478,742)	Gain on disposal of investments	25,881,404	69,184		35,792,899	(6,409,558)
Unrealized gain / (loss) on remeasurement of available for sale investments	9,911,495	(6,478,742)									
Gain on disposal of investments	25,881,404	69,184									
	35,792,899	(6,409,558)									
Taxation relating to component of other comprehensive income	-	-									
Other comprehensive income	35,792,899	(6,409,558)									
<hr/>											
Total comprehensive income for the year	64,421,776	268,872									

The annexed notes 1 to 36 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



**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013**

	Note	2013 Rupees	2012 Rupees
<i>Cash flows from operating activities</i>			
Profit before taxation		28,628,877	8,904,573
<i>Adjustments for:</i>			
Depreciation	11	1,661,456	1,526,274
Provision for gratuity	8	260,286	260,924
Extra Ordinary Item		(36,368,860)	-
Impairment		6,853,737	-
Dividend income	20	(3,806,611)	(4,538,086)
		(31,399,992)	(2,750,888)
Cash generated from / (used in) operations before working capital changes			
		(2,771,115)	6,153,685
Working Capital changes			
Decrease/(increase) in operating assets			
Morabaha/Musharaka receivables-secured		(12,417,461)	(5,079,545)
Advances		(14,750)	411,319
Trade deposits and prepayments		(179,398)	226,570
Other receivables		(818,608)	6,043,959
Increase/(decrease) in operating liabilities			
Creditors, accrued and other liabilities		(2,645,900)	(12,638,216)
		(16,076,117)	(11,035,913)
Staff retirement benefit-gratuity paid		-	(37,000)
Dividend paid		(79,644)	(179,537)
Taxes paid		(510,731)	(105,129)
<i>Net cash generated from operating activities</i>			
		(19,437,608)	(5,203,894)
Cash flows from investing activities			
Investments		33,184,592	(20,842,420)
Dividend received		3,806,611	4,651,112
Purchase of tangible assets		(1,763,134)	(2,078,105)
<i>Net cash (used in) / generated from investing activities</i>			
		35,228,069	(18,269,413)
Net (decrease) / increase in cash and cash equivalents			
		15,790,461	(23,473,307)
Cash and cash equivalents at beginning of the year			
		33,784,558	57,257,865
Cash and cash equivalents at the end of the year			
	19	49,575,019	33,784,558

The annexed notes 1 to 36 form an integral part of these financial statements.

FIRST EQUITY MODARABA

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

Zahid Bashir
Director
Premier Financial
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Nadeem Maqbool
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Premier Financial
Services (Private) Limited

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2013**

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	Certificate Capital	Statutory reserve*	Certificate premium account	General reserve	Accumulated loss	Total reserves	Unrealised loss on remeasurement	Total
Balance as at June 30, 2011	524,400,000	134,351,947	131,100,000	27,120,000	(217,416,282)	75,155,665	(36,738,037)	562,817,628
Total Comprehensive income for the year	-	-	-	-	6,678,430	6,678,430	(6,409,558)	268,872
Transfer to statutory reserve	-	3,339,215	-	-	(3,339,215)	-	-	-
Balance as at June 30, 2012	524,400,000	137,691,162	131,100,000	27,120,000	(214,077,067)	81,834,095	(43,147,595)	563,086,500
Total Comprehensive income for the year	-	-	-	-	28,628,877	28,628,877	35,792,899	64,421,776
Balance as at June 30, 2013	524,400,000	137,691,162	131,100,000	27,120,000	(185,448,190)	110,462,972	(7,354,696)	627,508,276

* 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 36 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



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 holding Trading Right Entitlement Certificate issued by 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 as a wholly owned subsidiary company.

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 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

2.3 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.

2.4 **Amendments that are effective in current year but not relevant to the company**

The Modaraba has adopted the amendments to the following standards which became effective during the year:

**Effective date
(annual periods beginning
on or after)**

IFRS1	First time adoption of International Financial Reporting Standards	July 1, 2011
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

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		Effective date (annual periods beginning on or after)
IFRS 7	Financial Instruments: Disclosures	July 1, 2011
IAS 24	Related Party Disclosure	July 1, 2011
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	January 1, 2011
IAS 12	Income Taxes - Limited scope amendment	January 1, 2012
IAS 1	Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented to revise the way other comprehensive income is presented	January 1, 2012

In May 2010, International Accounting Standards Board issued amendments to various accounting standards primarily with a view to removing inconsistencies and clarifying wording. These improvements are listed below:

IFRS 1	First time adoption of International Financial Reporting Standards	July 1, 2011
IFRS 7	Financial Instruments: Disclosure	January 1, 2011
IAS 1	Presentation of Financial Statements	January 1, 2011
IAS 34	Interim Financial Reporting	January 1, 2011
IFRIC 13	Customer Loyalty Programs	January 1, 2011

2.5 Amendments not yet effective

The following amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates as mentioned below against the respective standard or interpretation:

IFRS 1	First time Adoption of International Financial Reporting Standards- Amendments for government loan with a below-market rate of interest when transitioning to IFRSs and amendments resulting from Annual Improvements 2009-2011 Cycle (repeat application, borrowing costs)	January 1, 2013
IFRS 7	Financial Instruments Disclosures - Amendments related to the offsetting of assets and liabilities and deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures.	January 1, 2013
IFRS 9	Financial Instruments - Reissue to include requirements for the classification and measurement of financial liabilities and Incorporating existing derecognition requirements.	January 1, 2015



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

		Effective date (annual periods beginning on or after)
IFRS 9	Financial Instruments- Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosure	January 01, 2015
IAS 1	Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented.	July 01, 2012
IAS 1	Presentation of Financial Statements - Amendments resulting from annual improvements 2009-2011 Cycle (comparative information).	January 01, 2013
IFRS 7	Financial Instruments Disclosures	January 01, 2013
IAS 16	Property, Plant and Equipment - Amendments resulting from annual improvements 2009-2011 Cycle (servicing equipment)	January 01, 2013
IAS 19	Employee Benefits- Amendments standard resulting from the post employment benefits projects	January 01, 2013
IFRIC 13	Customer Loyalty Programs (Fair value of award credits)	January 01, 2013
IAS 32	Financial Instruments: Presentation - Amendments relating to the offsetting of assets and liabilities	January 01, 2014
IAS 32	Financial Instruments: Presentation - Amendments relating from Annual Improvements 2009-2011 Cycle (tax effect of equity distributions)	January 01, 2013
IAS 34	Interim Financial Reporting - Amendments resulting from Annual Improvements 2009-2011 Cycle (interim reporting segment assets)	January 01, 2013
IAS 36	Impairment of Assets - Amendments arising from Recoverable Amount	January 01, 2014
IAS 39	Financial Instruments; Recognition and Measurements - Amendments arising for the novations of derivatives	January 01, 2014

FIRST EQUITY MODARABA 2.6 **Standards or interpretation not yet effective**

The following International Financial Reporting Standards or Interpretations issued by IASB would be effective from the dates mentioned below against the respective standard or interpretation:

		Effective date (annual periods beginning on or after)
IFRS 10	Consolidated Financial statements	January 1, 2013

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

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		Effective date (annual periods beginning on or after)
IFRS 11	Joint arrangements	January 01, 2013
IFRS 12	Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13	Fair Value Measurement	January 01, 2013
IAS 27	Separate Financial Statements	January 01, 2013
IAS 28	Investment in Associates and Joint Ventures	January 01, 2013
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	January 01, 2013

The Modaraba expects that the adoption of the above amendments and interpretations of the standards will not affect the Modaraba's financial statement in the period of initial application.

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:

	Note
a) Useful life of depreciable assets/amortizable assets	5.1&5.2
b) Impairment of assets	5.1.2&5.3.1
c) Classification of investments	5.3
d) Income tax	5.5
e) Provision for staff gratuity	5.7
f) Provision for non performing assets	5.1

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 any 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 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.

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.

Cost in relation to TREC is taken as the initial recognition value as described in note 13.2.2.2.

5.2 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.

5.3 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.

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.

5.3.1 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

Investment 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.

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 face 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 morahaba 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 morahaba receivables are reversed in accordance with Prudential Regulations for Modaraba.

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.

5.3.2 Financial liabilities

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

Derecognition of financial liabilities

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

5.3.3 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.

5.4 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.

5.5 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 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.

5.6 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. Exchange differences are included in income currently.

5.7 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 of this financial statement. Actuarial gains / losses are recognized over the average lives of the employees.

5.8 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.

5.9 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.

5.10 Profit distribution to certificates holders

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

5.11 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.

5.12 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 organised into the following four operating segments:

- Musharaka 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 of assessing performance.

5.13 Related parties transactions

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

5.14 Cash and cash equivalents

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

5.15 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.

5.16 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*

	2012 No. of Certificate	2013 No. of Certificate		2013 Rupees	2012 Rupees
			Modaraba certificates of Rs. 10 each fully paid-up in cash	462,200,000	462,220,000
	6,220,000	6,220,000	Modaraba certificates of Rs. 10 each issued as fully paid-up bonus certificates	62,200,000	62,220,000
	52,440,000	52,440,000		524,400,000	524,400,000

6.1 Certificates held by associated companies and undertakings 489,000 (2012: 489,000).

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7. Reserves

	Capital Reserve			Revenue Reserve			Total 2012
	Statutory* reserve	Certificate Premium Account	Total Reserve	Accumulated loss	General reserve	Total reserves	
Opening balance	137,691,162	131,100,000	268,791,162	(214,077,067)	27,120,000	(186,957,067)	75,155,665
Transfer from profit and loss account	-	-	-	28,628,877	-	28,628,877	,6,678,430
Closing balance	137,691,162	131,100,000	268,791,162	(185,448,190)	27,120,000	(158,328,190)	81,834,095

Rupees

* 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.



	Note	2013 Rupees	2012 Rupees
<i>8. Deferred liabilities</i>			
Staff gratuity		2,092,021	1,831,735
8.1 General description			
The scheme provides for terminal/retirement benefits for all permanent employees who completed qualifying period of service with the modaraba at last drawn salary.			
Annual provision is based on actuarial valuation, which was carried out as at June 30, 2013 on September 03, 2013 using the Projected Unit Method.			
8.2 Amount recognized in the balance sheet are as follow:			
Present value of defined benefit obligation	8.3	2,092,021	1,831,735
Unrecognized actuarial losses		-	-
Total employee benefit obligation		2,092,021	1,831,735
8.3 Movement in net obligation			
Opening balance		1,831,735	1,607,811
Charge to profit and loss account	8.3.1	260,286	260,924
Benefits paid and adjustments		-	(37,000)
Closing balance		2,092,021	1,831,735
8.3.1 Gratuity expenses consist of:			
Current service cost		267,641	277,646
Interest cost		228,967	206,610
Actuarial (gains) recognized		(236,322)	(223,332)
Recognized transitional (assets)		-	-
		260,286	260,924
8.4 Principal actuarial assumptions			
Following principal actuarial assumptions were used for the valuation.			
Salary increase rate		10.50%	11.50%
Discount rate		11.50%	12.50%
<i>9. Creditors, accrued and other liabilities</i>			
Payable to clients		3,833,231	4,836,482
Accrued expenses		1,950,327	2,710,466
Charity payable		227,393	-
Other liabilities	9.1	127,352	1,237,255
		6,138,303	8,784,203
9.1 This represents payable to Premier Financial Services (Private) Limited.			

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10. *Contingencies and commitments*

Modaraba has filed a suit against Samba Bank Ltd for the recovery of deposit amounting 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*

2013

Particulars	Cost			Accumulated depreciation			Book value As at June 30, 2013 Rupees	Rate %
	As at July 01, 2012 Rupees	Addition Rupees	As at June 30, 2013 Rupees	As at July 01, 2012 Rupees	Charged during the year Rupees	As at June 30, 2013 Rupees		
Office premises	21,470,000	1,734,134	23,204,134	4,307,375	1,136,010	5,443,385	17,760,749	5
Furniture & fixtures	196,509	-	196,509	196,500	-	196,500	9	20
Motor vehicles	5,434,438	-	5,434,438	3,745,568	389,821	4,135,389	1,299,049	20
Computers	578,255	-	578,255	470,253	75,559	545,812	32,443	33
Office equipments	968,005	29,000	997,005	795,534	60,066	855,600	141,405	20
2013	28,647,207	1,763,134	30,410,341	9,515,230	1,661,456	11,176,686	19,233,655	

2012

Particulars	Cost			Accumulated depreciation			Book value As at June 30, 2012 Rupees	Rate %
	As at July 01, 2011 Rupees	Addition (Deletion) Rupees	As at June 30, 2012 Rupees	As at July 01, 2011 Rupees	Charged during the year Rupees	As at June 30, 2012 Rupees		
Office premises	21,470,000	-	21,470,000	3,233,875	1,073,500	4,307,375	17,162,625	5
Furniture & fixtures	196,509	-	196,509	196,500	-	196,500	9	20
Motor vehicles	4,507,333	1,949,105 (1,022,000)	5,434,438	4,507,327	260,240 (1,021,999)	3,745,568	1,688,870	20
Computers	1,046,461	(468,206)	578,255	850,808	87,631 (468,186)	470,253	108,002	33
Office equipments	1,030,455	129,000 (191,450)	968,005	882,076	104,903 (191,445)	795,534	172,471	20
2012	28,250,758	396,449	28,647,207	9,670,586	(155,356)	9,515,230	19,131,977	

2013 **2012**
Rupees **Rupees**

12. *Intangible*

Cost	19,000,000	53,051,000
	19,000,000	53,051,000

12.1 These represent Trading Right Entitlement Certificate (TREC) received from Karachi and Islamabad Stock Exchange Limited after the demutualization of the respective exchanges due to the promulgation of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012. In addition to the TREC, following the corporatization process, Karachi and Islamabad Stock Exchanges have been converted from company limited by guarantee to unlisted public company. As a result, First Equity Modaraba has



received 4,007,383 shares of Karachi Stock Exchange Limited and 3,034,603 shares of Islamabad Stock Exchange Limited on August 15, 2012 and August 16, 2012 respectively of face value of Rs 10/- each.

