

QUARTERLY ACCOUNTS

(un-audited)

For the period ended September 30, 2018



FIRST IMROOZ MODARABA

Managed by
A R Management Services (Private) Limited



FIRST IMROOZ MODARABA

REPORT OF THE DIRECTORS

The Board of Directors of A R Management Services (Private) Limited, the management company of First Imrooz Modaraba are pleased to present their quarterly report alongwith unaudited financial statements for the first quarter ended on September 30, 2018.

1. Financial Highlights

Financial results of the Modaraba are summarized as under:-

	(Rupees in million)	
	Three months ended	
	30-Sep-18	30-Sep-17
Sales	181,805	189,444
Gross profit	26,943	35,318
Operating expenses	16,688	15,847
Other income	0.049	0.465
(Loss) / Profit for the quarter	(0.269)	10,905
Earnings per certificate - basic & diluted (Rupees)	(0.09)	3.64

2. Review of Operations

The turnover for the period is slightly decreased to Rs. 181.805 million as against Rs. 189.444 million of the corresponding period of last year.

Gross Profit also decreased to Rs. 26,943 million as compared to Rs. 35,318 million of the corresponding quarter that is by 24%. Besides unfavorable economic conditions, the main reason for such decrease is severe devaluation of Pak rupee against US dollar as compared to corresponding quarter of last year. Because of continuous devaluation of Pak rupee and volatility in the global commodity markets the Modaraba is looking at challenging times ahead.

Other income for this quarter is Rs. 0.049 million as against Rs. 0.465 million of the corresponding quarter.

As a result, the Modaraba recorded a loss of Rs. 0.269 million as against profit of Rs. 10.905 million of the corresponding quarter.

3. Acknowledgement

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, bankers, business partners and the employees of the Modaraba for their continued support and co-operation.

on behalf of the Board

Naveed Riaz
Chief Executive
October 25, 2018

ڈائریکٹرز کی رپورٹ

فرسٹ امروز مضاربہ کی انتظامی کمپنی اے آر مینجمنٹ سروسز (پرائیویٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز مضاربہ کی سہ ماہی رپورٹ بمبہ پہلے سہ ماہ اختتام 30 ستمبر 2018 کے غیر آڈیٹڈ مالی حسابات کے ساتھ پیش کرتے ہیں۔

نمایاں مالیاتی نکات

مضاربہ کے مالیاتی نتائج مندرجہ ذیل ہیں:

30-Sep-17	30-Sep-18	
(ملین روپوں میں)		
189.444	181.805	فروخت اشیاء
35.318	26.943	مجموعی منافع
15.847	16.688	آپریٹنگ اخراجات
0.465	0.049	دیگر آمدنی
10.905	(0.269)	خالص (نقصان) / منافع
3.64	(0.09)	نی کس سرٹیفکیٹ آمدنی (بنیادی اور تھیل شدہ) روپے

کارکردگی کا جائزہ

اس سہ ماہی میں مضاربہ کی اشیاء کی فروخت 181.805 ملین روپے تک رہی جبکہ اسکے مقابلے میں پچھلے دورانیے میں یہ فروخت 189.444 ملین روپے تھی۔ اس کی مناسبت سے خام منافع 26.943 ملین روپے تک رہا، جب کہ اس کے مقابلے پچھلی مدت کے دوران خام منافع 35.318 ملین روپے تھا۔

اس کی کا بنیادی سبب گزشتہ سال کے اسی سہ ماہی کے مقابلے میں ناموافق معاشی حالات کے علاوہ امریکی ڈالر کے مقابلے پاکستانی روپے کی قدر میں شدید کمی ہے۔ روپے کی قدر میں مسلسل کمی اور عالمی منڈی میں خام مال کی قیمتوں کے اتار چڑھاؤ کی وجہ سے مضاربہ کے لئے آنے والا وقت کٹھن لگ رہا ہے۔

دیگر آمدنی اس مدت میں 0.049 ملین روپے رہی جب کہ گزشتہ مدت میں یہ 0.465 ملین روپے تھی۔ نتیجتاً مضاربہ کا خالص نقصان سہ ماہی اختتام پہ 0.269 ملین روپے رہا، جبکہ گزشتہ مقابل مدت پہ خالص منافع 10.905 ملین روپے تھا۔

اعتراف نامہ

بورڈ اس موقع پر جسٹرار مضاربہ اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے دیگر حکام کی مسلسل رہنمائی اور مدد کے لئے اپنے تشکر کا اظہار کرتا ہے۔ بورڈ اس کے علاوہ اپنے سرٹیفکیٹ ماکان، رفقتائے کار، سرمایہ کاروں، بینکاروں اور کاروباری پارٹیوں کی رہنمائی اور خصوصاً مضاربہ کے تمام ملازمین کی انتھک محنت اور لگن کے لئے ان سب کا شکر گزار ہے۔

