

Mufti Abdul Qadir

Shariah Advisor

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

MA (Islamic Studies), MA (Arabic)
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Annual Shari'ah Review Report of
First Equity Modaraba (FEM)
for the year ended June 30, 2025

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

I have conducted the Shari'ah review of First Equity Modaraba (FEM), managed by Premier Financial Services (Private) Limited, the Modaraba Management Company for the year ended June 30, 2025, in accordance with the requirements of the Shari'ah Compliance and Shari'ah Audit Mechanism (SCSAM) for Modarabas and report that except the observations as reported hereunder, in my opinion:

i. The Modaraba has introduced a mechanism that has strengthened the Shari'ah compliance, in letter and spirit and the systems, procedures, and policies adopted by the Modaraba are in line with the Shari'ah principles.

ii. Following were the major developments that took place during the year:

Training and Development:

The key staff of the FEM is fully equipped with Islamic finance tools and industry requirements through training. Notably, the Company's CFO/CS successfully completed his PhD in Islamic Banking and Finance from the Sheikh Zayed Islamic Centre, University of Karachi, during the period.

iii. The agreements entered into by the Modaraba are Shari'ah compliant, the financing/facility agreements have been executed on the formats approved by the Religious Board, and all the related conditions have been met.

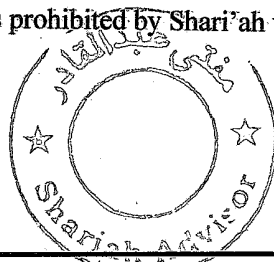
iv. To the best of the information provided to me and according to the explanations given to me, the business transactions undertaken by the Modaraba and all other matters incidental thereto are in conformity with the Shari'ah requirements as well as the requirements of the Prospectus, AAOIFI Standards, Islamic Financial Accounting Standards as applicable in Pakistan and the Shari'ah Compliance and Shari'ah Audit Regulations for Modarabas.

v. The external auditors of the Modaraba after extensive testing have also not reported any diversion from the Shari'ah guideline.

Charity:

No earnings have been realized from the sources or by means prohibited by Shari'ah which could have been credited to charity accounts.

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Observations:

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

With reference to the settlement of the issues:

1. In regard to the investment in shares and securities, it has been confirmed that First Equity Modaraba has only Shari'ah Compliant Shares in its portfolio on the reporting date except the shares of the Shari'ah Non-Compliant companies, whose trading is still suspended. The management confirmed to dispose of as soon as their trading becomes active.
2. It has been observed that the Modaraba has placed its funds with Islamic Banking institutions or in Islamic Windows of Conventional Banks except for some current accounts in conventional banks which were not closed as they were marked dormant as confirmed by the management.
3. With regard to the Musharakah agreements, they are on the formats as approved by the Religious Board. Musharakah Investment Agreements are matured during the period. The Musharakah Profit is still outstanding and the profit working is underway as confirmed by the management.

Recommendations:

1. The Shariah Non-Compliant Shares should be disposed of as soon as their trading becomes active.
2. All accounts at conventional banks should be closed at the earliest.
3. Profit working should be finalized at the earliest for the Musharakah Agreement matured.
4. The management should continue its endeavor to comply with the rulings of Shari'ah in its business operation and future transactions.

Conclusion:

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

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

Signature

Abdul Qadir

Mufti Abdul Qadir
Shari'ah Advisor

Dated: October 07, 2025