The carrying value of the membership cards before allocation to TRECs and shares of Karachi Stock Exchange Limited and Islamabad Stock Exchange was Rs. 53,051,000. The value assigned to the TREC of Karachi Stock Exchange i.e Rs. 15,000,000 and the TREC of Islamabad Stock Exchange i.e Rs. 4,000,000 is based on the value assigned by Karachi Stock Exchange and Islamabad Stock Exchange for base minimum capital requirement purposes applicable to the brokers of the stock exchange.

As per Stock Exchange (Corporatization, Demutualization and Integration) Act 2012, the prerequisite for TREC holder to register as broker applies a company as defined in Companies Ordinance, 1984. We have submitted to the SECP that Modaraba although not a company but being regulated under its auspices and a corporate legal entity, has not been accepted by the Regulators. Thereafter, we requested our prime regulator, Registrar Modaraba to allow us to create a wholly owned subsidiary enabling us to protect and safeguard assets of the modaraba. However, the Registrar Modaraba did not understand our challenge and concern. We were left with no other option but to file a suit in the Honorable Sindh High Court and got a stay order against the cancellation of broker registration.

The Modaraba has created hypothecation on the TREC in favour of Karachi Stock Exchange for the purpose of fulfilling the base minimum capital requirement.

	Note	2013 Rupees	2012 Rupees
13. Long term investments			
Investment in subsidiary	13.1	250,000,000	250,000,000
		250,000,000	250,000,000
Investment classified as available-for-sale financial assets			
Listed securities	13.2.1	10,989,869	28,298,775
Unlisted securities	13.2.2	72,219,861	1,800,000
		83,209,730	30,098,775
		333,209,730	280,098,775

13.1 Investment in subsidiary

The holdings are in ordinary shares of Rs. 10 each.

2012 Number	2013 Number		13.1.1	2013	2012
				Rupees	Rupees
25,000,000	25,000,000	Equity Textile Limited	13.1.1	250,000,000	250,000,000

13.1.1 Equity Textiles Limited is a wholly owned subsidiary of the Modaraba. Net assets value per share of Equity Textiles Limited is Rs. 21.55 (2012: Rs. 6.46) as per financial statements as at June 30, 2013 audited by BDO Ebrahim & Company, Chartered Accountants.

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13.2 Investment classified as available-for-sale financial assets

13.2.1 Listed securities

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

2012 Number	2013 Number		2013 Rupees	2012 Rupees
		<i>Open-end mutual funds</i>		
11,968	11,968	Dawood Money Market Fund (Unit of Rs. 100 each)	847,188	918,743
		<i>Oil and Gas</i>		
1,259	-	Attock Petroleum Limited	-	597,232
12,000	-	Oil & Gas Development Company Limited	-	1,925,280
12,870	-	Pakistan Oilfields Limited	-	4,722,518
		<i>Chemicals</i>		
166,000	166,000	Fauji Fertilizer Bin Qasim Limited	6,231,640	6,776,120
6,562	-	Fauji Fertilizer Company Limited	-	728,710
10,000	6,654	ICI Pakistan Limited	1,107,425	1,310,700
9,400	9,400	Sitara Peroxide Limited	119,662	93,060
		<i>Construction and materials</i>		
94,535	-	Fauji Cement Company Limited	-	532,232
11,603	-	Lucky Cement Limited	-	1,338,870
7,000	7,000	Maple Leaf Cement Factory Limited	153,510	32,410
		<i>Industrial metals and mining</i>		
37,500	-	Siddiqsons Tin Plates Limited	-	271,875
		<i>Automobile and parts</i>		
1,043	1,043	Indus Motor Company Limited	324,373	255,618
		<i>Fixed line telecommunication</i>		
50,000	50,000	Pakistan Telecommunication Company Limited	1,109,500	684,500
		<i>Gas water and multiutilities</i>		
38,323	42,155	Sui Northern Gas Pipelines Limited	845,630	647,275
		<i>Banks</i>		
10,766	-	Askari Bank Limited	-	146,095
20,000	-	The Bank of Punjab	-	153,600
8,784	-	Habib Bank Limited	-	991,187
		<i>Non life insurance</i>		
4,188	-	Adamjee Insurance Company Limited	-	243,951
		<i>Financial services</i>		
14,437	-	Arif Habib Securities Limited	-	446,536
22,000	22,000	Javed Omer Vohra & Company Limited	41,800	41,800
14,703	-	Jahangir Siddiqui & Company Limited	-	182,464
18,000	-	JS Investment Limited	-	131,580



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2012 Number	2013 Number		Note	2013 Rupees	2012 Rupees
5,875	-	Pervez Ahmed Securities Limited		-	9,870
<i>Equity investment instruments</i>					
760,000	735,000	First Dawood Mutual Funds	13.2.1.1	209,141	2,910,800
135,550	-	PICIC Growth Fund		-	1,660,259
99,000	-	PICIC Investment Fund		-	545,490
				10,989,869	28,298,775

13.2.1.1 Investment was made at inception and the carrying value was Rs 5,145,000. SECP took action against the management and as a result the Trustee (Central Depository Company of Pakistan Limited) sold its investment and made the partial payment to shareholders. FEM received Rs 4,935,859 in this matter.

13.2.2 Unlisted securities

The holdings are in ordinary shares of Rs. 10 each.

2012 Number	2013 Number		Note	2013 Rupees	2012 Rupees
50,000	50,000	Sapphire Power Generation Limited	13.2.2.1	1,800,000	1,800,000
-	4,007,383	Karachi Stock Exchange Limited	13.2.2.2	40,073,830	-
-	3,034,603	Islamabad Stock Exchange Limited	13.2.2.2	30,346,030	-
78,150	78,150	Callmate Telips Telecom Limited	13.2.2.3	1	-
				72,219,861	1,800,000

13.2.2.1 Net assets value per share of Sapphire Power Generation Limited is Rs. 72.84 (2011: Rs.65.96) as per financial statements as at June 30, 2012 audited by Riaz Ahmad, Saqib, Gohar & Company Chartered Accountants.

13.2.2.2 Consequent of corporatisation in August 2012, as described in note 12, Karachi and Islamabad Stock Exchange Limited issued 4,007,383 and 3,034,603 shares respectively of Rs 10/- each.

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

FIRST EQUITY MODARABA

	Note	2013 Rupees	2012 Rupees
<i>14. Morabaha/Musharaka receivables-secured</i>			
Musharaka - considered good	14.1 & 14.2	150,039,060	137,621,599
Morabaha - considered doubtful		17,380,055	17,380,055
		167,419,115	155,001,654
Provision for non performing assets		(17,380,055)	(17,380,055)
		150,039,060	137,621,599

14.1 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,

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personal guarantee of directors / proprietors and mortgage of property.
Expected rate of profit on musharaka transactions during the year range
between 12% to 16 % (2012: 12 % to 20%).

- 14.2 All the amounts are short term. The carrying amount is considered a reasonable approximation of fair value.

	Note	2013 Rupees	2012 Rupees
<i>15. Short term investments</i>			
Investment classified as financial asset at fair value through profit or loss			
Listed securities	15.1	39,981,789	26,918,313

15.1 Listed securities

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

2012 Number	2013 Number		2013 Rupees	2012 Rupees
<i>Oil and Gas</i>				
511,355	-	Byco Petroleum Pakistan Limited	-	4,310,494
3,000	3,720	Pakistan State Oil Company Ltd	1,191,814	707,520
-	10,000	Shell Pakistan	1,431,700	-
<i>Food</i>				
-	47,500	Engro Foods Ltd	6,686,575	-
-	50,000	Quice Food Ltd	432,000	-
<i>Chemicals</i>				
330,692	-	DS Industries Ltd	-	499,345
13,000	-	Engro Corporation Ltd	-	1,323,920
100,000	-	Engro Polymer & Chemicals Ltd	-	985,000
10,000	-	Fatima Fertilizer Ltd	-	246,700
600	-	Fauji Fertilizer Company Limited	-	66,630
75,000	140,000	Lotte Pakistan PTA Limited	1,066,800	527,250
-	45,000	Sitara Peroxide Ltd	572,850	-
<i>Construction and materials</i>				
8,000	-	Attock Cement Pakistan Limited	-	651,520
425,000	-	Dewan Cement Ltd	-	1,457,750
4,000	-	D.G. Khan Cement Company Limited	-	157,520
50,000	-	Fauji Cement Company Limited	-	281,500
-	36,000	Fecto Cement Ltd	1,728,360	-
200,000	140,000	Fly Cement Ltd	617,400	540,000
42,500	225,500	Lafarge Pakistan Cement Ltd	1,914,495	183,600
12,427	-	Lucky Cement Limited	-	1,433,952
6,500	66,000	Maple Leaf Cement Factory Limited	1,447,380	30,095



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2012 Number	2013 Number		2013 Rupees	2012 Rupees
		<i>Personal goods</i>		
99,358	-	Azgard Nine Limited	-	635,891
16,570	-	Gellate Pakistan Ltd	-	1,035,128
1,000	-	Nishat Mills Limited	-	47,580
2,000	-	Sohail Jute Ltd	-	18,000
1,450	-	Treet Corporation	-	74,806
		<i>Pharma and biotech</i>		
6,751	39,200	IBL Healthcare Limited	1,538,600	142,784
3,300	47,000	Searl Pakistan Limited	3,712,060	157,047
-	30,000	Glaxosmithkline Pakistan Ltd	3,639,900	-
		<i>Automobile and parts</i>		
1,789	1,967	Millat Tractors	1,032,655	863,819
-	30,000	General Tyre Ltd	1,266,000	-
-	25,000	Ghani Gases	624,500	-
		<i>Fixed line telecommunication</i>		
10,000	300,000	TeleCard Ltd	1,554,000	14,900
111,500	632,500	Worldcall Telecom Limited	1,897,500	228,575
		<i>Electricity</i>		
25,000	-	Karachi Electricity Supply Company Limited	-	81,000
25,000	-	Kot Addu Power Company Ltd	-	1,125,000
2,000	-	Kohinoor Energy Limited	-	43,000
100,000	-	Nishat Power Ltd	-	1,470,000
15,000	-	Pakgen Power Ltd	-	191,850
		<i>Gas water and multiutilities</i>		
-	352,000	Sui Northern Gas Pipelines Limited	7,061,120	-
-	29,000	Sui Southern Gas Limited	566,080	-
		<i>Banks</i>		
32,500	-	Askari Bank Limited	-	441,025
375,000	-	JS Bank Ltd	-	1,912,500
44,000	-	National Bank of Pakistan	-	1,915,987
225,000	-	NIB Bank Limited	-	447,750
		<i>Financial services</i>		
7,500	-	Jahangir Siddiqui & Company Limited	-	93,075
200,855	-	JS Investment Limited	-	1,468,250
		<i>Non life insurance</i>		
13,800	-	Adamjee Insurance Company Limited	-	803,850
10,000	-	Pakistan Reinsurance company Limited	-	171,100
		<i>Real estate investment and services</i>		
65,000	-	PACE (Pakistan) Limited	-	132,600
			39,981,789	26,918,313

FIRST EQUITY MODARABA

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			2013	2012
	Note		Rupees	Rupees
16.	<i>Advances - considered good</i>	16.1	1,150,998	1,136,248

16.1 These include advances to employees at June 30, 2013 amounting to Rs.1,149,987 (2012: Rs. 1,198,159). The maximum aggregate amount due from employees at the end of any month during the year was Rs. 1,261,737 (2012: Rs. 1,648,443). These are secured against the property documents retained by the Modaraba.

16.2 All the amounts are short term. The carrying amount is considered a reasonable approximation of fair value.

			2013	2012
	Note		Rupees	Rupees
17.	<i>Trade deposits and prepayments</i>			
	Deposits		14,767,556	14,668,606
	Prepayments		259,061	178,613
			15,026,617	14,847,219

17.1 All the amounts are short term. The carrying amount is considered a reasonable approximation of fair value.

			2013	2012
			Rupees	Rupees
18.	<i>Other receivables</i>			
	Sale proceeds of investments		371,226	237,205
	Receivable from clients	18.1 & 18.2	25,971,457	25,286,870
	Others	18.2	618,690	618,690
			26,961,373	26,142,765

18.1 *Receivable from clients*

	Considered good		25,971,457	25,286,870
	Considered doubtful		12,500,000	12,500,000
			38,471,457	37,786,870
	Less: Provision for doubtful debts	18.1.1	(12,500,000)	(12,500,000)
			25,971,457	25,286,870

18.2 Receivable from clients and others include receivable from related parties amounting to Rs. 259,158 (2012: Rs. 148,479).

18.3 All the amounts are short term. The carrying amount is considered a reasonable approximation of fair value.



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	Note	2013 Rupees	2012 Rupees
<i>19. Bank balance</i>			
-in current accounts		1,748,851	17,527,280
-in saving accounts	19.1	156,927	16,257,278
-in Islamic bank accounts		47,669,241	-
		49,575,019	33,784,558

19.1 Effective mark-up rate in respect of PLS accounts ranges from 5% to 7% (2012: 5% to 7%) per annum.

19.2 All the amounts are short term. The carrying amount is considered a reasonable approximation of fair value.

	Note	2013 Rupees	2012 Rupees
<i>20. Income</i>			
Profit on musharaka		17,811,866	19,012,211
Brokerage commission		1,379,972	705,908
Capital gain / (loss)		(6,715,718)	5,412,187
Dividend		3,806,611	4,538,086
Commission and fees		338,671	-
		16,621,402	29,668,392

	Note	2013 Rupees	2012 Rupees
<i>21. Operating expenses</i>			
Salaries, allowances and benefits	21.1	4,327,047	4,159,714
Traveling, conveyance and entertainment		690,711	480,357
Telephone and postage		485,326	582,888
Electricity		477,302	481,492
Insurance		240,438	213,477
Printing, stationery and advertising		59,087	884,049
Fees and subscriptions		1,063,154	955,705
Vehicle running and maintenance		1,528,596	1,593,734
Depreciation	11	1,661,456	1,526,274
Facilities and services		4,344,996	4,355,866
Repair and maintenance		954,962	742,061
Impairment on investments		6,853,737	-
Annual Review Meeting		28,490	48,200
Auditors' remuneration	21.3	268,579	275,858
Legal and professional		1,545,184	627,849
Provision for doubtful debts		-	-
Training and development		131,000	27,500
Shariah Advisor		140,000	35,000
Zakat deducted at source		-	750
KSE & SECP Charges		159,405	169,530
Withholding & CVT tax		58,453	9,507
Others		65,669	112,803
		25,083,592	17,282,614

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21.1 *Remuneration of officers and other employees*

The aggregate amount charged in the financial statements for remuneration, including benefits to 10 (2012 : 10) employees of the modaraba is:

	2013		2012	
	Officers	Other employees	Officers	Other employees
	----- Rupees -----		----- Rupees -----	
Salaries and allowances	1,932,000	1,412,765	1,932,000	1,002,000
Gratuity and leave fare	244,245	115,791	242,532	163,954
Expenses reimbursed:				
- Medical	116,791	203,005	67,868	131,045
	2,293,036	1,731,561	2,242,400	1,296,999

21.2 Salaries, allowances and benefits include provision for gratuity of Rs. 260,286 (2012: Rs. 260,924). Officers are also provided with free use of the Modaraba maintained cars.

	2013 Rupees	2012 Rupees
21.3 <i>Auditor's remuneration</i>		
Audit fee	130,000	130,000
Half yearly review	25,000	25,000
Other fees	113,579	120,858
	268,579	275,858

22. *Financial Charges*

Musharaka Profit	-	850,000
Bank Charges	9,563	11,044
	9,563	861,044

23. *Other income*

Profit on PLS deposits	731,770	723,755
Gain on sale of fixed assets	-	1,375
	731,770	725,130

24. This represents the amount arised due to recognition of TRECs at the disclosed in note 12.1 and shares of Karachi Stock Exchange Limited and Islamabad Stock Exchange Limited recognized at face value. (Ref Note 13.2.2.2)

25. *Taxation*

Current	-	2,226,143
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Assessment upto and including the tax year 2012 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.

	2013 Rupees	2012 Rupees
26. <i>Earnings per certificates - basic and diluted</i>		
Profit for the year	28,628,877	6,678,430
	Number	Number
Weighted average number of certificates outstanding during the year	52,440,000	52,440,000
	Rupees	Rupees
Earnings per certificate - basic and diluted	0.546	0.127

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

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/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.

Business	2013		2012	
	Rupees	%	Rupees	%
Open-end mutual funds	847,188	0.15	918,743	0.19
Oil and Gas	2,623,514	0.46	12,263,044	2.50
Chemicals	9,722,877	1.71	12,557,435	2.56
Industrial metals and mining	-	-	271,875	0.06
Construction and materials	5,861,145	1.03	6,639,449	1.35
Personal goods	250,000,000	43.86	253,611,405	51.71
Automobile and parts	2,623,028	0.46	1,119,437	0.23
Pharma and biotech	8,890,560	1.56	299,831	0.06
Fixed line telecommunication	4,561,000	0.80	927,975	0.19
Electricity	-	-	2,910,850	0.59
Food	7,118,575	1.25	-	-
Gas water and multiutilities	10,272,830	1.80	647,275	0.13
Banks	-	-	6,008,144	1.23
Non life insurance	-	-	1,218,901	0.25
Financial services	41,800	0.01	2,373,575	0.48
Real estate investment and services	-	-	132,600	0.03
Equity investment instruments	209,141	0.04	5,116,549	1.04
Stock Exchanges	70,419,860	12.35	-	-
Engineering	13,912,099	2.44	11,281,316	2.30
Others	182,925,949	32.09	172,126,515	35.10
	570,029,566	100	490,424,919	100

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:

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	2013	2012
	Rupees	Rupees
Investment	373,191,519	307,017,088
Morabaha/Musharaka receivables-secured	150,039,060	137,621,599
Advances-considered good	3,660,998	3,646,248
Trade deposits and prepayments	16,176,617	15,997,219
Other receivables	26,961,373	26,142,765
	570,029,567	490,424,919

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.

	2013			Total
	Less than one year	Over one year but less than five years	Over five years	
	----- Rupees -----			
Assets				
Long term investments	-	83,209,730	250,000,000	333,209,730
Morabaha & musharaka receivables	147,354,128	2,684,932	-	150,039,060
Short term investments	39,981,789	-	-	39,981,789
Advances	1,150,998	2,510,000	-	3,660,998
Trade deposits	14,767,556	1,150,000	-	15,917,556
Other receivables	26,961,373	-	-	26,961,373
Tax refunds due from government	7,676,427	-	-	7,676,427
Bank balances	49,575,019	-	-	49,575,019
	287,467,290	89,554,662	250,000,000	627,021,952
Liabilities				
Deferred liabilities	-	2,092,021	-	2,092,021
Creditors, accrued and other liabilities	6,138,303	-	-	6,138,303
Provision for taxation	3,772,849	-	-	3,772,849
Unclaimed profit distribution	26,003,219	-	-	26,003,219
	35,914,371	2,092,021	-	38,006,392
Net balance	251,552,919	87,462,641	250,000,000	589,015,560



**NOTES TO THE FINANCIAL STATEMENTS
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	2012			Total
	Less than one year	Over one year but less than five years	Over five years	
	----- Rupees -----			
Assets				
Long term investments	-	30,098,775	250,000,000	280,098,775
Morabaha & musharaka receivables	137,621,599	-	-	137,621,599
Short term investments	26,918,313	-	-	26,918,313
Advances	1,136,249	2,510,000	-	3,646,249
Trade deposits	14,668,606	1,150,000	-	15,818,606
Other receivables	26,142,765	-	-	26,142,765
Tax refunds due from government	7,165,696	-	-	7,165,696
Bank balances	33,784,558	-	-	33,784,558
	247,437,786	33,758,775	250,000,000	531,196,561
Liabilities				
Deferred liabilities	-	1,831,735	-	1,831,735
Creditors, accrued and other liabilities	8,784,203	-	-	8,784,203
Provision for taxation	3,772,849	-	-	3,772,849
Unclaimed profit distribution	26,082,863	-	-	26,082,863
	38,639,915	1,831,735	-	40,471,650
Net balance	208,797,871	31,927,040	250,000,000	490,724,911

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.

	2013 Rupees	2012 Rupees
28.1 Financial instruments by category		
Financial assets		
loans and receivables		
Morabaha/Musharaka receivables	150,039,060	137,621,599
Advances	3,660,998	3,646,249
Trade deposits	15,917,556	15,818,606
Other receivables	26,961,373	26,142,765
Bank balances	49,575,019	33,784,558
Financial assets at fair value through profit or loss		
Short term investments	39,981,789	26,918,313
<i>Available-for-sale financial assets</i>		
Long term investments	83,209,730	30,098,775
	369,345,525	274,030,865
Financial liabilities		
<i>Financial liabilities at amortised cost</i>		
Creditors, accrued and other liabilities	6,138,303	8,784,203
Unclaimed profit distribution	26,003,219	26,082,863
	32,141,522	34,867,066
On balance sheet gap	337,204,003	239,163,799



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29. *Naturities 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.

	2013				
	Upto one month	Over one month to one year	Over one year to five years	Over five years	Total
	----- Rupees -----				
Assets					
Tangible assets	-	-	-	19,233,655	19,233,655
Intangible assets	-	-	-	19,000,000	19,000,000
Long term investments	-	-	333,209,730	-	333,209,730
Morabaha & musharaka receivables	13,912,099	133,442,029	2,684,932	-	150,039,060
Short term investments	-	39,981,789	-	-	39,981,789
Advances	-	1,150,998	2,510,000	-	3,660,998
Trade deposits and prepayments	150,000	14,876,617	1,150,000	-	16,176,617
Other receivables	-	26,961,373	-	-	26,961,373
Tax refunds due from government	-	7,676,427	-	-	7,676,427
Bank balances	-	49,575,019	-	-	49,575,019
	14,062,099	273,664,252	339,554,662	38,233,655	665,514,668
Liabilities					
Deferred liabilities	-	-	2,092,021	-	2,092,021
Creditors, accrued and other liabilities	1,030,377	5,107,926	-	-	6,138,303
Provision for taxation	-	3,772,849	-	-	3,772,849
Unclaimed profit distribution	-	26,003,219	-	-	26,003,219
	1,030,377	34,883,994	2,092,021	-	38,006,392
Net balance	13,031,722	238,780,258	337,462,641	38,233,655	627,508,276

	2012				
	Upto one month	Over one month to one year	Over one year to five years	Over five years	Total
	----- Rupees -----				
Assets					
Tangible assets	-	-	-	19,131,977	19,131,977
Intangible assets	-	-	-	53,051,000	53,051,000
Long term investments	-	-	280,098,775	-	280,098,775
Morabaha & musharaka receivables	34,740,843	102,880,756	-	-	137,621,599
Short term investments	-	26,918,313	-	-	26,918,313
Advances	-	1,136,248	2,510,000	-	3,646,248
Trade deposits and prepayments	51,050	14,796,169	1,150,000	-	15,997,219
Other receivables	-	26,142,765	-	-	26,142,765
Tax refunds due from government	-	7,165,696	-	-	7,165,696
Bank balances	-	33,784,558	-	-	33,784,558
	34,791,893	212,824,505	283,758,775	72,182,977	603,558,150
Liabilities					
Deferred liabilities	-	-	1,831,735	-	1,831,735
Creditors, accrued and other liabilities	1,598,751	7,185,452	-	-	8,784,203
Provision for taxation	-	3,772,849	-	-	3,772,849
Unclaimed profit distribution	-	26,082,863	-	-	26,082,863
	1,598,751	37,041,164	1,831,735	-	40,471,650
Net balance	33,193,142	175,783,341	281,927,040	72,182,977	563,086,500

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30. *Yield/credit rate risk exposure*

DESCRIPTION	Effective yield / profit risk % age	2013						2013 Total
		Yield / profit bearing maturing		Non yield / profit bearing maturing		Total		
		With 1 year	After 1 year	With 1 year	After 1 year			
Rupees								
Financial assets								
Long term investments		-	83,209,730	83,209,730	-	-	83,209,730	
Morabaha/Musharika receivables	12% to 20%	150,039,060	2,684,932	152,723,992	-	-	152,723,992	
Short term investments		37,296,857	-	37,296,857	-	-	37,296,857	
Advances		-	-	-	1,150,998	2,510,000	3,660,998	
Trade deposits		-	-	-	14,767,556	1,150,000	15,917,556	
Other receivables		-	-	-	26,961,373	-	26,961,373	
Bank balances	5% to 7%	156,927	-	156,927	1,748,851	-	1,905,778	
		187,492,844	85,894,662	273,387,506	44,628,778	3,660,000	321,676,284	
Financial Liabilities								
Creditors, accrued and other liabilities		-	-	-	6,138,303	-	6,138,303	
Unclaimed profit distribution		-	-	-	26,003,219	-	26,003,219	
		-	-	-	32,141,522	-	32,141,522	
On balance sheet gap		187,492,844	85,894,662	273,387,506	12,487,256	3,660,000	289,534,762	

- 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.



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DESCRIPTION	Effective yield / profit risk % age	2012						2012 Total
		Yield / profit bearing maturing		Non yield / profit bearing maturing		Sub-total	Sub-total	
		With 1 year	After 1 year	With 1 year	After 1 year			
Rupees								
Financial assets								
Long term investments		-	30,098,775	30,098,775	-	-	30,098,775	
Morabaha/Musharika receivables	12% to 20%	137,621,599	-	137,621,599	-	-	137,621,599	
Short term investments		26,918,313	-	26,918,313	-	-	26,918,313	
Advances		-	-	-	1,136,248	2,510,000	3,646,248	
Trade deposits		-	-	-	14,668,606	1,150,000	15,818,606	
Other receivables		-	-	-	26,142,765	-	26,142,765	
Bank balances	5% to 7%	16,257,278	-	16,257,278	17,527,280	17,527,280	33,784,558	
		180,797,190	30,098,775	210,895,965	59,474,899	3,660,000	274,030,864	
Financial Liabilities								
Creditors, accrued and other liabilities		-	-	-	8,784,203	-	8,784,203	
Unclaimed profit distribution		-	-	-	26,082,863	-	26,082,863	
		-	-	-	34,867,066	-	34,867,066	
On balance sheet gap		180,797,190	30,098,775	210,895,965	24,607,833	3,660,000	239,163,798	

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31. Segment information

The Modaraba has three primary source 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 the 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.

	2013				2012	
	Musharaka facility	Brokerage operation	Capital market	Others	TOTAL	TOTAL
Segment revenues	18,150,537	1,379,972	(2,909,107)	731,770	17,353,172	30,393,522
Segment result	18,150,537	(4,514,758)	(2,909,107)	731,770	11,458,442	25,591,176
Unallocated cost						
Operating expenses					(2,584,688)	(13,341,312)
Management fee					-	(989,397)
Other charges					-	(2,355,894)
Profit before taxation					(1,126,246)	8,904,573
Taxation					-	(2,226,143)
Profit for the year					(1,126,246)	6,678,430
Other information						
Segment assets	150,039,060	-	336,193,884	-	486,232,944	523,345,147
Unallocated assets		-	64,486,367	-	179,281,724	80,213,003
Total assets					665,514,668	603,558,150
Segment liabilities	-	3,833,231	-	-	3,833,231	4,836,482
Unallocated liabilities	-	-	-	-	34,173,161	35,635,168
Total liabilities					38,006,392	40,471,650



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:

	2013	2012
	Rupees	Rupees
32.1 Balance outstanding at year end		
Modaraba Management Company		
- Current account payable	127,352	1,237,255
Subsidiary company		
- Investment in Equity Textiles Limited	250,000,000	250,000,000
- Payable to Equity Textiles Limited	240,000	240,000
Other related parties (other than key management personnel)		
- Deferred liability staff gratuity	2,092,021	1,831,735
32.2 Transactions during the year		
Modaraba Management Company		
- reimbursement	4,344,996	4,355,866
Other related parties (other than key management personnel)		
- Contribution to staff gratuity fund	260,286	260,924
	Relationship	
Dividend income	Associated company 629	400
Services acquired	Associated company 213,264	179,958
Brokerage commission earned	Associated company 31,816	13,269

33. *Number of employees*

Total number of employees of the Modaraba as at June 30, 2013 are 10 (2012: 10).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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34. *Corresponding Figures*

34.1 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 September 27, 2013.

36. *General*

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

36.2 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



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**NOTICE FOR BOOK CLOSURE
& ANNUAL REVIEW MEETING**

The 14th Annual Review Meeting of certificate holders of First Equity Modaraba will be held on Saturday, November 30, 2013 at 7:00 p.m, at Conference hall NBFI & Modaraba Association of Pakistan, 602, Progressive Centre 30-A, Block 6, PECHS, Shahrah-e-Faisal, Karachi to review performance of the Modaraba for the financial year ended June 30, 2013.

October 28, 2013

By order of the Board
Qazi Obaid Ullah
Company Secretary

FIRST EQUITY MODARABA

*Auditors Report and
Consolidated Financial Statements
of
First Equity Modaraba
and
Equity Textiles Ltd.
for the year ended June 30, 2013*



**AUDITOR'S REPORT 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 company as at June 30, 2013 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 Modaraba. The financial statements of subsidiary company were audited by another auditor, whose report has been furnished to us and our opinion, in so far as its 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 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), Modaraba Companies and Modaraba Rules, 1981 and the Companies Ordinance, 1984. 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 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.

- (a) Management of the Modaraba as explained, in notes 20.1 & 21.2.2.2, the accounting treatment on conversion of membership cards of Karachi Stock Exchange Limited (KSE) and Islamabad Stock Exchange Limited to Trading Rights Entitlement Certificates (TREC's) and shares of respective stock exchanges which, in our opinion, is not in accordance with International Accounting Standards and technical opinion of The Institute of Chartered Accountants of Pakistan (ICAP) issued in this respect.

Had the Modaraba made accounting treatment in accordance with ICAP technical opinion, the profit and equity would have been lower by Rupees 36.369 million, the intangible assets would have been lower by Rs. 7.728 million and the long term investments would have been lower by Rs. 28.641 million.

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 company as at June 30, 2013 and the results of their operations, comprehensive income, their cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

FIRST EQUITY MODARABA

October 24, 2013
Karachi.

Avais Hyder Liaquat Nauman
Chartered Accountants
Moazzam Saddique
Engagement Partner

CONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 2013

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	Note	2013 Rupees	2012 Rupees
<i>Equity & Liabilities</i>			
<i>Capital and reserves</i>			
Authorized Certificate Capital			
60,000,000 (2012: 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	(46,927,527)	(217,791,911)
Unrealised loss on remeasurment of investments		(8,335,830)	(43,147,595)
<i>Total certificate holders' equity</i>		469,136,643	263,460,494
<hr/>			
Surplus on revaluation of fixed assets	8	467,622,569	222,698,114
<i>Non-current liabilities</i>			
Subordinated loan	9	40,000,000	40,000,000
Long term financing	10	494,544,991	614,557,582
Deferred markup	11	73,537,448	85,537,448
Deferred liabilities	12	287,094,085	71,674,848
<i>Total non-current liabilities</i>		895,176,524	811,769,878
<i>Current liabilities</i>			
Short term borrowings	13	99,197,767	144,793,836
Current portion of long term liabilities	14	132,012,591	133,779,045
Creditors, accrued and other liabilities	15	155,721,594	127,173,069
Accrued mark up	16	25,555,115	21,080,101
Taxation - net	17	-	8,150,259
Unclaimed profit distribution		26,003,219	26,082,863
<i>Total current liabilities</i>		438,490,286	461,059,173
<hr/>			
<i>Total equity and liabilities</i>		2,270,426,022	1,758,987,659
<hr/>			
<i>Contingencies and commitments</i>	18		



**CONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 2013**

	Note	2013 Rupees	2012 Rupees
<i>Assets</i>			
<i>Non-current assets</i>			
Fixed assets			
-tangible	19	1,332,311,219	985,063,665
-intangible	20	19,000,000	42,704,497
Long term investments	21	111,473,314	58,889,493
Advances		2,510,000	2,510,000
Deposits		1,150,000	1,150,000
<i>Total non-current assets</i>		1,466,444,533	1,090,317,655
<i>Current Assets</i>			
Store and spares	22	25,511,752	18,399,747
Stock-in-trade	23	291,348,176	223,621,837
Trade debts	24	115,505,726	108,144,771
Morabaha/Musharaka			
receivables-secured	25	150,039,060	137,621,599
Short term investments	26	39,981,789	26,918,313
Advances	27	36,354,477	41,791,426
Trade deposits and prepayments	28	26,327,675	14,861,677
Other receivables	29	29,418,699	28,075,620
Tax refunds from government authorities	30	26,901,595	25,797,142
Tax-net	30	3,009,859	-
Cash and bank balances	31	59,582,681	43,437,872
<i>Total current assets</i>		803,981,489	668,670,004
<i>Total Assets</i>		2,270,426,022	1,758,987,659

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

FIRST EQUITY MODARABA

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 *Page 57*
FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013 Rupees	2012 Rupees
<i>Income</i>	32	351,113,464	207,919,724
<i>Expenditures</i>			
Operating expenses	33	(37,058,916)	(27,486,769)
Distribution and selling expenses	34	(16,337,970)	(12,335,115)
		(53,396,886)	(39,821,884)
Operating profit		297,716,578	168,097,840
Financial charges	35	(99,577,774)	(124,174,302)
		198,138,804	43,923,538
Extra ordinary Item		36,368,860	-
Other income	36	2,517,553	1,133,389
		237,025,217	45,056,927
Other charges	37	(17,503,101)	(4,813,228)
Management fee		-	(989,397)
Share of profit in associated company		454,000	67,797
Profit before taxation		219,976,116	39,322,099
Taxation	38		
- current		(10,442,931)	(20,995,997)
- prior		-	(704,873)
- Deferred		(71,285,115)	262,742
		(81,728,046)	(21,438,128)
Profit for the year		138,248,070	17,883,971
Earnings per certificate	39		
- basic and diluted		2.64	0.34

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

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**CONSOLIDATED STATEMENT OF
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2013**

	2013	2012
	Rupees	Rupees
<i>Profit for the year</i>	138,248,070	17,883,971
Other comprehensive income		
Unrealized (loss) / gain on remeasurement of available for sale investments	9,911,495	(6,478,742)
Gain realised on disposal of investments	25,881,404	69,184
	35,792,899	(6,409,558)
Taxation relating to component of other comprehensive income	-	-
Other comprehensive (loss) / income	35,792,899	(6,409,558)
<hr/>		
Total comprehensive income for the year	174,040,969	11,474,413

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

FIRST EQUITY MODARABA

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**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013**

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	2013 Rupees	2012 Rupees
<i>Cash flows from operating activities</i>		
Profit before taxation	219,976,116	39,322,099
<i>Adjustments for:</i>		
Depreciation	96,444,160	105,492,589
Provision for gratuity	260,286	260,924
Share of profit in associated company	(454,000)	(67,797)
Dividend income	(3,806,611)	(4,538,086)
Gain on sale of asset	(221,473)	(225,040)
Extraordinary Item	(36,368,860)	-
Impairment	6,853,737	-
Provision for doubtful debts	3,331,749	135,283
Financial charges	99,577,774	124,174,302
	165,616,762	225,232,175
Cash generated from operations before working capital changes	385,592,878	264,554,274
Working Capital changes		
Decrease in operating assets		
Store, Spares and Loose tools	(7,112,005)	(3,524,451)
Stock-in-trade	(67,726,339)	27,419,593
Trade debts	(10,692,704)	659,956
Morabaha/Musharaka receivables	(12,417,461)	(5,079,545)
Advances	5,436,949	(4,760,607)
Trade deposits and prepayments	(11,465,998)	1,478,415
Other receivables	(1,343,079)	5,924,104
Tax refund from government authorities	-	(1,917,241)
Increase/(decrease) in operating liabilities		
Short term borrowing	(45,596,069)	(47,820,031)
Creditors, accrued and other liabilities	28,548,525	36,439,530
	(122,368,181)	8,819,723
Staff retirement benefit-gratuity paid	-	(37,000)
Financial charges paid	(107,102,760)	(127,610,495)
Dividend paid	(79,644)	(179,537)
Taxes paid	(22,707,502)	(14,392,444)
<i>Net cash generated from operating activities</i>	133,334,791	131,154,521
Cash flows from investing activities		
Investments	33,184,592	(44,572,269)
Proceed from sale of fixed assets	515,000	650,000
Dividend received	3,806,611	4,538,086
Purchase of tangible assets	(32,917,140)	(14,341,302)
<i>Net cash (used in) investing activities</i>	4,589,063	(53,725,485)



**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013**

	2013	2012
	Rupees	Rupees
<i>Cash flows from financing activities</i>		
Long term financing	(121,779,045)	(99,779,040)
Net cash (used in) financing activities	(121,779,045)	(99,779,040)
Net (decrease)/increase in cash and cash equivalents	16,144,809	(22,350,004)
Cash and cash equivalents at beginning of the year	43,437,872	65,787,876
Cash and cash equivalents at the end of the year	59,582,681	43,437,872

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

FIRST EQUITY MODARABA

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Services (Private) Limited

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Services (Private) Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *Page 61*
FOR THE YEAR ENDED JUNE 30, 2013

	Certificate Capital	Statutory reserve*	Certificate premium account	General reserve	Accumulated (loss)	Total reserves	Unrealised loss on remeasurement of available-for-sale investment	Total
	Rupees							
Balance as at June 30, 2011	524,400,000	134,351,947	131,100,000	27,120,000	(552,992,064)	(260,420,117)	(36,738,037)	227,241,846
Total Comprehensive income for the year	-	-	-	-	17,883,971	17,883,971	(6,409,558)	11,474,413
Incremental depreciation on revaluation surplus net off deferred tax	-	-	-	-	24,744,235	24,744,235	-	24,744,235
Transfer to statutory reserve	-	3,339,215	-	-	(3,339,215)	-	-	-
Balance as at June 30, 2012	524,400,000	137,691,162	131,100,000	27,120,000	(513,703,073)	(217,791,911)	(43,147,595)	263,460,494
Total Comprehensive income for the year	-	-	-	-	138,248,070	138,248,070	34,811,765	173,059,835
Incremental depreciation on revaluation surplus net off deferred tax	-	-	-	-	22,269,811	22,269,811	-	22,269,811
Reclassification of intangible asset	-	-	-	-	10,346,503	10,346,503	-	10,346,503
Balance as at June 30, 2013	524,400,000	137,691,162	131,100,000	27,120,000	(342,838,689)	(46,927,527)	(8,335,830)	469,136,643

* 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 48 form an integral part of these consolidated financial statements.

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

Zahid Bashir
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Premier Financial
Services (Private) Limited

Nadeem Maqbool
Director
Premier Financial
Services (Private) Limited



**NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

1. *Legal status and nature of business*

The group

The group consist of First Equity Modaraba (the Modaraba) and its subsidiary, Equity Textiles Limited (ETL) (subsidiary company).

1.1 **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 holding Trading Right Entitlement Certificate issued by 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 Textile Limited as a wholly

1.2 owned subsidiary company.

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

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.

Functional 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.

1.4 Basis of consolidation

These consolidated financial statements include the accounts of group [First Equity Modaraba and its subsidiary company Equity Textile Mills 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 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

2.3 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.

