

# HALF YEARLY REPORT

For the period ended December 31, 2009  
(Un-Audited)



FIRST IMROOZ MODARABA

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Managed by  
A R Management Services (Private) Limited



# FIRST IMROOZ MODARABA

## CONTENTS

Modaraba Information	1
Directors' Report	2
Auditors' Review Report	3
Condensed Interim Balance Sheet	4
Condensed Interim Profit & Loss Account	5
Condensed Interim Statement of Changes in Equity	6
Condensed Interim Cash Flow Statement	7
Notes to the Condensed Interim Financial Information	8



# FIRST IMROOZ MODARABA

## MODARABA INFORMATION

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### Modaraba Management Company

A R Management Services (Private) Limited

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### Directors of Modaraba Company

Mr. Naveed Riaz - Chief Executive  
Mr. Ameer Riaz  
Mrs. Saadat Ikram  
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/s. 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  
The Mall, Lahore

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### Principal place of business

Room No. 405, 4th Floor, Beaumont Plaza,  
Beaumont Road, Civil Lines Quarters,  
Karachi-75530, Pakistan.

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### Certificate Registration Office

Progressive Management Services (Pvt.) Limited  
10th Floor, Mehdi Tower  
A-115, S.M.C.H.S., Shahrah-e-Faisal  
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 half yearly report alongwith un-audited financial statements for the half year ended on December 31, 2009 which were duly reviewed by the statutory auditors.

#### 1. Financial Highlights

Financial results of the Modaraba are summarized as under:-

	(Rupees in million)	
	Six months ended	
	31-Dec-09	31-Dec-08
Sales	268.129	227.312
Gross profit	33.373	26.873
Operating expenses	13.056	11.488
Other income	2.106	0.907
Workers' welfare fund	0.441	-
Un-realized appreciation / (diminution) on re-measurement of investments	0.363	(1.735)
Profit before taxation	19.893	11.295
Profit for the half year	11.843	7.485
Earnings per certificate - basic & diluted (Rs.)	3.95	2.49

#### 2. Review of Operations

The performance of Modaraba during the half year ended on December 31, 09 showed improvement despite political and economic instability, severe power shortages and security unrest. With these challenges, the Modaraba grow profitably and total sales increased by Rs.40.817 million that is from Rs.227.312 million to Rs.268.129 million.

The gross profit increased by 24% that is from Rs.26.873 million to Rs. 33.373 million. This increase is due to changes in sales mix, well managed pricing decisions and lesser impact of depreciation of the Pak rupee against foreign currencies as compared to the same period of last year.

The operating expenses increased by Rs.1.568 million over the comparable period of last year mainly due to inflation.

The other income of the Modaraba increased by Rs. 1.199 million over the comparable period of last year mainly due to capital gains on sale of fully depreciated vehicles.

Modaraba has provided Rs. 0.441 million for workers' welfare fund as the provisions of Workers Welfare Fund Ordinance, 1971 have now become applicable to Modarabas.

Modaraba has recorded appreciation of Rs. 0.363 million on re-measurement of investments as against diminution of Rs. 1.735 million recorded in the corresponding period.

As a result, Modaraba's profit for the half year is Rs.11.843 million as compared to Rs.7.485 million for the corresponding period and earnings per certificate is Rs.3.95 against Rs.2.49 in the same period of last year.

#### 3. Acknowledgment

The Board wishes to express its thanks for continued guidance and support extended by the Registrar Modaraba and other officials of Securities and Exchange Commission of Pakistan. The Board also wishes to thank its certificate holders, colleagues, investors, bankers and business accounts for their continued support and co-operation.

On behalf of the Board

**Naveed Riaz**

Chief Executive

February 23, 2010

## AUDITORS' REPORT TO THE CERTIFICATE HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

### Introduction

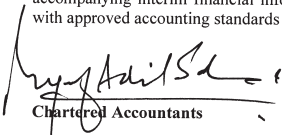
We have reviewed the accompanying condensed interim balance sheet of **First Imrooz Modaraba** as at December 31, 2009, and the related condensed interim profit and loss account, condensed interim statement of changes in equity and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'interim financial information') for the six months then ended. Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim cash flow statement for the quarters ended December 31, 2009 and 2008 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2009 and 2008.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.



