

# HALF YEARLY REPORT

For the period ended December 31, 2005  
(Un-Audited)



FIRST IMROOZ MODARABA

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Managed by  
A R Management Services (Private) Limited



# FIRST IMROOZ MODARABA

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## FIRST IMROOZ MODARABA

### MODARABA INFORMATION

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#### **Modaraba Company**

A R Management Services (Private) Limited

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#### **Directors of Modaraba Company**

Mr. Naveed Riaz

Chief Executive

Mrs. Saadat Ikram

Mr. Ameer Riaz

Mr. Omar Mohammad Khan

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#### **Chief Financial Officer**

Mr. Ateed Riaz

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#### **Audit Committee**

Mr. Omar Mohammad Khan (Chairman)

Mrs. Saadat Ikram (Member)

Mr. Ameer Riaz (Member)

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#### **Company Secretary**

Mr. Shabbir Ahmed Jamsa

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#### **Chief Internal Auditor**

Mr. Abbas Kerani

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#### **Auditors**

M. Yousuf Adil Saleem & Co.

Chartered Accountants

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#### **Registered office of the Modaraba Company**

33-C, Behind Mall Mansions

Shahrah-e-Quaid-e-Azam

Lahore

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#### **Principal place of business**

119-120, Qamar House

M.A. Jinnah Road

Karachi

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## FIRST IMROOZ MODARABA

### REPORT OF THE DIRECTORS OF THE MODARABA MANAGEMENT COMPANY

The Board of Directors of A R Management Services (Private) Limited, the management company of First Imrooz Modaraba are pleased to present their report alongwith unaudited financial statements for the half year ended December 31, 2005, after limited scope review by the statutory auditors.

#### 1. Financial Highlights

Financial results are summarized as under:

	(Rupees in million)	
	Half year ended	
	31-Dec-05	31-Dec-04
Sales	188.801	165.965
Gross profit	28.841	22.609
Other income	3.856	1.983
Profit after taxation	10.395	6.039

#### 2. Review of Operations

This half-year ended December 31, 2005 was characterized by profitable growth in the trading activities of the Modaraba. At the end of 2005, the Modaraba showed an increase in sales of Rs. 22.836 million and an improvement in gross profit of Rs. 6.232 million. The profit after taxation increased by Rs. 4.356 million. This increase was related to an increase in gross profit margin of 1.6% and an increase in other income by Rs. 1.873 million.

The Board is satisfied with the steps that have been taken to secure greater market share and increase profit margins despite tough competition. The Modaraba will continue to seek efficiency improvements in operations to further enrich its performance.

#### 3. Acknowledgment

We express our thanks for the continued guidance extended by the Registrar Modaraba and the Securities and Exchange Commission of Pakistan. We are also thankful to our colleagues, investors and business associates for their support and co-operation.

On behalf of the Board

**Naveed Riaz**  
Chief Executive

February 17, 2006



## FIRST IMROOZ MODARABA

### REVIEW REPORT TO THE CERTIFICATE HOLDERS

We have reviewed the annexed balance sheet of FIRST IMROOZ MODARABA as at December 31, 2005 and the related profit and loss account, statement of changes in equity and cash flow statement together with the notes forming part thereof (here-in-after referred to as the financial statements), for the half year then ended. These financial statements are responsibility of the Modaraba's management [A R Management Services (Private) Limited]. Our responsibility is to issue a report on these financial statements based on our review. The figures of the profit and loss account for the quarters ended December 31, 2004 and 2005 have not been reviewed as we are required to review only the cumulative figures for the half year ended December 31, 2005.

We conducted our review in accordance with International Standard on Review Engagement ISRE-2400 applicable to review engagements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of Modaraba personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the annexed financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

The financial statements of the modaraba for the year ended June 30, 2005 were audited by another firm of Chartered Accountants whose report dated September 06, 2005 expressed an unqualified opinion on those financial statements.