منجانب بورڈ

نوید ریاض

چیف ایکزیکٹو

25 اکتوبر، 2018



FIRST IMROOZ MODARABA

CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2018

	September 30, 2018 Rupees Note (Un-audited)	June 30, 2018 Rupees (Audited)
NON CURRENT ASSETS		
Property and equipment	11,098,432	11,644,710
Intangible assets	708,326	833,327
Long term deposits	490,752	490,752
	<u>12,297,510</u>	<u>12,968,789</u>
CURRENT ASSETS		
Stock in trade	267,664,552	265,573,803
Trade debtors	92,434,234	113,779,339
Advances, deposits, prepayments and other receivables	2,067,750	1,019,034
Taxation	7,138,913	7,678,131
Cash & bank balances	7,254,171	14,070,366
	<u>376,559,620</u>	<u>402,120,673</u>
	<u>388,857,130</u>	<u>415,089,462</u>
CAPITAL AND RESERVES		
Authorised Capital		
10,000,000 Modaraba Certificates of Rs. 10/- each	<u>100,000,000</u>	<u>100,000,000</u>
Issued, subscribed and paid-up certificate capital	30,000,000	30,000,000
Statutory reserve	85,284,849	85,284,849
Revenue reserve	2,297,454	19,575,963
	<u>117,582,303</u>	<u>134,860,812</u>
NON-CURRENT LIABILITY		
Defined Benefit Plan - Staff gratuity	25,974,066	25,036,785
CURRENT LIABILITIES		
Obligation under murabaha finances - Secured	38,492,359	35,230,606
Qard-e-Hasana from modaraba management company	66,000,000	120,000,000
Creditors, accrued, provisions and other liabilities	123,798,402	99,961,259
Profit distribution	17,010,000	-
	<u>245,300,761</u>	<u>255,191,865</u>
CONTINGENCIES AND COMMITMENTS		
	4	
	<u>388,857,130</u>	<u>415,089,462</u>

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

Naveed Riaz
Chief Executive

Ameed Riaz
Director

Ateed Riaz
Chief Financial Officer



FIRST IMROOZ MODARABA

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

	Jul - Sep 2018 Rupees	Jul - Sep 2017 Rupees
Sales	181,804,996	189,444,216
Cost of sales	154,861,608	154,126,282
Gross profit	26,943,388	35,317,934
Operating expenses	16,687,663	15,846,808
Operating profit	10,255,725	19,471,126
Murabaha charges	(679,104)	(686,671)
Other income	49,427	465,089
Provision for Sindh Workers' welfare fund	(192,521)	-
Profit before taxation	9,433,527	19,249,544
Taxation	(9,702,036)	(8,344,259)
(Loss) / Profit for the period	(268,509)	10,905,285
Other Comprehensive Income	-	-
Total comprehensive (loss) / income	(268,509)	10,905,285
Earnings per certificate - basic & diluted	(0.09)	3.64

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

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

	Issued, subscribed and paid up certificate capital	Statutory reserve	Revenue reserve (un- appropriated profit)	Total
	Rupees			
Balance at June 30, 2017	30,000,000	73,064,543	34,407,488	137,472,031
Profit distribution for the year ended June 30, 2017 @ Rs. 10 per certificate	-	-	(30,000,000)	(30,000,000)
Comprehensive income for the period: July 17 to Sept 17				
Profit for the period	-	-	10,905,285	10,905,285
Other comprehensive income	-	-	-	-
Balance as at September 30, 2017	30,000,000	73,064,543	15,312,773	118,377,316
Comprehensive income for the period: Oct 17 to Jun 18				
Profit for the period	-	-	19,645,481	19,645,481
Other comprehensive income	-	-	(3,161,985)	(3,161,985)
Transfer to statutory reserve	30,000,000	73,064,543	31,796,269	134,860,812
Balance at June 30, 2018	30,000,000	12,220,306	(12,220,306)	-
Balance at June 30, 2018	30,000,000	85,284,849	19,575,963	134,860,812
Profit distribution for the year ended June 30, 2018 @ Rs. 5.67 per certificate	-	-	(17,010,000)	(17,010,000)
Comprehensive income for the period: July 18 to Sept 18				
Loss for the period	-	-	(268,509)	(268,509)
Other comprehensive income	-	-	-	-
Balance as at September 30, 2018	30,000,000	85,284,849	2,297,454	117,582,303