Chartered Accountants

Karachi  
Dated: February 23, 2010



## FIRST IMROOZ MODARABA

### CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2009

		(Unaudited) December 31, 2009 Rupees	(Audited) June 30, 2009 Rupees
NON CURRENT ASSETS			
Property and equipment	5	5,588,281	5,247,538
Intangible assets		<u>159,223</u>	<u>191,190</u>
		5,747,504	5,438,728
CURRENT ASSETS			
Stock in trade		140,059,350	65,924,925
Trade debtors - unsecured, considered good		84,020,667	59,762,613
Advances, deposits, prepayments and other receivables		1,337,307	5,068,409
Investments	6	1,159,014	796,473
Taxation		1,815,345	1,271,172
Cash & bank balances		10,994,538	48,053,916
		<u>239,386,221</u>	<u>180,877,508</u>
		<u>245,133,725</u>	<u>186,316,236</u>
CAPITAL AND RESERVES			
<b>Authorised certificate capital</b>			
10,000,000 Modaraba Certificates of Rs. 10/- each		<u>100,000,000</u>	<u>100,000,000</u>
Issued certificate capital		30,000,000	30,000,000
Statutory reserve		49,329,334	49,329,334
Revenue reserve		<u>16,121,874</u>	<u>23,178,550</u>
		95,451,208	102,507,884
NON-CURRENT LIABILITY			
Staff gratuity		7,677,910	6,819,710
CURRENT LIABILITIES			
Obligation under murabaha finances		34,421,596	-
Qard-e-Hasana from modaraba management company		15,000,000	-
Creditors, accrued and other liabilities		<u>92,583,011</u>	<u>76,988,642</u>
		142,004,607	76,988,642
CONTINGENCIES AND COMMITMENTS	7	<u>245,133,725</u>	<u>186,316,236</u>

The annexed notes form an integral part of this condensed interim financial information.

**Naveed Riaz**  
Chief Executive

**Ameed Riaz**  
Director

**Mrs. Saadat Ikram**  
Director



## FIRST IMROOZ MODARABA

### CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2009

	Issued, subscribed and paid up certificate capital	Statutory reserve	Revenue reserve (Unappro- priated profit)	Total
	Rupees			
Balance at June 30, 2008	30,000,000	47,122,826	15,319,974	92,442,800
Profit distribution for the year ended June 30, 2008 @ Rs. 4 per certificate	-	-	(12,000,000)	(12,000,000)
Total comprehensive income for the half year ended Dec. 31, 2008	-	-	7,484,807	7,484,807
Balance at December 31, 2008	30,000,000	47,122,826	10,804,781	87,927,607
Total comprehensive income for the half year ended June 30, 2009	-	-	14,580,277	14,580,277
Transfer to statutory reserve	-	2,206,508	(2,206,508)	-
Balance at June 30, 2009	30,000,000	49,329,334	23,178,550	102,507,884
Profit distribution for the year ended June 30, 2009 @ Rs. 6.30 per certificate	-	-	(18,900,000)	(18,900,000)
Total comprehensive income for the half year ended Dec. 31, 2009	-	-	11,843,324	11,843,324
Balance at December 31, 2009	<u>30,000,000</u>	<u>49,329,334</u>	<u>16,121,874</u>	<u>95,451,208</u>

The annexed notes form an integral part of this condensed interim financial information.

**Naveed Riaz**  
Chief Executive

**Ameed Riaz**  
Director

**Mrs. Saadat Ikram**  
Director



## FIRST IMROOZ MODARABA

### CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2009

	Half Year ended		Quarter ended	
	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2008
	Rupees			
Sales	268,128,907	227,311,761	142,435,189	102,046,384
Cost of sales	234,756,291	200,438,966	126,861,194	89,826,858
Gross profit	33,372,616	26,872,795	15,573,995	12,219,526
Operating expenses	13,056,146	11,487,604	6,017,472	5,740,943
Operating profit	20,316,470	15,385,191	9,556,523	6,478,583
Murabaha charges	(720,556)	(2,280,664)	(684,544)	(1,935,896)
Other income	2,106,076	907,258	529,031	402,381
Workers' welfare fund	(441,291)	-	(441,291)	-
Unrealised appreciation / (diminution) on re-measurement of investments	362,542	(1,735,119)	(69,399)	(605,386)
	21,623,241	12,276,666	8,890,320	4,339,682
Modaraba company's management fee	1,729,859	982,133	711,225	347,174
Profit before taxation	19,893,382	11,294,533	8,179,095	3,992,508
Taxation	8,050,058	3,809,726	4,861,596	1,635,645
Profit for the period	11,843,324	7,484,807	3,317,499	2,356,863
<b>Other comprehensive income</b>	-	-	-	-
Total comprehensive income	11,843,324	7,484,807	3,317,499	2,356,863
Earning per certificate - basic and diluted	3.95	2.49	1.11	0.79

The annexed notes form an integral part of this condensed interim financial information.

