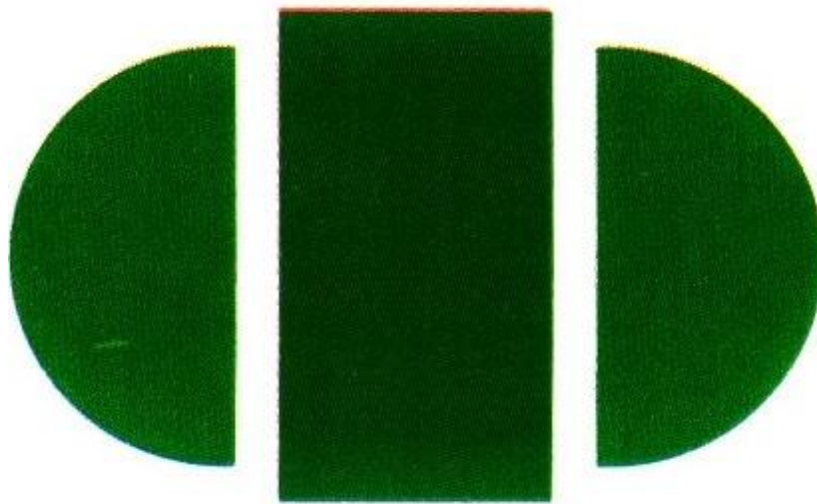


# **FIRST EQUITY MODARABA**

Quarterly Report  
For the period ended  
September 30, 2012



**Managed by**

**PREMIER FINANCIAL SERVICES (PVT) LTD**



# FIRST EQUITY MODARABA

## CORPORATE INFORMATION

### MODARABA COMPANY

Premier Financial Services (Pvt) Ltd

### BOARD OF DIRECTORS

Mr Zahid Bashir

Mr Nadeem Maqbool

Mr Adil A Ghaffar - Chief Executive Officer

### REGISTERED AND BUSINESS ADDRESS

B-1004 Lakson Square Building # 3  
Sarwar Shaheed Road  
Karachi  
Tel : 021-35672815-18  
Fax : 021-35686116

Room No 503-504  
Karachi Stock Exchange Building  
Karachi  
Tel : 021-32446020-3  
Fax : 021-32446024

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**FIRST EQUITY MODARABA  
DIRECTORS REPORT**

The Directors of Premier Financial Services (Pvt) Ltd, the management company of FIRST EQUITY MODARABA, present their report and the un-audited financial statements of the Modaraba for the three months ended September 30, 2012.

***Financial Results***

Profit for the quarter ended September 30, 2012 amounted to Rupees 2.13 million as compared to profit of Rupees 1.56 million for the same period last year. The earning per certificate as at September 30, 2012 was Rupees 0.041 while the earnings for the same period last year was Rupees 0.03. The Break up value as of September 30 2012 was Rupees 10.85 per share.

***Prospects***

Our last year's annual report expressed our view on the state of economy, trade, finance and industry.