2.4 Amendments that are effective in current year but not relevant to the company

The Modaraba has adopted the amendments to the following standards which became effective during the year:

		Effective date (annual periods beginning on or after)
IFRS1	First time adoption of International Financial Reporting Standards	July 1, 2011
IFRS 7	Financial Instruments: Disclosures	July 1, 2011



**NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

IAS 24	Related Party Disclosure	July 1, 2011
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	January 1, 2011
IAS 12	Income Taxes - Limited scope amendment	January 1, 2012
IAS 1	Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented to revise the way other comprehensive income is presented	January 1, 2012

In May 2010, International Accounting Standards Board issued amendments to various accounting standards primarily with a view to removing inconsistencies and clarifying wording. These improvements are listed below:

IFRS 1	First time adoption of International Financial Reporting Standards	July 1, 2011
IFRS 7	Financial Instruments: Disclosure	January 1, 2011
IAS 1	Presentation of Financial Statements	January 1, 2011
IAS 34	Interim Financial Reporting	January 1, 2011
IFRIC 13	Customer Loyalty Programs	January 1, 2011

2.5 Amendments not yet effective

The following amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates as mentioned below against the respective standard or interpretation:

IFRS 1	First time Adoption of International Financial Reporting Standards- Amendments for government loan with a below-market rate of interest when transitioning to IFRSs and amendments resulting from Annual Improvements 2009-2011 Cycle (repeat application, borrowing costs)	January 1, 2013
IFRS 7	Financial Instruments Disclosures - Amendments related to the offsetting of assets and liabilities and deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures.	January 1, 2013
IFRS 9	Financial Instruments - Reissue to include requirements for the classification and measurement of financial liabilities and Incorporating existing derecognition requirements.	January 1, 2015

**NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

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		Effective date (annual periods beginning on or after)
IFRS 7	Financial Instruments: Disclosures	July 1, 2011
IAS 24	Related Party Disclosure	July 1, 2011
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	January 1, 2011
IAS 12	Income Taxes - Limited scope amendment	January 1, 2012
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IAS 1	Presentation of Financial Statements	January 1, 2011
IAS 34	Interim Financial Reporting	January 1, 2011
IFRIC 13	Customer Loyalty Programs	January 1, 2011

2.5 Amendments not yet effective

The following amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates as mentioned below against the respective standard or interpretation:

IFRS 1	First time Adoption of International Financial Reporting Standards- Amendments for government loan with a below-market rate of interest when transitioning to IFRSs and amendments resulting from Annual Improvements 2009-2011 Cycle (repeat application, borrowing costs)	January 1, 2013
IFRS 7	Financial Instruments Disclosures - Amendments related to the offsetting of assets and liabilities and deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures.	January 1, 2013
IFRS 9	Financial Instruments - Reissue to include requirements for the classification and measurement of financial liabilities and Incorporating existing derecognition requirements.	January 1, 2015



**NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

		Effective date (annual periods beginning on or after)
IFRS 9	Financial Instruments- Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosure	January 01, 2015
IAS 1	Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented.	July 01, 2012
IAS 1	Presentation of Financial Statements - Amendments resulting from annual improvements 2009-2011 Cycle (comparative information).	January 01, 2013
IFRS 7	Financial Instruments Disclosures	January 01, 2013
IAS 16	Property, Plant and Equipment - Amendments resulting from annual improvements 2009-2011 Cycle (servicing equipment)	January 01, 2013
IAS 19	Employee Benefits- Amendments standard resulting from the post employment benefits projects	January 01, 2013
IFRIC 13	Customer Loyalty Programs (Fair value of award credits)	January 01, 2013
IAS 32	Financial Instruments: Presentation - Amendments relating to the offsetting of assets and liabilities	January 01, 2014
IAS 32	Financial Instruments: Presentation - Amendments relating from Annual Improvements 2009-2011 Cycle (tax effect of equity distributions)	January 01, 2013
IAS 34	Interim Financial Reporting - Amendments resulting from Annual Improvements 2009-2011 Cycle (interim reporting segment assets)	January 01, 2013
IAS 36	Impairment of Assets - Amendments arising from Recoverable Amount Disclosures for Non Financial Assets	January 01, 2014
IAS 39	Financial Instruments; Recognition and Measurements - Amendments arising for the novations of derivatives	January 01, 2014

FIRST EQUITY MODARABA 2.6 **Standards or interpretation not yet effective**

The following International Financial Reporting Standards or Interpretations issued by IASB would be effective from the dates mentioned below against the respective standard or interpretation:

		Effective date (annual periods beginning on or after)
IFRS 10	Consolidated Financial statements	January 1, 2013

**NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

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		Effective date (annual periods beginning on or after)
IFRS 11	Joint arrangements	January 01, 2013
IFRS 12	Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13	Fair Value Measurement	January 01, 2013
IAS 27	Separate Financial Statements	January 01, 2013
IAS 28	Investment in Associates and Joint Ventures	January 01, 2013
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	January 01, 2013

The Modaraba expects that the adoption of the above amendments and interpretations of the standards will not affect the Modaraba's financial statement in the period of initial application.

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:

	Note
a) Useful life of depreciable assets/amortizable assets	5.1&5.2
b) Impairment of assets	5.1.2&5.3.1
c) Classification of investments	5.3
d) Income tax	5.5
e) Provision for staff gratuity	5.7
f) Provision for non performing assets	5.1

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.



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5.1 Fixed assets

5.1.1 Tangible

Fixed assets are stated at cost/revalued amount less accumulated depreciation and any 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 expenditure 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 19. 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. 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 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 amount. 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.

FIRST EQUITY MODARABA 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.

Cost in relation to TREC is taken as the initial recognition value as described in 20.1.

5.2 *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.

5.3 *Financial instruments*

Financial assets and financial liabilities are recognised when the group 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.

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 instrument. 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.

5.3.1 *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 Group 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
- Trade debts
- Morabaha/Musharaka receivables-secured
- Advances
- Trade deposits
- Other receivables
- Cash and cash equivalents

Financial assets at fair value through profit or loss

Investments which are acquired principally for the purpose of generating profit from short term fluctuations in prices are also classified as 'financial assets at fair value through profit or loss'.



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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.

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 morahaba 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 morahaba receivables are reversed in accordance with Prudential Regulations for Modaraba.

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.

5.3.2 *Financial liabilities*

The Modaraba's financial liabilities include unclaimed profit distribution, long term financing, long term bills payables, liabilities against assets subject to finance lease, short term borrowings, creditors accrued other liabilities.

Derecognition of financial liabilities

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

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5.4 *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. Cost and net realized value are determined as under:

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

Net realizable value represents estimated selling prices in the ordinary course of business less expenses incidental to make 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.

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- (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.

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 *Taxation*

5.12.1 *Parent company*

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.

5.12.2 *Subsidiary company*

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.

5.12.3 *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 operate a funded employee provident fund scheme for it permanent employee. Equal monthly contribution @ 6% of basic are made by both.

Employee 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*

Financial assets and financial liabilities are offset and the net amounts reported in the balance sheet if the modaraba has a legally enforceable right to set-off the recognized amount and they 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 *Provision*

The provision is 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.



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5.18 *Profit distribution to certificates holders*

Profit distribution to certificates 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 asset's recoverable amount is estimated and impaired losses are recognized in the profit and loss account.

Subsidiary

The Company assesses at each balance sheet date whether there is any indication that assets excluding inventory 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 value exceeds recoverable amount, assets are written down to the recoverable amount and the difference is charged to 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 organised 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*

Modaraba

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. These prices are determined in accordance with the methods prescribed in the Companies Ordinance, 1984.

5.22 *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.

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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.

5.23 *Cash and cash equivalents*

Cash and cash equivalents comprise cash in hand and cash with banks net of borrowings not considered as being in the nature of financing activities.

5.24 *Subsidiary accounting judgement and critical estimates / assumptions*

The preparation of financial statements in conformity with approved accounting standards requires the management to:-

- exercise its judgement in process of applying the Company's accounting policies, and
- use of certain critical accounting estimates and assumptions concerning the future.

The are as involving critical accounting estimates and significant assumptions concerning the future are discussed below:-

(a) *Income taxes*

The Company takes into account relevant provisions of the prevailing income tax laws while providing for current and deferred taxes as explained in note 4.6 to these financial statements.

(b) *Property, plant and equipment*

Management has made estimates of residual values, useful lives and recoverable amounts of certain items of property, plant and equipment. Any change in these estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge and impairment loss.

(c) *Stores and spares*

Management has made estimates for realizable amount of slow moving and obsolete stores and spares items to determine provision for slow moving and obsolete items. Any future change in the estimated realizable amounts might affect carrying amount of stores and spares with corresponding affect on amounts recognized in profit and loss account as provision / reversal.



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6. *Certificate capital*

2012 No. of Certificate	2013 No. of Certificate		2013 Rupees	2012 Rupees
		Modaraba certificates of Rs. 10 each fully paid-up in cash	462,200,000	462,220,000
46,220,000	46,220,000			
		Modaraba certificates of Rs. 10 each issued as fully paid-up bonus certificates	62,200,000	62,220,000
6,220,000	6,220,000			
52,440,000	52,440,000		524,400,000	524,400,000
<hr/>				
6.1	Certificates held by associated companies and undertakings			489,000
	(2012: 489,000).			

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7. *Reserves*

	Capital Reserve			Revenue Reserve			2012 Rupees
	Statutory* reserve	Certificate Premium Account	Total Reserve	Accumulated (loss)	General reserve	Total reserves	
Opening balance	137,691,162	131,100,000	268,791,162	(513,703,073)	27,120,000	(486,583,073)	(217,791,911)
Transfer from profit and (loss) account	-	-	-	138,248,070	-	138,248,070	17,883,971
Transfer to statutory reserve	-	-	-	-	-	-	-
Incremental depreciation on revaluation surplus net off deferred tax	-	-	-	22,269,811	-	22,269,811	24,744,235
Reclassification of intangible asset	-	-	-	10,346,503	-	10,346,503	10,346,503
Closing balance	137,691,162	131,100,000	268,791,162	(342,838,689)	27,120,000	(315,718,689)	(46,927,527)

* 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.



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FIRST EQUITY MODARABA

8. *Surplus on revaluation of fixed assets*

	2013 Rupees	2012 Rupees
Opening balance	342,612,483	380,680,537
Revaluation during the year	411,068,102	-
Less: transfer to unappropriated profit in respect of incremental depreciation charged during the year- (net of deferred tax)	22,269,811	24,744,235
Related deferred tax liability	11,991,437	13,323,819
	34,261,248	38,068,054
	719,419,337	342,612,483
Related deferred tax on :		
Closing balance		
Balance at at July 01	119,914,369	133,238,188
Add: Revaluation during the year	143,873,836	-
Less: incremental depreciation charged during the year transferred to the profit and loss account.	(11,991,437)	(13,323,819)
	251,796,768	119,914,369
	467,622,569	222,698,114

8.1 This represents net surplus on revaluation of subsidiary company's factory building, colony building, plant and machinery, gas generator, electric installation and factory equipment carried out as on June 30, 2013 by M/s Laseph Lobo (Pvt) Ltd.

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10.1.1	This finance 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 guarantee of all the directors of the Company. The finance carries mark up at 6month KIBOR plus 1.50% per annum on quarterly basis. The facility is repayable in 8 equal semi annual installments, commencing from July 2010.	2012 Rupees	532,933,998
10.1.2	This finance 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. The finance carries mark up at 6 month KIBOR plus 1.50% per annum on quarterly basis. The facility is repayable in 6 equal semi annual installments, commencing from January 2011.	2013 Rupees	497,933,998
10.1.3	This finance 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. The finance carries mark up at 3 month KIBOR plus 1.50% per annum on quarterly basis. The facility is repayable in 16 equal quarterly installments, commencing from February 2011.	2012 Rupees	71,211,000
10.2	<i>The Bank of Punjab</i>	2013 Rupees	6,069,195
	Demand finance 1	10.2.2	532,933,998
	Demand finance 11	10.2.3	71,211,000
	LTF – EOP	10.2.4	14,161,455
			618,306,453

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- 10.2.1 The financing facilities from The Bank of Punjab had been rescheduled vide restructuring proposal dated April 21, 2010.
- 10.2.2 This amount is payable against demand finance as a sublimit 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 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 mark up at the rate of 3 month KIBOR plus 100 bps with a floor of 11% per annum payable on quarterly basis. The loan is now repayable in 37 quarterly installments commencing from April 15, 2010. Total sanctioned limit of the facility is Rs. 581.933 million
- 10.2.3 The facility is created against conversion of accrued mark up upto September 30, 2009 on all facilities except LTF-EOP loan. The facility is secured against 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. This loan is repayable in 35 quarterly installments commencing from April 15, 2010.
- 10.2.4 This is a term finance facility under SBP scheme of LTF-EOP as a sub limit of import L/C 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. This finance carries SBP rate of refinance plus 200 bps. This loan is repayable in twenty four quarterly installments commencing from May 2008.



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FIRST EQUITY MODARABA

	2013	2012
	Rupees	Rupees
<i>11. Deferred markup</i>		
Deferred markup	85,537,448	97,537,448
Less: Current portion shown under current liabilities	12,000,000	12,000,000
	73,537,448	85,537,448
	Note	
<i>12. Deferred liabilities</i>		
Deferred taxation liability	285,002,064	69,843,113
Provision for staff gratuity	2,092,021	1,831,735
	287,094,085	71,674,848
<i>12.1 Deferred taxation liability/asset</i>		
The net balance for deferred taxation is in respect of the following temporary difference:		
Deferred tax liabilities		
Accelerated tax depreciation allowance	110,444,767	62,357,017
Revaluation of operating fixed assets	251,796,768	119,914,369
	362,241,535	182,271,386
<i>Deferred tax assets</i>		
Losses carried forward	(28,262,354)	(112,428,273)
Turnover tax	(48,977,117)	-
	285,002,064	69,843,113

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	2013 Rupees	2012 Rupees
12.2 Deferred liabilities		
Staff gratuity	2,092,021	1,831,735
12.2.1 General description		
The scheme provides for terminal/retirement benefits for all permanent employees who completed qualifying period of service with the modaraba at last drawn salary.		
Annual provision is based on actuarial valuation, which was carried out as at June 30, 2012 on September 21, 2012 using the Projected Unit Method.		
12.2.2 Amount recognized in the balance sheet are as follow:		
Present value of defined benefit obligation	2,092,021	1,831,735
Unrecognized actuarial losses	-	-
Total employee benefit obligation	2,092,021	1,831,735
12.2.3 Movement in net obligation		
Opening balance	1,831,735	1,607,811
Charge to profit and loss account	260,286	260,924
Benefits paid and adjustments	-	(37,000)
Closing balance	2,092,021	1,831,735



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FIRST EQUITY MODARABA

12.2.4 Gratuity expenses consist of:

	2013 Rupees	2012 Rupees
Current service cost	267,641	277,646
Interest cost	228,967	206,610
Actuarial (gains) recognized	(236,322)	(223,332)
Recognized transitional (assets)	-	-
Transitional liability	-	-
	260,286	260,924

12.4.1

12.2.5 Principal actuarial assumptions

Following principal actuarial assumptions were used for the valuation.