**Naveed Riaz**  
Chief Executive

**Ameed Riaz**  
Director

**Mrs. Saadat Ikram**  
Director



## FIRST IMROOZ MODARABA

### CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2009

	Half year ended		Quarter ended	
	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2008
<b>Rupees</b>				
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	19,893,382	11,294,533	8,179,095	3,992,508
Adjustments for:				
Depreciation on property and equipment	988,154	1,156,790	526,433	584,668
Amortization of intangible assets	31,967	17,775	15,518	8,887
(Gain) / loss on disposal of property and equipment	(942,332)	595	(7,334)	595
(Unrealised appreciation) / diminution on re-measurement of investments	(362,542)	1,735,119	69,399	605,386
Murabaha profit charged	720,556	2,280,664	720,556	1,935,896
Provision for staff gratuity	979,566	979,566	489,783	489,784
	<u>1,415,369</u>	<u>6,170,509</u>	<u>1,814,355</u>	<u>3,625,216</u>
	21,308,751	17,465,042	9,993,450	7,617,724
Changes in operating assets and liabilities (Increase) / Decrease in current assets				
Stock in trade	(74,134,425)	(16,247,529)	(36,333,512)	10,640,904
Trade debtors	(24,258,054)	1,340,862	(7,695,851)	21,300,919
Advances, deposits, prepayments and other receivables	3,731,102	(676,579)	2,884,245	(426,068)
	<u>(94,661,377)</u>	<u>(15,583,246)</u>	<u>(41,145,118)</u>	<u>31,515,755</u>
Increase / (Decrease) in current liabilities				
Creditors, accrued and other liabilities	14,325,587	(54,645,558)	5,264,011	(45,808,517)
Cash used in operations	<u>(59,027,039)</u>	<u>(52,763,762)</u>	<u>(25,887,657)</u>	<u>(6,675,038)</u>
Profit paid	(18,294,529)	(11,576,612)	(18,294,529)	(11,576,612)
Taxes paid	(8,594,231)	(3,774,156)	(4,414,950)	(1,657,423)
Murabaha profit paid	(57,245)	(727,062)	(57,245)	(727,062)
Gratuity paid	(121,366)	-	-	-
Net cash used in operating activities	<u>(86,094,410)</u>	<u>(68,841,592)</u>	<u>(48,654,381)</u>	<u>(20,636,135)</u>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property and equipment	(1,333,565)	(819,068)	(1,210,415)	(86,068)
Proceeds from disposal of property and equipment	947,000	14,000	22,000	14,000
Investments - net	-	(47,890)	-	(47,890)
Net cash used in investing activities	<u>(386,565)</u>	<u>(852,958)</u>	<u>(1,188,415)</u>	<u>(119,958)</u>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Qard-e-Hasana from modaraba management company - net	15,000,000	-	15,000,000	-
Proceeds from murabaha finances	34,699,966	56,903,125	31,189,064	27,844,687
Repayment of murabaha finances	(278,369)	(36,518,309)	(278,369)	(14,198,927)
Net cash generated from financing activities	<u>49,421,597</u>	<u>20,384,816</u>	<u>45,910,695</u>	<u>13,645,760</u>
Net decrease in cash and bank balances A+B+C	(37,059,378)	(49,309,734)	(3,932,101)	(7,110,333)
Cash and bank balances at beginning of the period	48,053,916	57,749,835	14,926,639	15,550,434
Cash and bank balances at end of the period	<u>10,994,538</u>	<u>8,440,101</u>	<u>10,994,538</u>	<u>8,440,101</u>

The annexed notes form an integral part of this condensed interim financial information.

**Naveed Riaz**  
Chief Executive

**Ameed Riaz**  
Director

**Mrs. Saadat Ikram**  
Director



## FIRST IMROOZ MODARABA

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2009

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

First Imrooz Modaraba (the Modaraba) was formed on September 27, 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 the Karachi Stock Exchange.