For and on behalf of Board

Karachi  
October 30, 2012

**Adil A Ghaffar**  
**Chief Executive Officer**

**FIRST EQUITY MODARABA**  
BALANCE SHEET AS AT SEPTEMBER 30, 2012

Note	September 2012 Rupees	June 2012 Rupees
<b><i>EQUITY AND LIABILITIES</i></b>		
<b><i>Capital and Reserves</i></b>		
Authorised capital		
60,000,000 modaraba certificates of Rs. 10 each	600,000,000	600,000,000
Issued, subscribed and paid-up capital	524,400,000	524,400,000
Reserves	83,965,265	81,834,095
Unrealised loss on remeasurment of investments	(39,611,327)	(43,147,595)
	568,753,938	563,086,500
<b><i>Non-current liabilities</i></b>		
Deferred liability	1,932,667	1,831,735
<b><i>Current Liabilities</i></b>		
Creditors, accrued & other liabilities	8,557,331	8,784,203
Unclaimed profit distributions	26,003,219	26,082,863
Provision for taxation	3,772,849	3,772,849
Total current liabilities	38,333,399	38,639,915
<b>Total liabilities</b>	<b>40,266,066</b>	<b>40,471,650</b>
Total equity and liabilities	609,020,004	603,558,150
<b><i>ASSETS</i></b>		
<b><i>Non - current assets</i></b>		
Fixed assets		
- tangible	18,734,073	19,131,977
- intangible	53,051,000	53,051,000
Long term investments	277,917,539	280,098,775
Advances	2,510,000	2,510,000
Deposits	1,150,000	1,150,000
	353,362,612	355,941,752
<b><i>Current Assets</i></b>		
Morabaha / musharaka receivables - Secured	141,608,077	137,621,599
Short term Investments	25,220,520	26,918,313
Advances	2,497,310	1,136,248
Trade deposits and prepayments	15,929,803	14,847,219
Other receivables	29,370,358	26,142,765
Tax refunds due from government	6,929,330	7,165,696
Cash & bank balances	34,101,994	33,784,558
<b>Total current assets</b>	<b>255,657,392</b>	<b>247,616,398</b>
Total assets	609,020,004	603,558,150

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

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

Zahid Bashir  
Director  
Premier Financial  
Services (Private) Ltd.

Nadeem Maqbool  
Director  
Premier Financial  
Services (Private) Ltd.

# FIRST EQUITY MODARABA

## PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED SEPTEMBER 30, 2012

	September 2012 Rupees	September 2011 Rupees
<b><i>Income</i></b>	5,909,181	5,870,340
<b><i>Expenditure</i></b>		
Operating expenses	(3,773,878)	(3,468,900)
Bank charges	(4,133)	(3,204)
	(3,778,011)	(3,472,104)
	2,131,170	2,398,236
Surplus on revaluation of investment classified as financial asset at fair value	-	(842,717)
<b><i>Profit for the period</i></b>	2,131,170	1,555,519
Earnings per certificate	0.041	0.030

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

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Director  
Premier Financial  
Services (Private) Ltd.

Nadeem Maqbool  
Director  
Premier Financial  
Services (Private) Ltd.

**FIRST EQUITY MODARABA**  
**STATEMENT OF CHANGE IN FINANCIAL POSITION**  
**(CASH FLOW STATEMENT)**  
**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED SEPTEMBER 30, 2012**

	September 2012 Rupees	September 2011 Rupees
<b><i>Cash Flows from Operating Activities</i></b>		
Profit for the year	2,131,170	1,555,519
<i>Adjustments for :</i>		
Depreciation	397,902	349,462
Deficit on revaluation of investment classified as financial asset at fair value	-	842,717
Provision for gratuity	100,934	117,356
Dividend income	(62,810)	(531,319)
	436,026	778,216
	2,567,196	2,333,735
<i>(Increase) / decrease in current assets</i>		
Investments	7,415,297	(3,859,849)
Morabaha / musharaka receivables	(3,986,478)	(25,386,729)
Advances	(1,361,062)	(3,811,369)
Trade deposits and prepayments	(1,082,584)	(1,006,294)
Other receivables	(2,991,227)	(1,186,069)
	(2,006,054)	(35,250,310)
<i>(Decrease) / increase in current liabilities</i>		
Creditors, accrued and other liabilities	(226,872)	(17,168,331)
Dividend paid	(79,644)	-
Gratuity Paid	-	(37,000)
	(306,516)	(17,205,331)
<b><i>Cash Flows from investing activities</i></b>		
Dividends received	62,810	638,972
Tangible assets		(70,500)
<i>Net Cash from / ( used in) Investing Activities</i>	62,810	568,472
<b><i>Cash Flows from investing activities</i></b>		
Short term Musharaka Obligation	-	21,000,000
Net decrease in cash and bank balances	317,436	(28,553,434)
Cash and bank balances at the beginning of the period	33,784,558	57,257,865
Cash and bank balances at the end of the period	34,101,994	28,704,431

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

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

Zahid Bashir  
Director  
Premier Financial  
Services (Private) Ltd.

Nadeem Maqbool  
Director  
Premier Financial  
Services (Private) Ltd.