**M. Yousuf Adil Saleem & Co.**

Chartered Accountants

Karachi: February 17, 2006



## FIRST IMROOZ MODARABA

### BALANCE SHEET AS AT DECEMBER 31, 2005

		(Un-audited) December 31, 2005 Rupees	(Audited) June 30, 2005 Rupees
<b>ASSETS</b>			
NON CURRENT ASSETS			
Tangible fixed assets - cost less depreciation	4.1	6,216,448	5,570,734
Intangible assets - cost less amortization	4.2	130,299	221,749
CURRENT ASSETS			
Stock in trade		123,746,027	121,429,921
Trade debtors		30,404,922	24,922,153
Investments	5	11,728,988	10,007,500
Advances, deposits, prepayments and other receivables		3,879,399	711,616
Taxation		723,359	933,828
Cash and bank balances		10,811,392	2,123,639
		<u>181,294,087</u>	<u>160,128,657</u>
		<u>187,640,834</u>	<u>165,921,140</u>
<b>EQUITY AND LIABILITIES</b>			
CAPITAL AND RESERVES			
<b>Authorized capital</b>			
10,000,000 modaraba certificates of Rs. 10 each (June 30, 2005: 10,000,000)		<u>100,000,000</u>	<u>100,000,000</u>
<b>Issued, subscribed and paid up capital</b>			
3,000,000 modaraba certificates of Rs. 10 each fully paid in cash (June 30, 2005: 3,000,000)		30,000,000	30,000,000
Statutory reserve		34,968,521	34,968,521
Unappropriated profit		<u>11,486,057</u>	<u>1,091,343</u>
		76,454,578	66,059,864
DEFERRED LIABILITY			
Staff gratuity		2,805,568	2,561,806
CURRENT LIABILITIES			
Obligation under murabaha finances from a bank Qard-e-Hasna from modaraba management company		40,298,938	61,063,075
		11,700,000	-
Creditors, accrued and other liabilities		55,110,899	22,136,395
Profit distribution - unclaimed		<u>1,270,851</u>	<u>14,100,000</u>
		<u>108,380,688</u>	<u>97,299,470</u>
		<u>187,640,834</u>	<u>165,921,140</u>

The annexed notes from 1 to 9 form an integral part of these financial statements.

**Naveed Riaz**  
Chief Executive

**Ameed Riaz**  
Director

**Mrs. Saadat Ikram**  
Director



## FIRST IMROOZ MODARABA

### PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2005

	Half Year ended		Quarter ended		
	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2004	
	Rupees				
	Note				
Sales		188,801,106	165,964,517	100,631,538	80,064,593
Cost of goods sold		159,960,190	143,355,721	85,734,182	71,178,166
Gross profit		28,840,916	22,608,796	14,897,356	8,886,427
Operating expenses		10,385,752	7,010,825	5,150,889	3,666,854
Operating profit		18,455,164	15,597,971	9,746,467	5,219,573
Other income		3,856,356	1,983,145	2,201,456	1,365,218
Profit for the period		22,311,520	17,581,116	11,947,923	6,584,791
Modaraba Company's Management Fee		1,561,806	1,230,678	836,354	460,935
Profit before taxation		20,749,714	16,350,438	11,111,569	6,123,856
Provision for taxation	6	10,355,000	10,311,000	5,665,000	4,451,000
Profit after taxation		10,394,714	6,039,438	5,446,569	1,672,856
Earnings per certificate - Basic and diluted		3.46	2.01	1.82	0.56

The annexed notes from 1 to 9 form an integral part of these financial statements.

Naveed Riaz  
Chief Executive

Ameed Riaz  
Director

Mrs. Saadat Ikram  
Director



## FIRST IMROOZ MODARABA

### CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2005

	Dec. 31, 2005 Rupees	Dec. 31, 2004 Rupees
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	20,749,714	16,350,438
Add/(Less) Adjustments for non-cash and other items:		
Depreciation on tangible fixed assets	1,104,544	1,067,339
Amortization of intangible assets	113,650	110,874
(Gain)/Loss on disposal of fixed assets	(624,531)	(549,897)
(Gain)/Loss on sale of shares	(109,668)	(38,000)
(Provision)/Reversal for appreciation in value of investments	(2,331,095)	(619,224)
Provision for staff gratuity	243,762	243,762
Cash generated from operating activities before working capital changes	<u>19,146,376</u>	<u>16,565,292</u>
Adjustments for working capital changes: <i>(Increase)/Decrease in current assets:</i>		
Stock-in-trade	(2,316,106)	(38,005,382)
Trade debtors	(5,482,769)	(13,976,166)
Advances, deposits, prepayments and other receivables	(3,167,783)	(93,712)
<i>Increase/(Decrease) in current liabilities:</i> Creditors, accrued and other liabilities	<u>32,974,504</u>	<u>38,090,517</u>
	<u>22,007,846</u>	<u>(13,984,743)</u>
	41,154,222	2,580,549
Income tax paid	(10,144,531)	(10,784,268)
Profit distribution	<u>(12,829,149)</u>	<u>(9,732,869)</u>
<i>Net cash generated from/(used in) operating activities</i>	18,180,542	(17,936,588)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(1,791,227)	(1,007,228)
Proceeds from disposal of fixed assets	643,300	560,300
Dividend received	407,000	350,250
Investments in shares - net	<u>312,275</u>	<u>38,749</u>
<i>Net cash (used in)/generated from investing activities</i>	(428,652)	(57,929)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Obligation under murabaha finances	(20,764,137)	8,063,132
Qard-e-Hasna from modaraba management company	<u>11,700,000</u>	<u>9,200,000</u>
<i>Net cash (used in)/generated from financing activities</i>	<u>(9,064,137)</u>	<u>17,263,132</u>
Net increase/(decrease) in cash and bank balances	8,687,753	(731,385)
Cash and bank balances at the beginning of the period	<u>2,123,639</u>	<u>4,913,250</u>
Cash and bank balances at the end of the period	<u>10,811,392</u>	<u>4,181,865</u>

The annexed notes from 1 to 9 form an integral part of these financial statements.