Salary increase rate	10.50%	11.50%
Discount rate	11.50%	12.50%

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<i>Short term borrowings</i>	2013	2012
Secured - financial institutions (Running finance arrangements)	Rupees	Rupees
Habib Bank Limited - Pledge	89,720,771	125,632,799
Habib Bank Limited - Hypothecation	9,476,996	10,000,000
Habib Bank Limited - FIM	-	9,161,037
	99,197,767	144,793,836

- 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+125 basis points to be calculated on monthly basis. The total sanctioned limits Rs. 250 million (2012: Rs. 340 million).
- 13.2 The facility is obtained for working capital requirements. This facility is secured against first pari passu charge of Rs. 57 million on stocks and receivables of the Company. The finance carries mark up at the rate of 1 month KIBOR plus 125 basis points to be calculated on monthly basis. The total sanctioned limits Rs.10 million as a sub limit of the facility noted in note 13.1 (2012 : Rs.10 million).
- 13.3 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 plus 125 basis points to be calculated on monthly basis. The total sanctioned limits Rs. 60 million as a sub limit of the facility noted in note 13.1 (2012: Rs. 60 million).



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	2013 Rupees	2012 Rupees
<i>14. Current portion of long term liabilities</i>		
Secured – Financial institution		
Habib Bank Limited Demand Finance	41,093,396	71,686,785
Bank of Punjab Demand Finance	72,850,000	42,000,000
Bank of Punjab LTF – EOP	6,069,195	8,092,260
	120,012,591	121,779,045
Deferred markup	12,000,000	12,000,000
	132,012,591	133,779,045
<i>15. Creditors, accrued and other liabilities</i>		
Creditors	85,679,386	91,677,651
Accrued expenses	44,408,200	23,897,521
Charity	227,393	-
Payable to clients	3,833,231	4,836,482
Advance from customer	1,262,688	1,202,756
Rention money payables	1,979,754	1,979,754
Sales tax payable	2,173,335	-
Withholding tax payable	21,752	19,599
Workers Profit Participation Fund	12,112,723	1,682,646
Workers Welfare Fund	3,895,780	639,405
Other liabilities	127,352	1,237,255
	155,721,594	127,173,069

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15.1 This includes Rs. 5.816 million (2012: Rs.59,255 million) due to associated undertakings.

15.2 This represents payable to Premier Financial Services (Private) Limited.

16. *Accrued markup*

	2013 Rupees	2012 Rupees
Accrued markup		
Financial insitutions	23,045,386	20,140,804
Sponsors	2,509,729	939,297
	25,555,115	21,080,101

17. *Taxation - net*

Advance income tax	17,225,639	14,392,436
Less : Provision for taxation	(14,215,780)	(22,542,695)
	3,009,859	(8,150,259)

18. *Contingencies and commitments*

Contingencies
There is a contingent liability in respect of bank guarantees issued by the subsidiary company's banker in the ordinary course of business in favour of Sui Southern Gas Company Limited aggregating to Rs. 12.708 million (2012: Rs. 12.708 million).
Modaraba has filed a suit against Samba Bank Ltd for the recovery of deposit amounting Rs 21 million along with 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.29,252 million (2012: Rs. 1.424 million).



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FIRST EQUITY MODARABA

19.

Savagale

Operating fixed assets
Fixed assets in transit

	2013 Rupees	2012 Rupees
Note	19.1	
	1,325,690,674	985,063,665
	6,620,545	-
	1,332,311,219	985,063,665

2013

Particulars	Cost			Accumulated depreciation			Book value As at June 30, 2013 Rupees	Rate %
	As at July 01, 2012 Rupees	Addition/ (transfer) Rupees	Surplus on revaluation Rupees	As at June 30, 2013 Rupees	As at July 01, 2012 Rupees	Charged during the year Rupees		
Owned								
Leasehold land	40,140,000	-	-	40,140,000	2,348,986	377,910	37,413,104	1
Factory building	192,404,902	3,779,519	75,627,037	271,811,458	70,929,261	12,439,253	188,442,944	10
Colony building	42,622,622	-	15,801,146	58,423,768	16,432,388	2,619,023	39,372,357	10
Plant & machinery	1,082,063,378	17,606,087	280,461,273	1,380,130,738	403,157,290	68,834,632	908,138,816	10
Gas generator	88,751,873	-	21,922,954	110,674,827	34,236,338	5,451,553	39,687,891	10
Electric installations	65,925,010	-	16,279,308	82,204,318	25,443,462	4,048,155	52,712,701	10
Office premises	21,514,500	1,734,134	-	23,248,634	4,325,599	1,138,637	17,784,398	5&10
Office equipments	968,005	29,000	-	997,005	795,534	60,066	141,405	20
Factory equipment	3,743,532	-	976,383	4,719,915	1,315,573	242,796	3,161,546	20
Computers	1,058,455	-	-	1,058,455	866,065	100,875	91,515	33&20
Motor vehicles	14,787,591	3,147,855	-	16,894,948	9,663,465	1,071,486	6,906,968	20
Furniture & fixtures	1,201,234	(1,040,498)	-	1,201,234	603,476	59,774	537,984	20
2013	1,555,181,102	26,296,595	411,068,101	1,991,505,300	570,117,437	96,444,160	1,325,690,674	
		(1,040,498)				(746,971)		

19.1

19.2 Depreciation for the year has been allocated as follows

	2013 Rupees	2012 Rupees
Modaraba business		
Administrative expense	1,661,456	1,526,274
Textile Business		
Cost of sale	94,093,151	103,161,542
Administrative expense	689,553	804,773
	96,444,160	105,492,589

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	Note	2013 Rupees	2012 Rupees
20. <i>Intangible</i>			
Cost	20.1	19,000,000	42,704,497
		19,000,000	42,704,497

These represent Trading Right Entitlement Certificate (TREC) received from Karachi and Islamabad Stock Exchange Limited after the demutualization of the respective exchanges due to the promulgation of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012. In addition to the TREC, following the corporatization process, Karachi and Islamabad Stock Exchanges have been converted from company limited by guarantee to unlisted public company. As a result, First Equity Modaraba has received 4,007,383 shares of Karachi Stock Exchange Limited and 3,034,603 shares of Islamabad Stock Exchange Limited on August 15, 2012 and August 16, 2012 respectively of face value of Rs 10/- each.

The carrying value of the membership cards before allocation to TRECs and shares of Karachi Stock Exchange Limited and Islamabad Stock Exchange was Rs. 53,051,000. The value assigned to the TREC of Karachi Stock Exchange i.e Rs. 15,000,000 and the TREC of Islamabad Stock Exchange i.e Rs. 4,000,000 is based on the value assigned by Karachi Stock Exchange and Islamabad Stock Exchange for base minimum capital requirement purposes applicable to the brokers of the stock exchange.

As per Stock Exchange (Corporatization, Demutualization and Integration) Act 2012, the prerequisite for TREC holder to register as broker applies a company as defined in Companies Ordinance, 1984. We have submitted to the SECP that Modaraba although not a company but being regulated under its auspices and a corporate legal entity, has not been accepted by the Regulators. Thereafter, we requested our prime regulator, Registrar Modaraba to allow us to create a wholly owned subsidiary enabling us to protect and safeguard assets of the modaraba. However, the Registrar Modaraba did not understand our challenge and concern. We were left with no other option but to file a suit in the Honorable Sindh High Court and got a stay order against the cancellation of broker registration.

The Modaraba has created hypothecation on the TREC in favour of Karachi Stock Exchange for the purpose of fulfilling the base minimum capital requirement.

FIRST EQUITY MODARABA

	Note	2013 Rupees	2012 Rupees
21. <i>Long term investments</i>			
Investment in associated company	21.1	28,263,584	28,790,718
Investment classified as available-for-sale financial assets		28,263,584	28,790,718
Listed securities	21.2.1	10,989,869	28,298,775
Unlisted securities	21.2.2	72,219,861	1,800,000
		83,209,730	30,098,775
		111,473,314	58,889,493

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21.1 Investment in associated company

The holdings are in ordinary shares of Rs. 5 each.

2012 Number	2013 Number		2013 Rupees	2012 Rupees
981,134	981,134	Premier Insurance Limited	28,790,718	29,704,055
		Share of profit / (loss)	454,000	67,797
		Less: Dividend Income	(981,134)	(981,134)
			28,263,584	28,790,718

21.2 Investment classified as available-for-sale financial assets

21.2.1 Listed securities

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

2012 Number	2013 Number		2013 Rupees	2012 Rupees
		<i>Open-end mutual funds</i>		
11,968	11,968	Dawood Money Market Fund (Unit of Rs. 100 each)	847,188	918,743
		<i>Oil and Gas</i>		
1,259	-	Attock Petroleum Limited	-	597,232
12,000	-	Oil & Gas Development Company Limited	-	1,925,280
12,870	-	Pakistan Oilfields Limited	-	4,722,518
		<i>Chemicals</i>		
166,000	166,000	Fauji Fertilizer Bin Qasim Limited	6,231,640	6,776,120
6,562	-	Fauji Fertilizer Company Limited	-	728,710
10,000	6,654	ICI Pakistan Limited	1,107,425	1,310,700
9,400	9,400	Sitara Peroxide Limited	119,662	93,060
		<i>Construction and materials</i>		
94,535	-	Fauji Cement Company Limited	-	532,232
11,603	-	Lucky Cement Limited	-	1,338,870
7,000	7,000	Maple Leaf Cement Factory Limited	153,510	32,410
		<i>Industrial metals and mining</i>		
37,500	-	Siddiqsons Tin Plates Limited	-	271,875
		<i>Automobile and parts</i>		
1,043	1,043	Indus Motor Company Limited	324,373	255,618
		<i>Fixed line telecommunication</i>		
50,000	50,000	Pakistan Telecommunication Company Limited	1,109,500	684,500
		<i>Gas water and multiutilities</i>		
38,323	42,155	Sui Northern Gas Pipelines Limited	845,630	647,275



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2012 Number	2013 Number		Note	2013 Rupees	2012 Rupees
<i>Banks</i>					
10,766	-	Askari Bank Limited		-	146,095
20,000	-	The Bank of Punjab		-	153,600
8,784	-	Habib Bank Limited		-	991,187
<i>Non life insurance</i>					
4,188	-	Adamjee Insurance Company Limited		-	243,951
<i>Financial services</i>					
14,437	-	Arif Habib Securities Limited		-	446,536
22,000	22,000	Javed Omer Vohra & Company Limited		41,800	41,800
14,703	-	Jahangir Siddiqui & Company Limited		-	182,464
18,000	-	JS Investment Limited		-	131,580
5,875	-	Pervez Ahmed Securities Limited		-	9,870
<i>Equity investment instruments</i>					
760,000	735,000	First Dawood Mutual Funds	21.2.1.1	209,141	2,910,800
135,550	-	PICIC Growth Fund		-	1,660,259
99,000	-	PICIC Investment Fund		-	545,490
				10,989,869	28,298,775

21.2.1.1 Investment was made at inception and the carrying value was Rs 5,145,000. SECP took action against the management and as a result the Trustee (Central Depository Company of Pakistan Limited) sold its investment and made the partial payment to shareholders. FEM received Rs 4,935,859 in this matter.

21.2.2 Unlisted securities

The holdings are in ordinary shares of Rs. 10 each.

2012 Number	2013 Number			2013 Rupees	2012 Rupees
50,000	50,000	Sapphire Power Generation Limited	13.2.2.1	1,800,000	1,800,000
-	4,007,383	Karachi Stock Exchange Limited	13.2.2.2	40,073,830	-
-	3,034,603	Islamabad Stock Exchange Limited	13.2.2.2	30,346,030	-
78,150	78,150	Callmate Telips Telecom Limited	13.2.2.3	1	-
				72,219,861	1,800,000

FIRST EQUITY MODARABA

21.2.2.1 Net assets value per share of Sapphire Power Generation Limited is Rs. 72.84 (2011: Rs.65.96) as per financial statements as at June 30, 2012 audited by Riaz Ahmad, Saqib, Gohar & Company Chartered Accountants.

21.2.2.2 Consequent of corporatisation in August 2012, as described in note 20, Karachi and Islamabad Stock Exchange Limited issued 4,007,383 and 3,034,603 shares respectively of Rs 10/- each.

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

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	Note	2013 Rupees	2012 Rupees
<i>22. Spare and spares</i>			
-in hand		19,388,898	18,399,747
-in transit		6,122,854	-
		25,511,752	18,399,747
<i>23. Stock-in-trade</i>			
Raw material			
- in hand		246,327,928	167,915,793
Work in Process		9,324,421	8,776,680
Finished goods		35,695,827	46,929,364
		291,348,176	223,621,837
<i>24. Trade debts</i>			
(Secured - considered good)		-	-
(Unsecured - considered good)		115,505,726	108,144,771
		115,505,726	108,144,771
Unsecured - considered doubtful		7,447,397	4,115,648
Less: Provision for bad debts against local debtors		(7,447,397)	(4,115,648)
		-	-
		115,505,726	108,144,771
<i>25. Morabaha/Musharaka receivables-secured</i>			
Musharaka - considered good 25.1 & 25.2		150,039,060	137,621,599
Morabaha - considered doubtful		17,380,055	17,380,055
		167,419,115	155,001,654
Provision for non performing assets		(17,380,055)	(17,380,055)
		150,039,060	137,621,599

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 % (2012: 12 % to 20%).