**FIRST EQUITY MODARABA  
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED SEPTEMBER 30, 2012**

	September 2012 Rupees	September 2011 Rupees
Profit for the period	2,131,170	1,555,519
<b>Other comprehensive income</b>		
measurement of available for sale investments	3,455,047	1,887,675
Gain/(Loss) realised on disposal of investments	81,221	-
	3,536,268	1,887,675
Taxation relating to component of other comprehensive income	-	-
Other comprehensive income	3,536,268	1,887,675
<b>Total comprehensive income</b>	<b>5,667,438</b>	<b>3,443,194</b>

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

Zahid Bashir  
Director  
Premier Financial  
Services (Private) Limited

Nadeem Maqbool  
Director  
Premier Financial  
Services (Private) Limited

**FIRST EQUITY MODARABA  
STATEMENT OF CHANGES IN EQUITY  
FOR THEY PERIOD ENDED SEPTEMBER 30, 2012**

	Capital	Special reserve	Certificate premium account Rupees	General reserve	Revaluation reserve on investments	Un appropriated Profit / (loss)	Total
Balance as at June 30, 2011	524,400,000	134,351,947	131,100,000	27,120,000	(36,738,037)	(217,416,282)	562,817,628
Total Comprehensive income for the year	-	-	-	-	(6,409,558)	6,678,430	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	(43,147,595)	(214,077,067)	563,086,500
Total Comprehensive income for the period	-	-	-	-	3,536,268	2,131,170	5,667,438
Balance as at September 30, 2012	524,400,000	137,691,162	131,100,000	27,120,000	(39,611,327)	(211,945,897)	568,753,938

\* 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.

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

Zahid Bashir  
Director  
Premier Financial  
Services (Private) Ltd.

Nadeem Maqbool  
Director  
Premier Financial  
Services (Private) Ltd.



**FIRST EQUITY MODARABA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2012**

**1 Legal Status and Nature of Business**

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

The Modaraba is a perpetual, multi purpose modaraba 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 listed on Karachi, Lahore and Islamabad Stock Exchanges.

The Modaraba is a member of two stock exchanges of Pakistan and is currently operating its brokerage activities in Karachi Stock Exchange.

The modaraba is holding Equity Textiles Ltd as a wholly owned subsidiary company

**2 General**

- 2.1 These financial statements are unaudited and are being submitted to certificate holders as required by Rule 10 of the Modaraba Companies and Modaraba Rules, 1981.
- 2.2 The accounting policies adopted for the preparation of these unaudited financial statements are the same as those applied in preparation of the audited published financial statements of the Modaraba for the year ended June 30, 2012
- 2.3 The Modaraba Company's management fee, statutory reserve @ 20% to 50 %, provisions, profit Distribution and taxation will be determined at the year end. No provision for income tax will be required if not less than 90% of the Modaraba's profit for the year is distributed as cash dividend, except the presumptive tax
- 2.4 These financial statements are in compliance with the disclosure requirements of International Accounting Standard (IAS)-34 "Interim Financial Reporting".

	September 2012 Rupees	June 2012 Rupees
<b>3 Reserves</b>		
Capital reserve	268,791,162	268,791,162
Revenue reserve	(184,825,897)	(186,957,067)
	<u>83,965,265</u>	<u>81,834,095</u>

**4 Investments**

Listed Securities - available for sale	26,117,539	28,298,775
Unlisted Securities	1,800,000	1,800,000
	<u>27,917,539</u>	<u>30,098,775</u>
Wholly owned subsidiary	250,000,000	250,000,000
	<u>277,917,539</u>	<u>280,098,775</u>

First Equity Modaraba (FEM) is holding 4,007,383 shares of Karachi Stock Exchange Limited and 3,034,603 shares of Islamabad Stock Exchange Limited of Rs 10 each. These shares were received after the corporatization of the Exchanges. Furthermore, as per the demutualization process, in addition to the aforesaid mention shares, one Trading Right of each Exchange was also received by the FEM. Since the valuation of Trading Right have not yet been finalized, therefore, the actual impact of these would be translated subsequently

- 5 These financial statements were authorized for issue in accordance with a resolution of the Board of Directors on October 30, 2012.

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

Zahid Bashir  
Director  
Premier Financial  
Services (Private) Ltd.

Nadeem Maqbool  
Director  
Premier Financial  
Services (Private) Ltd.

# **EQUITY TEXTILES LIMITED**

Wholly Owned Subsidiary of

**First Equity Modaraba**

**quarterly report for the period ended**

**September 30, 2012**

**EQUITY TEXTILES LIMITED**  
**BALANCE SHEET AS AT SEP 30 2012**

	<b>Sep 2012</b>	<b>June 2012</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment		
Operating fixed assets	944,973,926	965,931,691
<b>CURRENT ASSETS</b>		
Stores and spares	18,256,332	18,399,745
Stock in trade	152,079,893	223,621,837
Short term investment	6,867,939	6,867,939
Trade debts	128,038,404	108,144,771
Loans and advances	36,761,578	40,655,178
Trade deposits and short term prepayments	5,795,512	14,458
Other receivables	1,611,530	2,172,855
Tax refund due from government	15,943,930	18,631,446
Cash and bank balances	17,013,580	9,653,314
	382,368,698	428,161,543
<b>TOTAL ASSETS</b>	1,327,342,624	1,394,093,234
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized share capital		
25,000,000 shares of Rs. 10/- each	250,000,000	250,000,000
Issued, subscribed and paid-up share capital	250,000,000	250,000,000
Unrealized loss on investments	(3,513,467)	(3,513,467)
Profit and loss account - adverse balance	(285,857,302)	(307,688,813)
	(289,370,769)	(311,202,280)
	(39,370,769)	(61,202,280)
Surplus on revaluation of fixed assets	217,130,661	222,698,114
<b>NON CURRENT LIABILITIES</b>		
Subordinated loan	40,000,000	40,000,000
Long term financing	567,316,126	614,557,582
Long term Markup	82,537,448	85,537,448
Deferred taxation	76,752,311	69,843,114
	766,605,885	809,938,144
<b>CURRENT LIABILITIES</b>		
Trade and other payables	110,540,090	118,628,866
Accrued Markup	22,927,381	21,080,101
Short term borrowings	86,615,542	144,793,836
Current portion of long term liabilities	160,097,436	133,779,045
Taxation - net	2,796,398	4,377,408
	382,976,847	422,659,256
<b>TOTAL EQUITY AND LIABILITIES</b>	1,327,342,624	1,394,093,234

CHIEF EXECUTIVE

DIRECTOR

**EQUITY TEXTILES LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

	<b>Sep 30, 2012</b>	<b>Sep 30, 2011</b>
	<b>Rupees</b>	<b>Rupees</b>
Sales	542,809,994	324,101,299
Cost of Sales	(478,449,227)	(345,044,076)
Gross profit	<u>64,360,767</u>	<u>(20,942,777)</u>
Administrative and general expenses	(2,992,334)	(4,965,055)
Distribution and selling expenses	(2,900,034)	(2,243,971)
Operating profit / (loss)	<u>58,468,399</u>	<u>(28,151,803)</u>
Financial charges	<u>(27,761,486)</u>	<u>(30,308,375)</u>
Other charges	<u>(2,129,828)</u>	<u>47,982</u>
	<u>(29,891,314)</u>	<u>(30,260,393)</u>
	28,577,085	(58,412,196)
Other income	160,164	64,596
Profit / (Loss) before taxation	<u>28,737,249</u>	<u>(58,347,600)</u>
Provision for taxation		
Current	<u>(5,563,993)</u>	<u>(3,297,272)</u>
Prior	-	(541,661)
Deferred	<u>(6,909,197)</u>	<u>21,510,049</u>
	<u>(12,473,190)</u>	<u>17,671,116</u>
Profit / (Loss) after taxation	<u>16,264,059</u>	<u>(40,676,484)</u>
Profit / (Loss) per share - basic and diluted	<u>0.6506</u>	<u>(1.6271)</u>

CHIEF EXECUTIVE

DIRECTOR