**Naveed Riaz**  
Chief Executive

**Ameed Riaz**  
Director

**Mrs. Saadat Ikram**  
Director



## FIRST IMROOZ MODARABA

### STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2005

	Issued, Subscribed and paid up capital	Statutory Reserve	Unappro- priated Profit	Total
	Rupees			
Balance as at July 01, 2004	30,000,000	31,905,883	2,940,793	64,846,676
Profit for the period	–	–	6,039,438	6,039,438
Balance as at December 31, 2004	30,000,000	31,905,883	8,980,231	70,886,114
Profit for the period	–	–	9,273,750	9,273,750
Transfer to statutory reserve	–	3,062,638	(3,062,638)	–
Profit distribution	–	–	(14,100,000)	(14,100,000)
Balance as at June 30, 2005	30,000,000	34,968,521	1,091,343	66,059,864
Profit for the period	–	–	10,394,714	10,394,714
Balance as at December 31, 2005	<u>30,000,000</u>	<u>34,968,521</u>	<u>11,486,057</u>	<u>76,454,578</u>

The annexed notes from 1 to 9 form an integral part of these financial statements.

**Naveed Riaz**  
Chief Executive

**Ameed Riaz**  
Director

**Mrs. Saadat Ikram**  
Director



## FIRST IMROOZ MODARABA

### NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2005

#### 1. LEGAL STATUS AND NATURE OF BUSINESS

First Imrooz Modaraba (the Modaraba) was formed on 27 September 1993 under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Rules framed thereunder and is managed by A R Management Services (Private) Limited. The Modaraba is listed on Karachi Stock Exchange.

It is a multi purpose, perpetual modaraba and is engaged in domestic and international trading and investing activities.

#### 2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the requirements of the Modaraba Companies & Modaraba (Floatation & Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities & Exchange Commission of Pakistan ["the Modaraba Regulations"] together with approved accounting standards as applicable in Pakistan to Modarabas. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984 and made applicable to Modarabas. Wherever the requirements of "the Modaraba Regulations" differ from the requirements of these standards, the requirements of "the Modaraba Regulations" take precedence.

These financial statements are submitted to the Certificate holders as required by Rule 10 of the Modaraba Companies and Modaraba Rules, 1981. These financial statements are un-audited, however, limited scope review has been performed by the statutory auditors in compliance of clause (xxi) of the Code of Corporate Governance contained in the Listing Regulation No. 37 of the Karachi Stock Exchange and have been presented in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan.

#### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these financial statements are the same which were with those applied for the preparation of financial statements for the year ended June 30, 2005.

#### 4. ADDITIONS TO AND DELETIONS FROM TANGIBLE FIXED ASSETS AND INTANGIBLE ASSETS

##### 4.1 Tangible Fixed Assets

##### Acquisition (At Cost)

	Half Year ended	
	December 31, 2005	December 31, 2004
	Rupees	Rupees
Furniture and fixtures	23,400	17,853
Office equipments and appliances	139,759	17,875
Computer equipments	274,563	29,650
Vehicles	1,331,305	941,850
	<u>1,769,027</u>	<u>1,007,228</u>

##### Disposals (book value)

Office equipments and appliances	16,500	-
Computer equipments	2,267	2
Vehicles	2	10,401
	<u>18,769</u>	<u>10,403</u>



## FIRST IMROOZ MODARABA

		Half Year ended	
		December 31, 2005	December 31, 2004
		Rupees	Rupees
4.2 Intangible Assets			
Acquisition (At Cost)			
Software License		22,200	–
5. INVESTMENTS - Held for Trading			
December 31, 2005	June 30, 2005	December 31, 2005	June 30, 2005
No. of Units/Shares of Rupees 10 each		Fair Value Rupees	
		Name of investee company	
105,000	105,000	5,381,250	4,315,500
63,100	60,500	4,921,800	4,658,500
		1,425,938	1,033,500
48,750	48,750	11,728,988	10,007,500

### 6. PROVISION FOR TAXATION

The trading income of the Modaraba is taxed under presumptive tax regime under section 169 of the Income Tax Ordinance, 2001. However, no provision is made for non-trading income, taking into consideration modaraba's history of distributing dividend in excess of 90% of its total profits.

		Half Year ended	
		December 31, 2005	December 31, 2004
		Rupees	Rupees
7. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS			
Sale of goods		49,980	–
Purchase of goods		–	1,307,800
Share of common expenses		87,745	48,202
Payment of Modaraba Company's Management fee		2,437,742	1,230,678
Receipts of Qard-e-Hasna from Modaraba Management Company		32,000,000	13,200,000
Repayments of Qard-e-Hasna to Modaraba Management Company		20,300,000	4,000,000

### 8. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on February 17, 2006 by the Board of Directors of the Management Company of the Modaraba.

### 9. FIGURES

Corresponding figures have been rearranged and/or reclassified, wherever necessary, for the purpose of comparison.

Amounts have been presented and rounded off to the nearest rupee.

**Naveed Riaz**  
Chief Executive

**Ameed Riaz**  
Director

**Mrs. Saadat Ikram**  
Director