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**FIRST EQUITY MODARABA  
PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021 ----- Rupees -----	2020
<b>INCOME</b>	22	<b>31,044,309</b>	16,457,324
<b>EXPENSES:</b>			
Operating expenses	23	<b>(25,978,571)</b>	(22,548,898)
Financial charges	24	<b>(10,126)</b>	(3,579)
		<b>(25,988,697)</b>	(22,552,477)
Operating profit / (loss)		<b>5,055,612</b>	(6,095,152)
Other income	25	<b>13,835,210</b>	233,842
Modaraba Management Company's fee	26	<b>(1,889,082)</b>	-
Sales tax on Modaraba Management company's fee		<b>(245,581)</b>	-
Provision for Sindh Workers' Welfare Fund	27	<b>(335,123)</b>	-
Profit / (loss) before taxation		<b>16,421,036</b>	(5,861,310)
Taxation	28	-	-
Net profit / (loss) for the year		<b>16,421,036</b>	(5,861,310)
Earnings / (loss) per certificate - basic and diluted	29	<b>0.31</b>	(0.11)

The annexed notes 1 to 43 form an integral part of these financial statements.

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**For Premier Financial Services (Private) Limited  
(Modaraba Management Company)**

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**FIRST EQUITY MODARABA**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021 ----- Rupees -----	2020
<b>Income</b>	35	<b>417,605,417</b>	83,656,368
<b>Expenditures</b>			
Operating expenses	36	<b>(77,800,565)</b>	(60,921,095)
Distribution and selling expenses	37	<b>(17,912,387)</b>	(15,923,182)
		<b>(95,712,952)</b>	(76,844,277)
Operating profit		<b>321,892,465</b>	6,812,091
Financial charges	38	<b>(40,358,588)</b>	(49,245,484)
Other income	39	<b>2,725,869</b>	3,255,134
Other charges	40	<b>(16,775,084)</b>	(345,600)
		<b>267,484,662</b>	(39,523,859)
Modaraba Management Company's fee	41	<b>(1,889,082)</b>	-
Sales tax on Modaraba Management company's fee	41	<b>(245,581)</b>	-
Provision for Sindh Workers' Welfare Fund	42	<b>(335,123)</b>	-
<b>Profit / (loss) before taxation</b>		<b>265,014,876</b>	(39,523,859)
Taxation	43		
- current		<b>(67,625,643)</b>	(47,750,273)
- prior		<b>(1,306,300)</b>	-
- deferred		<b>65,261,912</b>	40,214,808
		<b>(3,670,031)</b>	(7,535,465)
<b>Profit / (loss) after taxation</b>		<b>261,344,845</b>	(47,059,324)
<b>Earnings / (loss) per certificate - basic and diluted</b>	44	<b>4.98</b>	(0.90)

The annexed notes from 1 to 55 form an integral part of these consolidated financial statements

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## AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of **FIRST EQUITY MODARABA** ("the Modaraba") as at June 30, 2021 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 qualified opinion and, after due verification, we report that:

- (a) The Modaraba has recorded remeasurement gain of Rs. 37.366 million (2020: 3.71 million), in respect of investment in equity securities classified as 'financial asset at fair value through profit and loss', in other comprehensive income instead of profit and loss account as required under IFRS 9. Had the Modaraba recorded the remeasurement gain to the profit and loss account, its profit for the year would have been increased by Rs.37.366 million (2020: 3.71 million) and other comprehensive income would have been decreased by Rs.37.366 million (2020: 3.71 million).

Except for the matter discussed in paragraph (a) above, in our opinion, proper books of account 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;

- (b) Except for the matter discussed in paragraph (a) above, in our opinion:
  - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of account and are further in agreement with accounting policies consistently applied;

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- (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;
- (c) 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 conform with approved accounting standards as applicable in Pakistan and give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981 in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2021 and of the profit and loss, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980),

#### **Other matter**

The financial statements of the Modaraba for the year ended June 30, 2020 were audited by another firm of Chartered Accountants, whose report dated October 05, 2020 expressed a qualified opinion on such financial statements for recording of unrealized gain on investments in equity securities classified as 'financial asset at fair value through profit and loss' in other comprehensive income instead of profit and loss account as required by IFRS 9.

**Crowe Hussain Chaudhury & Co.**

**Chartered Accountants**

**Engagement Partner:**

**Imran Shaikh**

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Place: Karachi

Date: