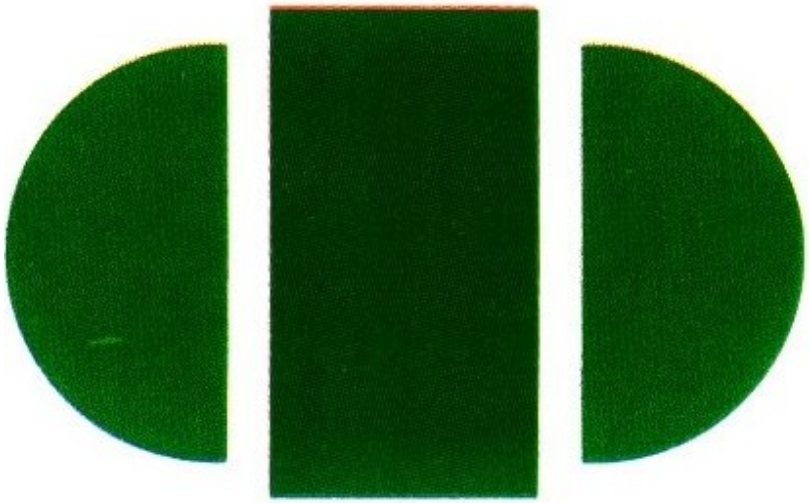
FIRST EQUITY MODARABA

Quarter and Nine Months Reports
For the period ended
March 31, 2013



Managed by **PREMIER FINANCIAL SERVICES (PVT) LTD**

CRESCENT GROUP

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

REGISTERD AND BUSINESS ADDRESS

B-1004 Lakson Square Building # 3
Sarwar Shaheed Road
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FIRST EQUITY MODARABA
DIRECTORS REPORT

The Directors of Premier Financial Services (Pvt) Ltd, the management company of FIRST EQUITY MODARABA, are pleased to present their report and the un-audited financial statements of the Modaraba for the nine months ended March 31, 2013

Profit for the nine months ended March 31, 2013 amounted to Rs 13 million as compared to Rs 9.3 million for the same period last year. The earning per certificate as at March 31, 2013 was Rs 0.25 as compared to Rs 0.18 for the same period last year. The break up value, per modaraba certificate, stands at Rs 11.08 at the end of the period.

Alhamdulillah, we are please to report that Equity Textile Ltd have taken full advantage of the revival of textile sector and have posted profit of Rs 96 million with earning per shares Rs 3.84 [March 31, 2012 : Rs (1.44)] and break up value Rs 10.30 for the nine months ended March 31, 2013.

Sharia Compliance and Sharia Audit guidelines

As reported in our last annual report that new Sharia Compliance and Sharia Audit guidelines have been issued by Securities and Exchange Commission of Pakistan (SECP). Without compromising on the basic objective to riba free profits/investments, we have requested our Regulators to relax its applicability such that its disposal is not detrimental to the interest of our certificate holders. The law has to be prospective and cannot be retrospective in its applicability. 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-sharia financing/facilities are still permitted.

We have given three proposals to resolve this issue and these are:

- To restrict all future additions in such securities and all income derived from such securities in form of cash dividend and/or bonus should be adjusted against its cost. In this way, the objective of the guideline would be achieved with minimal losses to the modaraba
- Set-off these unusual one time losses against statutory reserves; and/or

- Set-off against the current year's profitability. In this case, disposal should be restricted to current year's profit only.

This will also address other issues such as modaraba's financial stability, resource mobilization and absence of any statutory provision as it relates to adjustment of losses. The magnitude of such loss, in our case, is approximately around Rs. 20 m.

Trading Right Entitlement Certificate (TREC)

You are well aware that all the three stock exchanges were corporatized and demutualized under the Stock Exchange (Corporatization, Demutualization and Integration) Act 2012 and the members were awarded shares and Trading Right Entitlement Certificate in lieu of their membership of the than Guarantee limited stock exchanges.

This brought tremendous benefits to the Modaraba and the historical cost of acquisition of membership which was Rs. 53 million transformed in 7,041,986 shares of Rs 10 each (4,007,383 and 3,034,603 shares of Karachi and Islamabad Stock Exchange Ltd, respectively) along with one TREC of each stock exchange. Needless to mention that there is no change as regards to privileges of membership before and after the Act. Hence, shares awarded by the stock exchanges can be construed as onetime bonus.

Stock Exchange (Corporatization, Demutualization and Integration) Act 2012 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, has not been accepted by the Regulators. Thereafter, we have requested our prime regulator, Registrar Modaraba to allow us to create a wholly owned subsidiary enabling us to protect and safe guard assets of the modaraba. This application is in process and outcome is still awaited. The deadline given in the Act is of May 07, 2013.

For and on behalf of Board

Karachi
April 26, 2013

Adil A Ghaffar
Chied Executive Officer

FIRST EQUITY MODARABA
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT MARCH 31, 2013

	Note	March 31 2013 Rupees	Audited June 30, 2012 Rupees
EQUITY AND LIABILITIES			
Capital and reserves			
Certificate capital			
Authorised capital			
60,000,000 (June 30, 2012: 60,000,000) modaraba certificates of Rs. 10 each		**600,000,000**	600,000,000
Certificate capital		**524,400,000**	524,400,000
Reserves	3	**94,926,369**	81,834,095
Unrealised loss on re-measurement of available for sale investments		**(38,335,482)**	(43,147,595)
Certificate holders' equity		**580,990,887**	563,086,500
Non-current liabilities			
Deferred liabilities		**2,076,917**	1,831,735
Total non-current liabilities		**2,076,917**	1,831,735
Current liabilities			
Creditors, accrued and other liabilities		**4,333,267**	8,784,203
Provision for taxation		**3,772,849**	3,772,849
Unclaimed profit distributions		**25,993,374**	26,082,863
Total current liabilities		**34,099,490**	38,639,915
Total liabilities		**36,176,407**	40,471,650
Contingencies & Commitments			
Total equity and liabilities		**617,167,294**	603,558,150
ASSETS			
Non - current assets			
Fixed assets			
- tangible		**18,217,135**	19,131,977
- intangible		**53,051,000**	53,051,000
		71,268,135	72,182,977
Investments	4	**273,869,528**	280,098,775
Morabaha / musharaka receivables - secured		**37,921,907**	31,700,000
Advances		**3,910,000**	2,510,000
Deposits		**1,150,000**	1,150,000
Total non-current assets		**388,119,570**	387,641,752
Current assets			
Morabaha / musharaka receivables - secured		**108,096,657**	105,921,599
Short term investments		**42,278,255**	26,918,313
Advances		**892,578**	1,136,248
Trade deposits and prepayments		**18,151,889**	14,847,219
Other receivables		**27,180,041**	26,142,765
Tax refund due from government		**7,354,370**	7,165,696
Cash and bank balances		**25,093,934**	33,784,558
Total current assets		**229,047,724**	215,916,398
Total assets		**617,167,294**	603,558,150

The annexed notes from 1 to 5 form an integral part of the condensed interim financial information.

Adil A Ghaffar	Zahid Bashir	Nadeem Maqbool
Chief Executive	Director	Director
Premier Financial	Premier Financial	Premier Financial
Services (Private) Ltd.	Services (Private) Ltd.	Services (Private) Ltd.

FIRST EQUITY MODARABA
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2013

	Quarter ended		Half year ended	
	March 31 2013	March 31 2012	**March 31 2013**	March 31 2012
	Rupees	Rupees	**Rupees**	Rupees
Income	**11,575,185**	9,046,458	**25,533,252**	22,585,704
Expenditure				
Operating expenses	**(3,988,920)**	(3,890,179)	**(12,440,978)**	(12,578,931)
Operating profit	**7,586,265**	5,156,279	**13,092,274**	10,006,773
Deficit on revaluation of investment classified as financial asset at fair value through profit or loss	**-**	2,227,765	**-**	(669,882)
Profit for the period	**7,586,265**	7,384,044	**13,092,274**	9,336,891
Earnings per certificate	**0.1447**	0.1408	**0.2497**	0.1780

The annexed notes from 1 to 5 form an integral part of the condensed interim financial information.