25.2 All the amounts are short term. The carrying amount is considered a reasonable approximation of fair value.



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	Note	2013 Rupees	2012 Rupees
26. <i>Short term investments</i>			
Investment classified as financial asset at fair value through profit or loss			
Listed securities	26.1	39,981,789	26,918,313

26.1 Listed securities

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

2012 Number	2013 Number		2013 Rupees	2012 Rupees
		<i>Oil and Gas</i>		
511,355	-	Byco Petroleum Pakistan Limited	-	4,310,494
3,000	3,720	Pakistan State Oil Company Ltd	1,191,814	707,520
-	10,000	Shell Pakistan	1,431,700	-
		<i>Food</i>		
-	47,500	Engro Foods Ltd	6,686,575	-
-	50,000	Quice Food	432,000	-
		<i>Chemicals</i>		
330,692	-	DS Industries Ltd	-	499,345
13,000	-	Engro Corporation Ltd	-	1,323,920
100,000	-	Engro Polymer & Chemicals Ltd	-	985,000
10,000	-	Fatima Fertilizer Ltd	-	246,700
600	-	Fauji Fertilizer Company Limited	-	66,630
75,000	140,000	Lotte Pakistan PTA Limited	1,066,800	527,250
-	45,000	Sitara Peroxide	572,850	-
		<i>Construction and materials</i>		
8,000	-	Attock Cement Pakistan Limited	-	651,520
425,000	-	Dewan Cement Ltd	-	1,457,750
4,000	-	D.G. Khan Cement Company Limited	-	157,520
50,000	-	Fauji Cement Company Limited	-	281,500
-	36,000	Fecto Cement Ltd	1,728,360	-
200,000	140,000	Fly Cement Ltd	617,400	540,000
42,500	225,500	Lafarge Pakistan Cement Ltd	1,914,495	183,600
12,427	-	Lucky Cement Limited	-	1,433,952
6,500	66,000	Maple Leaf Cement Factory Limited	1,447,380	30,095
		<i>Personal goods</i>		
99,358	-	Azgard Nine Limited	-	635,891
16,570	-	Gellate Pakistan Ltd	-	1,035,128
1,000	-	Nishat Mills Limited	-	47,580
2,000	-	Sohail Jute Ltd	-	18,000
1,450	-	Treet Corporation	-	74,806

FIRST EQUITY MODARABA

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2012 Number	2013 Number		2013 Rupees	2012 Rupees
		<i>Pharma and biotech</i>		
6,751	39,200	IBL Healthcare Limited	1,538,600	142,784
3,300	47,000	Searl Pakistan Limited	3,712,060	157,047
-	30,000	Glaxosmithkline Pakistan Ltd	3,639,900	-
		<i>Automobile and parts</i>		
1,789	1,967	Millat Tractors	1,032,655	863,819
-	30,000	General Tyre Ltd	1,266,000	-
-	25,000	Ghani Gass	624,500	-
		<i>Fixed line telecommunication</i>		
10,000	300,000	TeleCard Ltd	1,554,000	14,900
111,500	632,500	Worldcall Telecom Limited	1,897,500	228,575
		<i>Electricity</i>		
25,000	-	Karachi Electricity Supply Company Limited	-	81,000
25,000	-	Kot Addu Power Company Ltd	-	1,125,000
2,000	-	Kohinoor Energy Limited	-	43,000
100,000	-	Nishat Power Ltd	-	1,470,000
15,000	-	Pakgen Power Ltd	-	191,850
		<i>Gas water and multiutilities</i>		
-	352,000	Sui Northern Gas Pipelines Limited	7,061,120	-
-	29,000	Sui Southern Gas Limited	566,080	-
		<i>Banks</i>		
32,500	-	Askari Bank Limited	-	441,025
375,000	-	JS Bank Ltd	-	1,912,500
44,000	-	National Bank of Pakistan	-	1,915,987
225,000	-	NIB Bank Limited	-	447,750
		<i>Financial services</i>		
7,500	-	Jahangir Siddiqui & Company Limited	-	93,075
200,855	-	JS Investment Limited	-	1,468,250
		<i>Non life insurance</i>		
13,800	-	Adamjee Insurance Company Limited	-	803,850
10,000	-	Pakistan Reinsurance company Limited	-	171,100
		<i>Real estate investment and services</i>		
65,000	-	PACE (Pakistan) Limited	-	132,600
			39,981,789	26,918,313



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	Note	2013 Rupees	2012 Rupees
<i>27. Advances - considered good</i>			
To employees	27.1	1,740,803	1,495,418
To supplier of goods		34,473,766	38,801,747
Against letter of credit		138,897	1,493,250
Others		1,011	1,011
		36,354,477	41,791,426

27.1 All the amounts are short term. The carrying amount is considered a reasonable approximation of fair value.

	2013 Rupees	2012 Rupees
<i>28. Trade deposits and prepayments</i>		
Deposits	14,767,556	14,668,606
Margin deposit	11,301,058	14,458
Prepayments	259,061	178,613
	26,327,675	14,861,677

28.1 All the amounts are short term. The carrying amount is considered a reasonable approximation of fair value.

	Note	2013 Rupees	2012 Rupees
<i>29. Other receivables</i>			
Sale proceeds of investments		371,226	237,205
Receivable from clients	29.1	25,971,457	25,286,870
Insurance claims receivable	29.2	11,531	-
Cotton claims		-	218,817
Others	29.3	3,064,485	2,332,728
		29,418,699	28,075,620

29.1 *Receivable from clients*

Considered good		25,971,457	25,286,870
Considered doubtful	29.1.1	12,500,000	12,500,000
		38,471,457	37,786,870
Less: Provision for doubtful debts		(12,500,000)	(12,500,000)
		25,971,457	25,286,870

29.1.1 **Movement in provision for doubtful debts**

Opening provision		12,500,000	12,500,000
Charge for the year		-	-
		12,500,000	12,500,000

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29.2 The insurance claim is receivable from Premier Insurance Limited, an associated undertaking. (2012: Nil)

29.3 Receivable from clients include receivable from related parties of Rs. 259,158. (2012: Rs. 148,479)

29.4 All the amounts are short term. The carrying amount is considered a reasonable approximation of fair value.

	Note	2013 Rupees	2012 Rupees
<i>30. Tax refund from government authorities</i>			
Sales tax refundable		12,758,194	7,147,657
Income tax refundable		14,143,401	19,009,485
		26,901,595	25,797,142

31. Cash and bank balance

Cash in Hand		261,659	292,443
Bank balances			
-in current accounts		11,494,854	26,888,151
-in Islamic banks		47,669,241	-
-in saving accounts	31.1	156,927	16,257,278
		59,582,681	43,437,872

31.1 Effective mark-up rate in respect of PLS accounts ranges from 5% to 7% (2012: 5% to 7%) per annum.

31.2 All the amounts are short term. The carrying amount is considered a reasonable approximation of fair value.

	Note	2013 Rupees	2012 Rupees
<i>32. Income</i>			
Income from modaraba's business	32.1	16,621,402	29,668,392
Income from textile's business	32.2	334,492,062	178,251,332
		351,113,464	207,919,724

32.1 Income from modaraba's business

Profit on musharaka		17,811,866	19,012,211
Brokerage commission		1,379,972	705,908
Capital gain		(6,715,718)	5,412,187
Dividends		3,806,611	4,538,086
Commission and fees		338,671	-
		16,621,402	29,668,392



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	Note	2013 Rupees	2012 Rupees
32.2 Income from textile's business			
Sales			
- Local		2,341,005,201	1,800,449,937
- Exports		45,805,710	37,675,153
- Waste sales		22,610,977	27,529,429
		2,409,421,888	1,865,654,519
Commission to selling agent		(65,588,273)	(33,561,571)
		2,343,833,615	1,832,092,948
Cost of sale	32.3	(2,009,341,553)	(1,653,841,616)
		334,492,062	178,251,332
32.3 Cost of sale			
Raw material consumed	31.3.1	1,613,286,216	1,235,312,562
Store consumed		33,741,209	23,783,892
Packing material consumed		23,508,039	18,766,559
Salaries, wages and other benefits		89,589,454	59,438,219
Provident fund contribution		1,466,777	946,722
Fuel and power		128,538,800	98,263,557
Insurance		8,243,547	9,134,631
Repair & maintenance		3,825,593	3,252,427
Depreciation	17.1	94,093,151	103,161,542
Other manufacturing overheads		2,362,971	1,692,435
		1,998,655,757	1,553,752,546
Work in Process			
-opening stock		8,776,680	11,849,992
-closing Stock		(9,324,421)	(8,776,680)
Cost of goods manufactured		1,998,108,016	1,556,825,858
Finished goods			
-opening stock		46,929,364	143,945,122
-closing Stock		(35,695,827)	(46,929,364)
		2,009,341,553	1,653,841,616
32.3.1 Raw material consumed			
Opening stock		(167,915,793)	95,246,315
Purchased during the year		1,691,698,351	1,307,982,040
		1,859,614,144	1,403,228,355
Closing stock		(246,327,928)	(167,915,793)
		1,613,286,216	1,235,312,562

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	Note	2013 Rupees	2012 Rupees
<i>33. Operating expenses</i>			
Salaries, allowances and benefits	33.1	11,175,476	9,962,156
Provident fund contribution		237,230	200,254
Management and consultancy		-	151,520
Traveling, conveyance and entertainment		978,360	982,445
Telephone and postage		604,976	775,581
Rent, rates and taxes		100,000	-
Electricity		477,302	481,492
Insurance		516,414	529,187
Printing, stationery and advertising		753,064	1,080,421
Fees and subscriptions		1,167,898	1,213,447
Vehicle running and maintenance		2,319,283	2,345,395
Depreciation		2,351,009	2,331,047
Investment written off		6,853,737	-
Facilities and services		4,344,996	4,355,866
Repair and maintenance		1,562,390	1,007,886
Annual Review Meeting		28,490	48,200
Auditors' remuneration	33.3	418,579	405,658
Legal and professional		1,937,237	864,849
Shariah Advisor		140,000	35,000
Training and development		131,000	27,500
Zakat deducted at source		-	750
KSE & SECP Charges		159,405	169,530
Withholding & CVT tax		58,453	9,507
Cartage expense		245,928	130,796
Others		497,689	378,282
		37,058,916	27,486,769

33.1 Remuneration of officers and other employees

The aggregate amount charged in the consolidated financial statements for remuneration, including benefits to 25 (2012 : 26) employees of the Modaraba is:

	2013		2012	
	Officers	Other employees	Officers	Other employees
	----- Rupees -----		----- Rupees -----	
Salaries and allowances	4,384,528	5,808,666	4,021,816	4,405,562
Gratuity and leave fare	424,641	299,366	397,058	209,682
Expenses reimbursed:				
- Medical	297,187	259,839	222,409	131,045
	5,106,356	6,367,871	4,641,283	4,746,289

33.2 Salaries, allowances and benefits include provision for gratuity of Rs. 508,917 (2011: Rs. 212,750). Officers are also provided with free use of Modaraba maintained cars.



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	2013 Rupees	2012 Rupees
33.3 Auditor's remuneration		
Audit fee	280,000	259,800
Half yearly review	25,000	25,000
Other fees	113,579	120,858
	418,579	405,658
34. Distribution and Selling Expenses		
Freight loading and unloading	14,753,611	10,346,795
Clearing & forwarding - exports	1,037,080	1,644,642
Export development charges	98,517	110,907
Pressing comber noil	448,762	232,771
	16,337,970	12,335,115
35. Financial Charges		
Mark up / interest on :		
Long term loan - secured	70,520,604	93,779,908
Short term loan & running finance - secured	20,009,748	24,398,221
Musharaka	-	850,000
Interest on WPPF	178,024	-
Loan from directors	4,754,520	2,158,414
Bank charges	4,114,878	2,987,759
	99,577,774	124,174,302
36. Other income		
Profit on PLS deposits	731,770	723,755
Gain on sale of fixed assets	221,473	226,415
Dividend Income	981,134	-
Interest income	583,176	151,953
Exchange gain	-	31,266
	2,517,553	1,133,389
37. Other charges		
Exchange loss - net	23,519	-
Provision for doubtful debts	3,331,749	135,283
Worker Welfare Fund	3,895,780	639,405
Workers Profit Participation Fund	10,252,053	1,682,646
Others	-	2,355,894
	17,503,101	4,813,228
38. 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.		

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Assessments, in respect of First Equity Modaraba, upto and including the tax year 2012 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.

	2013 Rupees	2012 Rupees
<i>39. Earnings per certificates - basic and diluted</i>		
Profit for the year	138,248,070	17,974,971
Weighted average number of certificates outstanding during the year	Number 52,440,000	Number 52,440,000
Profit per certificate - basic and diluted	Rupees 2.64	Rupees 0.34

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

40.. Risk management policies and objectives

Financial risk management

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

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/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.