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

Naveed Riaz
Chief Executive

Ameed Riaz
Director

Ateed Riaz
Chief Financial Officer



FIRST IMROOZ MODARABA

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

	Sept. 30, 2018 Rupees	Sept. 30, 2017 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	9,433,527	19,249,544
Adjustments:		
Depreciation on property and equipment	1,020,733	899,012
Amortization of intangible assets	125,001	126,396
Murabaha charges	679,104	686,671
Provision for staff gratuity	937,281	668,739
Gain on disposal of property and equipment	(6,999)	(437,886)
	<u>2,755,120</u>	<u>1,942,932</u>
	12,188,647	21,192,476
Changes in operating assets and liabilities		
Decrease / (increase) in current assets		
Stock in trade	(2,090,749)	(109,430,988)
Trade debtors	21,345,109	6,267,136
Advances, deposits, prepayments and other receivables	(1,048,716)	(454,726)
	<u>18,205,644</u>	<u>(103,618,578)</u>
Increase / (Decrease) in current liabilities		
Creditors, accrued, provisions and other liabilities	24,126,435	73,204,741
Cash generated from / (used in) operations	<u>54,520,726</u>	<u>(9,221,361)</u>
Murabaha charges paid	(968,396)	(637,946)
Income tax paid	(9,162,818)	(8,319,202)
Staff Gratuity paid	-	(2,634,628)
Net cash generated from / (used in) operating activities	<u>44,389,512</u>	<u>(20,813,137)</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(474,460)	(476,044)
Proceeds from disposal of property and equipment	7,000	655,000
Net cash (used in) / generated from investing activities	<u>(467,460)</u>	<u>178,956</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of Qard-e-Hasana from Modaraba Management Company	24,000,000	57,000,000
Repayment of Qard-e-Hasana to Modaraba Management Company	(78,000,000)	(38,000,000)
Proceeds from murabaha finances	38,492,360	37,692,991
Repayment of murabaha finances	(35,230,607)	(34,371,228)
Net cash (used in) / generated from financing activities	<u>(50,738,247)</u>	<u>22,321,763</u>
Net (decrease) / increase in cash and bank balances A+B+C	(6,816,195)	1,687,582
Cash and bank balances at the beginning of the period	14,070,366	7,427,068
Cash and bank balances at the end of the period	<u>7,254,171</u>	<u>9,114,650</u>

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

Naveed Riaz
Chief Executive

Ameed Riaz
Director

Ateed Riaz
Chief Financial Officer



FIRST IMROOZ MODARABA

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** 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 commenced its commercial operations from March 01, 1994. The Modaraba is listed on Pakistan Stock Exchange
- 1.2** The principal place of the business of the Modaraba is situated at room No. 405, 4th floor, Beaumont Plaza, Beaumont Road, Civil Line Quarters, Karachi, in the province of Sindh, Pakistan.
- 1.3** It is a multi purpose, perpetual Modaraba and is mainly engaged in domestic and international trading activities.

2. BASIS OF PREPARATION

- 2.1** This condensed interim financial information of the Modaraba has been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities and 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 (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP), as are notified under the provisions of the Companies Act, 2017 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.
- 2.2** The disclosures made in this condensed interim financial information have been limited, based on the requirements of International Accounting Standard 34 - Interim Financial Reporting. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the published annual financial statements of the Modaraba for the year ended June 30, 2018.
- 2.3** This condensed interim financial information has been prepared under the historical cost convention.
- 2.4** This condensed interim financial information is prepared in Pakistani Rupees which is the Modaraba's functional and presentation currency. The figures in this condensed interim financial information have been rounded off to the nearest rupee unless otherwise specified.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim financial information are the same which were applied for the preparation of financial statements for the year ended June 30, 2018.



FIRST IMROOZ MODARABA

4. CONTINGENCIES AND COMMITMENTS

4.1 Contingencies

The Supreme Court of Pakistan (SCP) has passed a judgment on November 10, 2016 declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. Accordingly, the aforesaid amendments have been struck down by the SCP. It has been learnt that Federal Board of Revenue has filed a review petition in the SCP against the said judgment, which is pending.

Accordingly the provision against Federal Workers Welfare Fund has been reversed in the accounts for the year ended 30 June 2017, based on the above Supreme Court's Judgment.

In the meantime, the Sindh Assembly, on June 04, 2015, passed The Sindh Workers Welfare Fund Act, 2014 (Sindh WWF Act). As per Section 5(1) of the WWF Act, contributions are payable with effect from the date of closing of account on or after December 31, 2013, that corresponds to Modaraba's accounting year ended on June 30, 2014. As per definitions Section 2(g) of the WWF Act, the Modarabas were considered to be an industrial establishment, despite the fact that even remotely they could not be considered as industrial establishment due to their nature of business. Further the issue of apportionment of income relevant to the province of Sindh also needs to be clarified. The NBF & Modaraba Association of Pakistan is contemplating to file petition against such levy, as Sindh High Court has granted stay to various Banks and Financial Institutions in Suit No.610 of 2017. However, the management of the Modaraba in consultation with the legal advisor has decided to record a provision on prudent basis.

4.2 Commitments

4.2.1 The Modaraba has issued post dated cheques to the Collector of Customs amounting to Rs. 77.667 million (June 30, 2018 : Rs. 142.893 million) on account of custom dues / taxes on goods at bonded warehouse.

4.2.2 There were no Commitments in respect of outstanding letters of credit for trading stock (June 30, 2018 : NIL).

5. APPROVAL OF FINANCIAL STATEMENTS

This condensed interim financial information was approved by the Board of Directors of the Modaraba Management Company and authorized for issue on October 25, 2018.

Naveed Riaz
Chief Executive

Ameed Riaz
Director

Ateed Riaz
Chief Financial Officer

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