Adil A Ghaffar	Zahid Bashir	Nadeem Maqbool
Chief Executive	Director	Director
Premier Financial	Premier Financial	Premier Financial
Services (Private) Ltd.	Services (Private) Ltd.	Services (Private) Ltd.

FIRST EQUITY MODARABA
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND NINE MONTH ENDED MARCH 31, 2013

	Quarter ended		Nine Months ended	
	March 31 2013	March 31 2012	**March 31 2013**	March 31 2012
	Rupees	Rupees	**Rupees**	Rupees
Profit for the period	**7,586,265**	7,384,044	**13,092,274**	9,336,891
Other comprehensive income				
Unrealised gain / (loss) on re-measurement of available for sale investments	**5,319,059**	(4,589,793)	4,974,636	(2,805,730)
Gain / (loss) realised on disposal of investments	**341,771**	19,242	(162,523)	19,242
	5,660,830	(4,570,551)	4,812,113	(2,786,488)
Taxation relating to component of other comprehensive income	**-**	-	**-**	-
Other comprehensive income	**5,660,830**	(4,570,551)	**4,812,113**	(2,786,488)
Total comprehensive income	**13,247,095**	2,813,493	**17,904,387**	6,550,403

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 CASH FLOWS STSTEMENTS(UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2013

	March 31 2013 Rupees	March 31 2012 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profitfor the period	**13,092,274**	9,336,891
Adjustments for non cash/non operating items:		
Depreciation	**943,840**	1,133,117
Provision for gratuity	**245,184**	239,606
Deficit on revaluation of investment classified as financial asset at fair value through profit or loss	**-**	669,882
Dividend income	**(2,952,131)**	(4,389,176)
	(1,763,107)	(2,346,571)
Operating profit before working capital changes	**11,329,167**	6,990,320
(Increase) / decrease in current assets		
Morabaha / musharaka receivables	**(8,396,965)**	4,554,270
Advances	**(1,345,004)**	57,480
Trade deposits and prepayments	**(3,304,670)**	(2,789,481)
Other receivables	**(52,970)**	(14,153,305)
	(13,099,609)	(12,331,036)
(Decrease) / increase in current liabilities		
Creditors, accrued and other liabilities	**(4,450,936)**	(13,097,442)
	(17,550,545)	(25,428,478)
Gratuity paid	**-**	(37,000)
Dividend paid	**(89,489)**	(179,537)
	(89,489)	(216,537)
Net cash used in operating activities	**(17,640,034)**	(25,645,015)
CASH FLOW FROM INVESTING ACTIVITIES		
Investments	**(4,318,582)**	(11,916,255)
Dividends received	**1,967,825**	3,105,461
Tangible assets	**(29,000)**	(2,078,106)
Net cash generated from investing activities	**(2,379,757)**	(10,888,900)
Net increase / (decrease) in cash and bank equivalents	**(8,690,624)**	(29,543,595)
Cash and bank equivalents at the beginning of the period	**33,784,558**	57,257,865
Cash and bank equivalents at the end of the period	**25,093,934**	27,714,270

The annexed notes from 1 to 5 form an integral part of the condensed interim financial information.

Adil A Ghaffar	Zahid Bashir	Nadeem Maqbool
Chief Executive	Director	Director
Premier Financial	Premier Financial	Premier Financial
Services (Private) Ltd.	Services (Private) Ltd.	Services (Private) Ltd.