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Business	2013		2012	
	Rupees	%	Rupees	%
Open-end mutual funds	847,188	0.17	918,743	0.22
Oil and Gas	2,623,514	0.51	12,263,044	2.92
Chemicals	9,098,377	1.77	12,557,435	2.99
Industrial metals and mining	-	0.00	271,875	0.06
Construction and materials	5,861,145	1.14	6,639,449	1.58
Automobile and parts	3,247,528	0.63	1,119,437	0.27
Personal goods	-	0.00	3,611,405	0.86
Pharma and biotech	8,890,560	1.73	299,831	0.07
Fixed line telecommunication	4,561,000	0.89	927,975	0.22
Electricity	-	0.00	2,910,850	0.69
Gas water and multiutilities	8,472,830	1.65	647,275	0.15
Banks	-	0.00	6,008,144	1.43
Non life insurance	7,849,073	1.53	30,009,619	7.15
Real estate investment and services	-	0.00	132,600	0.03
Financial services	41,800	0.01	2,373,575	0.57
Equity investment instruments	209,141	0.04	5,116,549	1.22
Engineering	13,912,099	2.71	11,281,316	2.69
Others	447,146,485	87.20	322,873,777	76.88
	512,760,740	100	419,962,899	100

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:

	2013 Rupees	2012 Rupees
Investment	151,455,103	85,807,806
Trade debts	111,505,726	108,144,771
Morabaha/Musharaka receivables-secured	150,039,060	137,621,599
Advances-considered good	38,864,477	44,301,426
Trade deposits and prepayments	27,477,675	16,011,677
Other receivables	29,418,699	28,075,620
	512,760,740	419,962,899

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.

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	2013			Total
	Less than one year	Over one year but less than five years	Over five years	
----- Rupees -----				
Assets				
Long term investments	-	83,209,730	-	83,209,730
Trade debts	115,505,726	-	-	115,505,726
Morabaha & musharaka receivables	150,039,060	-	-	150,039,060
Short term investments	39,981,789	-	-	39,981,789
Advances	36,354,477	-	2,510,000	38,864,477
Trade deposits	26,068,614	1,150,000	-	27,218,614
Other receivables	29,418,699	-	-	29,418,699
Bank balances	59,582,681	-	-	59,582,681
	456,951,046	84,359,730	2,510,000	543,820,776
Liabilities				
Subordinated loan	-	40,000,000	-	40,000,000
Long term financing	-	494,544,991	-	494,544,991
Deferred markup	-	-	73,537,448	73,537,448
Current portion of long term liabilities	132,012,591	-	-	132,012,591
Short term borrowing	99,197,767	-	-	99,197,767
Creditors, accrued and other liabilities	155,721,594	-	-	155,721,594
Accured markup	25,555,115	-	-	25,555,115
Taxation - net	3,772,849	-	-	3,772,849
Unclaimed profit distribution	26,003,219	-	-	26,003,219
	442,263,135	534,544,991	73,537,448	1,050,345,574
Net balance	(14,687,911)	(450,185,261)	(71,027,448)	(506,524,798)
2012				
	Less than one year	Over one year but less than five years	Over five years	Total
----- Rupees -----				
Assets				
Long term investments	-	30,098,775	-	30,098,775
Trade debts	108,144,771	-	-	108,144,771
Morabaha & musharaka receivables	137,621,599	-	-	137,621,599
Short term investments	26,918,313	-	-	26,918,313
Advances	41,791,426	-	2,510,000	44,301,426
Trade deposits	14,683,064	1,150,000	-	15,833,064
Other receivables	28,075,620	-	-	28,075,620
Bank balances	43,437,872	-	-	43,437,872
	400,672,665	31,248,775	2,510,000	434,431,440
Liabilities				
Subordinated loan	-	40,000,000	-	40,000,000
Long term financing	-	614,557,582	-	614,557,582
Deferred markup	-	-	85,537,448	85,537,448
Current portion of long term liabilities	133,779,045	-	-	133,779,045
Short term borrowing	144,793,836	-	-	144,793,836
Creditors, accrued and other liabilities	127,082,069	-	-	127,082,069
Accured markup	21,080,101	-	-	21,080,101
Taxation - net	-	-	-	-
Unclaimed profit distribution	8,150,259	-	-	8,150,259
	26,082,863	-	-	26,082,863
	460,968,173	654,557,582	85,537,448	1,201,063,203
Net balance	(60,295,508)	(623,308,807)	(83,027,448)	(766,631,763)



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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.

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 currencies.

41. 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.

	2013	2012
	Rupees	Rupees
<i>41.1 Financial instruments by category</i>		
Financial assets		
<i>loans and receivables</i>		
Morabaha/Musharaka receivables	150,039,060	137,621,599
Trade debts	115,505,726	108,144,771
Advances	38,864,477	44,301,426
Trade deposits	27,218,614	15,833,064
Other receivables	29,418,699	28,075,620
Bank balances	59,582,681	43,437,872
 <i>Financial assets at fair value through profit or loss</i>		
Short term investments	39,981,789	26,918,313
<i>Available-for-sale financial assets</i>		
Long term investments	83,209,730	30,098,775
	543,820,776	434,431,440
 Financial liabilities		
Financial liabilities at amortised cost		
Subordinated loan	40,000,000	40,000,000
Long term financing	494,544,991	614,557,582
Short term loans	99,197,767	144,793,836
Deferred Mark up	73,537,448	85,537,448
Current portion of long term liabilities	132,012,591	133,779,045
Creditors, accrued and other liabilities	155,721,594	127,082,069
Accrued mark up	25,555,115	21,080,101
Taxation - net	3,772,849	8,150,259
Unclaimed profit distribution	26,003,219	26,082,863
	1,050,345,574	1,201,063,203
On balance sheet gap	(506,524,798)	(766,631,763)

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42. *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.

	2013				
	Upto one month	Over one month to one year	Over one year to five years	Over five years	Total
	----- Rupees -----				
Assets					
Tangible assets	-	-	1,319,121,939	13,189,280	1,332,311,219
Intangible assets	-	-	-	19,000,000	19,000,000
Deferred cost	-	-	-	-	-
Long term investments	-	-	91,058,803	-	91,058,803
Store and spares	-	25,511,752	-	-	25,511,752
Stock-in-trade	-	291,348,176	-	-	291,348,176
Trade debts	-	115,505,726	-	-	115,505,726
Morabaha & musharaka receivables	54,539,060	95,500,000	-	-	150,039,060
Short term investments	-	39,981,789	-	-	39,981,789
Advances	35,644	36,318,833	2,510,000	-	38,864,477
Trade deposits and prepayments	11,476,582	14,851,093	1,150,000	-	27,477,675
Other receivables	38,781,851	(9,363,152)	-	-	29,418,699
Tax refunds due from government authorities	-	33,684,303	-	-	33,684,303
Bank balances	59,582,681	-	-	-	59,582,681
	164,415,818	643,338,520	1,413,840,742	32,189,280	2,253,784,360
Liabilities					
Subordinated loan	-	-	40,000,000	-	40,000,000
Long term financing	-	-	494,544,991	-	494,544,991
Deferred Mark up	-	-	-	73,537,448	73,537,448
Deferred liabilities	-	-	287,094,085	-	287,094,085
Short term loan	-	99,197,767	-	-	99,197,767
Current portion of long term liabilities	-	132,012,591	-	-	132,012,591
Creditors, accrued and other liabilities	27,634,401	128,087,193	-	-	155,721,594
Accrued mark up	-	25,555,115	-	-	25,555,115
Taxation - net	-	3,772,849	-	-	3,772,849
Unclaimed profit distribution	26,003,219	-	-	-	26,003,219
	53,637,620	388,625,515	821,639,076	73,537,448	1,337,439,659
Net balance	110,778,198	254,713,005	592,201,666	(41,348,168)	916,344,701



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	2012				Total
	Upto one month	Over one month to one year	Over one year to five years	Over five years	
	----- Rupees -----				
Assets					
Tangible assets	-	-	971,874,385	13,189,280	985,063,665
Intangible assets	-	-	-	42,704,497	42,704,497
Deferred cost	-	-	-	-	-
Long term investments	-	-	58,889,493	-	58,889,493
Store and spares	-	18,399,747	-	-	18,399,747
Stock-in-trade	-	223,621,837	-	-	223,621,837
Trade debts	-	108,144,771	-	-	108,144,771
Morabaha & musharaka receivables	42,121,599	95,500,000	-	-	137,621,599
Short term investments	-	26,918,313	-	-	26,918,313
Advances	35,644	41,755,782	2,510,000	-	44,301,426
Trade deposits and prepayments	10,584	14,851,093	1,150,000	-	16,011,677
Other receivables	38,781,851	(10,706,231)	-	-	28,075,620
Tax refunds due from government authorities	-	25,797,142	-	-	25,797,142
Bank balances	43,437,872	-	-	-	43,437,872
	124,387,550	544,282,454	1,034,423,878	55,893,777	1,758,987,659
Liabilities					
Subordinated loan	-	-	40,000,000	-	40,000,000
Long term financing	-	-	614,557,582	-	614,557,582
Deferred Mark up	-	-	-	85,537,448	85,537,448
Deferred liabilities	-	-	71,674,848	-	71,674,848
Short term loan	-	144,793,836	-	-	144,793,836
Current portion of long term liabilities	-	133,779,045	-	-	133,779,045
Creditors, accrued and other liabilities	27,634,401	99,447,668	-	-	127,082,069
Accrued mark up	-	21,080,101	-	-	21,080,101
Taxation - net	-	8,150,259	-	-	8,150,259
Unclaimed profit distribution	26,082,863	-	-	-	26,082,863
	53,717,264	407,250,909	726,232,430	85,537,448	1,272,738,051
Net balance	70,670,286	137,031,545	308,191,448	(29,643,671)	486,249,608

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4.3. *Yield/Profit rate risk exposure*

DESCRIPTION	Effective yield / profit risk % age	2013						2013 Total
		Yield / profit bearing maturing		Non yield / profit bearing maturing		Rupees		
		With 1 year	After 1 year	With 1 year	After 1 year		Sub-total	
Financial assets								
Long term investments		-	83,209,730	83,209,730	-	-	83,209,730	
Trade debts		-	-	-	115,505,726	-	115,505,726	
Morabaha/Musharika receivables	12% to 16%	150,039,060	-	150,039,060	-	-	150,039,060	
Short term investments		39,981,789	-	39,981,789	-	-	39,981,789	
Advances		-	-	-	36,354,477	38,864,477	38,864,477	
Trade deposits		-	-	-	26,068,614	1,150,000	27,218,614	
Other receivables		-	-	-	29,418,699	-	29,418,699	
Bank balances	5% to 7%	47,826,168	-	47,826,168	11,756,513	-	59,582,618	
		237,847,017	83,209,730	321,056,747	219,104,029	3,660,000	543,820,776	
Financial Liabilities								
Subordinated loan		-	-	-	-	40,000,000	40,000,000	
Long term financing		-	494,544,991	494,544,991	-	-	494,544,991	
Short term loan		99,197,767	-	99,197,767	-	-	99,197,767	
Current portion of long term liabilities		132,012,591	-	132,012,591	-	-	132,012,591	
Creditors, accrued and other liabilities		-	-	-	185,049,558	73,537,448	258,587,006	
Unclaimed profit distribution		-	-	-	26,003,219	-	26,003,219	
		231,210,358	494,544,991	725,755,349	211,052,777	113,537,448	1,050,345,574	
On balance sheet gap		6,636,659	(411,335,261)	(404,698,602)	8,051,252	(109,877,448)	(506,524,798)	

- 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.

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44. 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 the 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.

	2013					2012	
	Musharaka facility	Brokerage operation	Capital market	Textile business	Others	TOTAL	TOTAL
Segment revenues	17,811,866	1,718,643	(2,909,107)	2,343,833,615	2,517,553	2,362,972,570	1,862,894,729
Segment result	17,811,866	(4,096,438)	(2,909,107)	334,492,062	2,517,553	348,828,671	204,250,767
Unallocated cost							
Operating expenses						(32,256,570)	(22,684,423)
Distribution and selling expenses						(16,337,970)	(12,335,115)
Financial charges						(99,577,774)	(124,174,302)
Other charges						(17,503,101)	(4,813,228)
Management fee						-	(989,397)
Extraordinary item						36,368,860	-
Share of profit/(loss) in associated company						454,000	67,797
Loss before taxation						219,976,116	39,322,099
Taxation						(81,728,046)	(21,438,128)
Profit (loss) for the year						138,248,090	17,883,971
Other information							
Segment assets	150,039,060	-	86,193,884	1,969,148,857	-	2,205,939,655	1,701,360,293
Unallocated assets						64,486,367	57,536,366
Total assets						2,270,426,022	1,758,896,659
Segment liabilities	-	4,836,482	-	1,280,016,455	-	1,284,852,937	1,211,736,372
Unallocated liabilities						48,813,873	61,001,679
Total liabilities						1,333,666,810	1,272,738,051
						936,759,212	486,158,608



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45. *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:

	2013	2012
	Rupees	Rupees
45.1 Balance outstanding at year end		
Modaraba Management Company		
- Current account payable	127,352	247,858
- Management fee	-	989,397
Other related parties (other than key management personnel)		
- Deferred liability staff gratuity	2,092,021	1,831,735
Subordinated loan from sponser	40,000,000	40,000,000

45.2 *Transactions during the year*

Other related parties (other than key management personnel)		
- Contribution to staff gratuity fund	260,286	260,924

Transactions during the year	Relationship		
Dividend income	Associated company	400	400
Services acquired	Associated company	213,264	179,958
Brokerage commission earned	Associated company	31,816	13,269
Purchases of goods and services	Associated company	85,365,394	86,255,862
Sales of goods and services		37,095,804	3,052,125
Reimbursement	Associated company	7,158,316	4,355,866
Contribution towards employees'	Retirement benefit plans	1,707,007	1,146,976
Subordinated loan from Sponsor	Director	4,754,520	-

46. *Number of employees*

Total number of employees of the Modaraba as at June 30, 2013 are 25 (2012: 26).

47. *Authorisation for issue*

These financial statements were authorized for issue in accordance with a resolution of the Board of Directors on September 27, 2013.

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48. General

- 48.1 Figures in these financial statements have been rounded off to the nearest of rupee.
- 48.2 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