It is a multi purpose, perpetual Modaraba and is mainly engaged in domestic and international trading activities.

#### 2. STATEMENT OF COMPLIANCE

These condensed interim financial information have been prepared in accordance with the requirements of the Modaraba Companies & Modaraba (Floatation & Control) Ordinance, 1980, the 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 Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountant of Pakistan (ICAP), as are 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. The disclosures made in these interim financial information have however been limited based on the requirement of International Financial Accounting Standard 34, 'Interim Financial Reporting'.

These financial statements are un-audited. However, limited scope review has been performed by the statutory auditors in accordance with the requirement of clause (xi) of the Code of Corporate Governance and are being submitted to the Certificate holders as required by Rule 10 of the Modaraba Companies and Modaraba Rules, 1981.

#### 3. BASIS OF PREPARATION

These financial statements have been prepared under the "historical cost convention" except for the revaluation of certain financial assets which are stated at fair value.

#### 4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these financial statements are the same which were applied for the preparation of financial statements for the year ended June 30, 2009.

In the current period, the Modaraba has adopted following Standards issued by the IASB and as notified by the Securities and Exchange Commission of Pakistan that are relevant to its operations and effective for Modaraba's accounting period beginning on July 01, 2009:-

	Effective for accounting period beginning on or after
- IAS 1 (revised) - Presentation of Financial Statements	January 01, 2009
- IFRS 8 Operating Segments	January 01, 2009

Adoption of above mentioned standards will have no impact on the modaraba's financial statements except presentation.

#### 5. PROPERTY AND EQUIPMENT

Following additions and disposals, at cost, were made during the period:-



# FIRST IMROOZ MODARABA

	Additions		Disposals	
	(Unaudited) Dec. 31, 2009	(Audited) June 30, 2009	(Unaudited) Dec. 31, 2009	(Audited) June 30, 2009
	Rupees			
Property and equipment				
Furnitures and fixtures	–	60,000	–	–
Vehicles	1,143,900	787,168	1,878,835	41,700
Office equipment and appliances	181,165	52,100	150,000	77,000
Computer equipment	8,500	89,148	–	90,147
	<u>1,333,565</u>	<u>988,416</u>	<u>2,028,835</u>	<u>208,847</u>

## 6. INVESTMENTS

– Held for Trading

The holdings are in fully paid shares/certificates of Rs.10 each.

Dec. 31 2009	June 30, 2009		Dec. 31, 2009	June 30, 2009
No. of Shares/Certificates			Rupees	Rupees
		<b>- Ordinary Shares in Listed Companies</b>		
35,079	35,079	Crescent Steel and Allied Products Limited	912,406	630,370
85,000	85,000	TRG Pakistan Limited	180,200	114,750
		<b>- Certificate in listed mutual fund</b>		
13,443	13,443	JS Growth Fund	66,408	51,353
			<u>1,159,014</u>	<u>796,473</u>

## 7. CONTINGENCIES AND COMMITMENTS

### 7.1 Contingencies

Post dated cheques to Collector of Customs amounting to Rs. 42,892,115/- (June 30, 2009 : Rs. 18,121,493/-).

### 7.2 Commitments

Commitments in respect of outstanding letters of credit for trading stock amounting to Rs. 1,466,820/- (June 30, 2009 : Rs. 2,386,045/-).

## 8. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

	December 31, 2009	December 31, 2008
	Rupees	Rupees
Sale of goods	–	522,000
Share of common expenses	141,214	150,129
Payment of Modaraba Company's Management fee	2,607,165	2,711,775
Receipts of Qard-e-Hasana from Modaraba Company	33,000,000	5,000,000
Repayment of Qard-e-Hasana to Modaraba Company	18,000,000	5,000,000

## 9. TAXATION

These figures are provisional, final liability would be determined on the basis of annual results.

## 10. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors of the Modaraba Management Company and authorized for issue on February 23, 2010.

## 11. GENERAL

11.1 These financial statements are presented in Pak Rupees, which is the Modaraba's functional and presentation currency.

11.2 Amounts have been presented and rounded off to the nearest Rupee.

**Naveed Riaz**  
Chief Executive

**Ameed Riaz**  
Director

**Mrs. Saadat Ikram**  
Director

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