FIRST EQUITY MODARABA
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NIME MONTHS ENDED MARCH 31, 2013

	Certificate Capital	Special reserve	Certificate premium account	General reserve	Unrealised gain / (loss) on re-measurement of available for sale investments	Un appropriated profit / accumulated loss	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at July 1, 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 period	-	-	-	-	2,786,488	9,336,891	12,123,379
Balance as at March 31, 2012	524,400,000	134,351,947	131,100,000	27,120,000	(33,951,549)	(208,079,391)	574,941,007
Balance as at July 01, 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 perioid	-	-	-	-	**4,812,113**	**13,092,274**	**17,904,387**
Balance as at March 31, 2013	**524,400,000**	**137,691,162**	**131,100,000**	**27,120,000**	**(38,335,482)**	**(200,984,793)**	**580,990,887**

The annexed notes from 1 to 5 form an integral part of the condensed interim financial information.

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 MARCH 31, 2013

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".

	March 2013 Rupees	June 2012 Rupees
3 Reserves		
Capital reserve	268,791,162	268,791,162
Revenue reserve	(173,864,793)	(186,957,067)
	94,926,369	81,834,095
4 Investments		
Listed Securities - available for sale	22,069,528	28,298,775
Unlisted Securities	1,800,000	1,800,000
	23,869,528	30,098,775
Wholly owned subsidiary	250,000,000	250,000,000
	273,869,528	280,098,775

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 April 26, 2013

Adil A Ghaffar	Zahid Bashir	Nadeem Maqbool
Chief Executive	Director	Director

EQUITY TEXTILES LIMITED
BALANCE SHEET AS AT MARCH 31, 2013

	March 2013 Rupees	June 2012 Rupees
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment		
Operating fixed assets	914,666,471	965,931,691
CURRENT ASSETS		
Stores and spares	17,296,499	18,399,745
Stock in trade	482,385,657	223,621,837
Short term investment	6,867,939	6,867,939
Trade debts	148,235,640	108,144,771
Loans and advances	42,925,289	40,655,178
Trade deposits and short term prepayments	1,503,738	14,458
Other receivables	2,676,635	2,172,855
Tax refund due from government	19,371,358	18,631,446
Cash and bank balances	4,969,773	9,653,314
	726,232,528	428,161,543
TOTAL ASSETS	1,640,898,999	1,394,093,234
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
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	(194,896,375)	(307,688,813)
	(198,409,842)	(311,202,280)
	51,590,158	(61,202,280)
Surplus on revaluation of fixed assets	205,995,755	222,698,114
NON CURRENT LIABILITIES		
Subordinated loan	40,000,000	40,000,000
Long term financing	518,040,996	614,557,582
Long term Markup	76,537,453	85,537,448
Deferred taxation	116,323,360	69,843,114
	750,901,809	809,938,144
CURRENT LIABILITIES		
Trade and other payables	202,979,214	118,628,866
Accrued Markup	33,276,681	21,080,101
Short term borrowings	261,800,435	144,793,836
Current portion of long term liabilities	128,216,380	133,779,045
Taxation - net	6,138,567	4,377,408
	632,411,277	422,659,256
TOTAL EQUITY AND LIABILITIES	1,640,898,999	1,394,093,234

CHIEF EXECUTIVE **DIRECTOR**

EQUITY TEXTILES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE NINE MONTHS ENDED MARCH 31, 2013

	March 2013 Rupees	March 2012 Rupees
Sales	1,782,939,152	1,335,409,626
Cost of Sales	(1,507,232,141)	(1,251,840,182)
Gross profit	275,707,011	83,569,444
Administrative and general expenses	(8,963,855)	(17,660,761)
Distribution and selling expenses	(9,413,013)	(9,126,983)
Operating profit / (loss)	257,330,143	56,781,700
Financial charges	(84,803,033)	(102,107,714)
Other charges	(11,924,679)	(16,388)
	(96,727,712)	(102,124,102)
	160,602,431	(45,342,402)
Other income	294,319	291,533
Profit / (Loss) before taxation	160,896,750	(45,050,869)
Provision for taxation		
Current	(18,326,424)	(13,605,656)
Prior	-	(704,873)
Deferred	(46,480,246)	23,360,027
	(64,806,670)	9,049,498
Profit / (Loss) after taxation	96,090,080	(36,001,371)
Proft / (Loss) per share - basic and diluted	3.8436	(1.4401)

CHIEF EXECUTIVE **DIRECTOR**