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**FIRST EQUITY MODARABA
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2022**

	Note	2022 ----- Rupees -----	2021 -----
INCOME	21	22,439,295	31,044,309
EXPENSES:			
Operating expenses	22	(25,716,447)	(25,978,571)
Financial charges	23	(73,056)	(10,126)
		(25,789,503)	(25,988,697)
Operating profit / (loss)		(3,350,208)	5,055,612
Other income	24	410,960	13,835,210
Modaraba Management Company's fee	25	-	(1,889,082)
Sales tax on Modaraba Management Company's fee			(245,581)
Provision for Sindh Workers' Welfare Fund	26	-	(335,123)
Profit / (loss) before taxation		(2,939,248)	16,421,036
Taxation	27	(3,785,000)	-
Net profit / (loss) for the year		(6,724,248)	16,421,036
Earnings / (loss) per certificate - basic and diluted	29	(0.13)	0.31

The annexed notes 1 to 42 form an integral part of these financial statements.

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FIRST EQUITY MODARABA
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 ----- Rupees -----	2021
Income - net	33	518,331,592	417,605,418
Expenditures			
Operating expenses	34	(86,562,150)	(77,800,565)
Distribution and selling expenses	35	(22,335,838)	(17,912,387)
		(108,897,988)	(95,712,952)
Operating profit		409,433,604	321,892,466
Financial charges	36	(37,021,399)	(40,358,588)
Other income	37	22,175,394	2,725,869
Other charges	38	(29,825,258)	(12,155,858)
		364,762,340	272,103,889
Modaraba Management Company's fee	39	-	(1,889,082)
Sales tax on Modaraba Management Company's fee	39	-	(245,581)
Provision for Sindh Workers' Welfare Fund	40	-	(4,954,349)
Profit before taxation		364,762,340	265,014,877
Taxation			
- current	41	(56,487,284)	(67,625,643)
- prior		39,778,503	(1,306,300)
- deferred		(144,457,652)	65,261,912
		(161,166,433)	(3,670,031)
Profit after taxation		203,595,907	261,344,846
Earnings per certificate - basic and diluted	42	3.88	4.98



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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, 2022 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 unrealized remeasurement loss of Rs. 77.038 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 unrealized remeasurement loss to the profit and loss account, its loss for the year would have been increased by Rs. 77.038 million and other comprehensive income would have been decreased by Rs. 77.038 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, 2022 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),

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Crowe Hussain Chaudhury & Co.
Chartered Accountants
Engagement Partner:
Imran Shaikh

Place: Karachi

Date:

UDIN Number: