

QUARTERLY ACCOUNTS

For the period ended September 30, 2021
(Un-Audited)



FIRST IMROOZ MODARABA

Managed By
A R Management Services (Private) Limited



MODARABA INFORMATION

Modaraba Management Company	A R Management Services (Private) Ltd.
Directors of Modaraba Company	Mr. Naveed Riaz – Chief Executive Mrs. Saadat Ikram Mr. Ameer Riaz Mr. Omar Mohammad Khan Mr. Aliuddin Ahmed
Chief Financial Officer	Mr. Muhammad Ali Baig
Audit Committee	Mr. Aliuddin Ahmed (Chairman) Mr. Omar Mohammad Khan (Member) Mrs. Saadat Ikram (Member) Mr. Ameer Riaz (Member)
Human Resource Committee	Mr. Omar Mohammad Khan (Chairman) Mrs. Saadat Ikram (Member) Mr. Ameer Riaz (Member)
Company Secretary	Mr. Shabbir Ahmed Jamsa
Chief Internal Auditor	Mr. Abbas Kerani
Auditors	M/s. BDO Ebrahim & Co. Chartered Accountants
Bankers	Soneri Bank Limited Bank Alfalah Limited Bank AL Habib Limited
Legal Advisors	Mr. Masood Aziz Advocate Masood Aziz & Associates
Shariah Advisor	Mufti Abdul Qadir
Principal place of business	Room No. 405, 4 th Floor Beaumont Plaza, Beaumont Road Civil Lines Quarters, Karachi.
Registered Office of the Modaraba Company	125-S, Small Industrial Area Kot Lakhpat, Lahore.
Certificate Registration Office	F.D. Registrar Services (Pvt) Limited 17 th Floor, Saima Trade Tower-A I.I. Chundrigar Road, Karachi.

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 the condensed interim un-audited financial statements for the first quarter ended on September 30, 2021.

1. Financial Highlights

Financial results of the Modaraba are summarized as under:

		(Rupees in million)	
		Three months ended	
		30-Sep-21	30-Sep-20
Sales		214.497	132.900
Gross profit		25.385	35.449
Operating expenses		23.314	13.299
Other income		0.155	0.040
Profit for the quarter		0.291	14.227
Earnings per certificate - basic & diluted	(Rupees)	0.10	4.74

2. Review of Operations

During the quarter under review, the Modaraba's turnover increased to Rs. 214.497 million as against Rs. 132.900 million of the corresponding quarter.

However, Gross Profit has decreased to Rs. 25.385 million as compared to Rs. 35.449 million of the corresponding quarter that is by 28.39%. Severe devaluation of Pak rupee during this quarter caused reduction in gross profit significantly.

Operating expenses increased to Rs. 23.314 million as compared to Rs. 13.299 million of corresponding quarter.

Further, the provisions made for doubtful debts in previous year for Rs. 10.471 million have been reversed in current quarter as outstanding collections have been received.

We are expecting better results in next three quarters as our sales are showing an upward trend.

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.

For and on behalf of the Board

Naveed Riaz
Chief Executive

Ameed Riaz
Director

October 28, 2021

ڈائریکٹرز کی رپورٹ

فرسٹ امروز مضاربہ کی انتظامی کمپنی اے آر اینجمنٹ سروسز (پرائیویٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز مضاربہ کی پہلی سہ ماہی کی اختتامی مدت 30 ستمبر 2021ء کے غیر آڈیٹڈ مالی نتائج کے حوالے سے رپورٹ پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

نمایاں مالیاتی نکات

مضاربہ کے مالیاتی نتائج مندرجہ ذیل ہیں:

30-Sep-20	30-Sep-21	
(ملین روپوں میں)		
132.900	214.497	فروخت
35.449	25.385	مجموعی منافع
13.299	23.314	انتظامی اخراجات
0.040	0.155	دیگر آمدن
14.227	0.291	خالص منافع
4.74	0.10	فی کس سرٹیفکیٹ آمدنی (بنیادی اور تحلیل شدہ) روپے

کارکردگی کا جائزہ

زیر غور سہ ماہی میں مضاربہ کی فروخت 214.497 ملین روپے تک رہی جبکہ اسکے مقابلے میں پچھلے دورانیے میں یہ فروخت 132.900 ملین روپے تھی۔ تاہم، خام منافع 28.39 فیصد کم ہو کر 25.385 ملین روپے تک رہا، جبکہ اس کے مقابلے پچھلی مدت کے دوران خام منافع 35.449 ملین روپے تھا۔ پاکستانی روپے کی قدر کی گراؤ کی بنا پر مجموعی منافع میں نمایاں کمی ہوئی۔

انتظامی اخراجات بڑھ کر 23.314 ملین روپے تک رہے، جبکہ اس کے مقابلے پچھلی مدت کے دوران 13.299 ملین روپے تھے۔ مزید برآں، پچھلے سال میں ممکنہ عدم وصولی کے خدشے کے پیش نظر منحنض کئے گئے 10.471 ملین روپے اس سہ ماہی میں الٹ ہو گئے کیوں کہ یہ رقم اس سہ ماہی میں وصول ہو گئی۔

ہماری فروخت میں اضافہ کارحجان ظاہر ہو رہا ہے اور ہم توقع کرتے ہیں کہ اگلی تین سہ ماہیوں میں نتائج مزید بہتر ہوں گے۔

اعتراف

بورڈ اس موقع پر جسٹرار مضاربہ اور سیکورٹیز اینڈ اینڈریج 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 مالکان، رفقاء کار، سرمایہ کاروں، بینکاروں، کاروباری پارٹیوں کی رہنمائی اور مضاربہ کے تمام ملازمین کی انتھک محنت اور لگن کے لئے ان سب کا شکر گزار ہے۔

منجانب بورڈ

عمید ریاض

ڈائریکٹر

نوید ریاض

چیف ایگزیکٹو

28 اکتوبر، 2021ء

**CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2021**

	Note	September 30, 2021 Rupees (Un-audited)	June 30, 2021 Rupees (Audited)
ASSETS			
NON CURRENT ASSETS			
Property and equipment	4	4,157,680	4,687,975
Intangible assets		512,189	551,588
Long term deposits		110,702	110,702
		4,780,571	5,350,265
CURRENT ASSETS			
Stock in trade		355,593,711	304,552,995
Trade debtors		181,759,021	269,762,090
Advances, deposits, prepayments and other receivables		22,033,219	2,900,808
Taxation		10,188,243	4,576,541
Cash & bank balances		21,253,718	11,718,112
		590,827,912	593,510,546
TOTAL ASSETS		595,608,483	598,860,811
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised Capital 10,000,000 Modaraba Certificates of Rs. 10 each		100,000,000	100,000,000
Issued, subscribed and paid-up certificate capital		30,000,000	30,000,000
Statutory reserve		117,514,820	117,514,820
Revenue reserve		55,158,788	54,867,344
		202,673,608	202,382,164
NON-CURRENT LIABILITIES			
Defined benefit plan - Staff gratuity		36,442,617	36,442,617
Deferred capital grant		8,686	27,953
Obligation under Salam financing facilities - Secured	5	1,372,242	1,929,314
Deferred taxation		-	-
		37,823,545	38,399,884
CURRENT LIABILITIES			
Obligation under financing facilities - Secured	5	119,390,651	63,517,555
Current portion of deferred capital grant		153,652	234,207
Creditors, accrued and other liabilities		235,567,027	294,327,001
		355,111,330	358,078,763
TOTAL EQUITY AND LIABILITIES		595,608,483	598,860,811
CONTINGENCIES AND COMMITMENTS	6		

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information.

**For A R Management Services (Private) Limited
(Modaraba Management Company)**

NAVEED RIAZ
CHIEF EXECUTIVE

AMEED RIAZ
DIRECTOR

MRS. SAADAT IKRAM
DIRECTOR

MUHAMMAD ALI BAIG
CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2021**

	Quarter ended	
	Jul - Sep 2021 Rupees	Jul - Sep 2020 Rupees
Sales	214,496,938	132,899,826
Cost of sales	(189,112,232)	(97,450,422)
Gross profit	25,384,706	35,449,404
Operating expenses	(23,314,121)	(13,299,279)
Operating profit	2,070,585	22,150,125
Financial charges	(1,887,870)	(1,842,533)
Other income	154,652	39,896
Reversal of provision for doubtful debts	10,471,621	-
	10,808,988	20,347,488
Provision for Modaraba Management Company's fees	(1,080,899)	-
Provision for Sindh Workers' Welfare Fund	(194,562)	(406,950)
Profit before taxation	9,533,527	19,940,538
Taxation	(9,242,083)	(5,713,783)
Net Profit for the period	291,444	14,226,755
Other Comprehensive Income	-	-
Total comprehensive income	291,444	14,226,755
Earnings per certificate - basic & diluted	0.10	4.74

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information.

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2021**

	Paid-up certificate	Statutory reserve	Revenue reserve Unappropriated profit	Total
	Rupees			
Balance at June 30, 2020	30,000,000	104,677,757	26,580,965	161,258,722
Comprehensive income for the period: July 2020 to Sept 2020				
Profit for the period	-	-	14,226,755	14,226,755
Other comprehensive income	-	-	-	-
Balance as at September 30, 2020	30,000,000	104,677,757	40,807,720	175,485,477
Profit distribution for the year ended June 30, 2020 @ Rs. 7.50 per certificate	-	-	(22,500,000)	(22,500,000)
Comprehensive income for the period: Oct 2020 to Jun 2021				
Profit for the period	-	-	49,958,562	49,958,562
Other comprehensive income	-	-	(561,875)	(561,875)
	30,000,000	104,677,757	67,704,407	202,382,164
Transfer to statutory reserve @ 20%	-	12,837,063	(12,837,063)	-
Balance at June 30, 2021	30,000,000	117,514,820	54,867,344	202,382,164
Comprehensive income for the period: July 2021 to Sept 2021				
Profit for the period	-	-	291,444	291,444
Other comprehensive income	-	-	-	-
Balance as at September 30, 2021	30,000,000	117,514,820	55,158,788	202,673,608

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information.

**For A R Management Services (Private) Limited
(Modaraba Management Company)**

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**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2021**

	Quarter ended	
	Sept. 30, 2021 Rupees	Sept. 30, 2020 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	9,533,527	19,940,538
Adjustments for non-cash and other items:		
Depreciation	622,795	979,891
Amortization of intangible assets	39,399	-
Financial Charges	1,887,870	1,842,533
Amortization of deferred capital grant	(99,822)	-
Reversal of provision for doubtful debts	(10,471,621)	-
Provision for staff retirement gratuity	-	1,094,226
	<u>(8,021,379)</u>	<u>3,916,650</u>
Operating profit before working capital changes	1,512,148	23,857,188
Changes in operating assets and liabilities		
(Increase) / Decrease in current assets		
Stock in trade	(51,040,716)	15,260,083
Trade debtors	98,474,690	23,888,509
Advances, deposits, prepayments and other receivables	(19,132,411)	(6,637,196)
	28,301,563	32,511,396
Increase / (Decrease) in current liabilities		
Creditors, accrued and other liabilities	(59,031,114)	(11,391,783)
Cash (used in) / generated from operations	(29,217,403)	44,976,801
Financial charges paid	(1,516,908)	(1,756,922)
Income Taxes paid	(14,853,785)	(9,195,574)
Net cash (used in) / generated from operating activities	<u>(45,588,096)</u>	<u>34,024,305</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(92,500)	(231,308)
Net cash used in investing activities	<u>(92,500)</u>	<u>(231,308)</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts of Qard-e-Hasana from Modaraba Management Company	92,800,000	-
Repayment of Qard-e-Hasana to Modaraba Management Company	(92,800,000)	(8,000,000)
Receipts from Musawamah finances	155,000,000	22,827,892
Repayment of Musawamah finances	(90,000,000)	(13,064,898)
(Repayment of) / Receipts from Salam finances	(1,953,506)	5,506,517
Repayment of Musharaka finances	(7,830,292)	(53,508,191)
Net cash generated from / (used in) financing activities	<u>55,216,202</u>	<u>(46,238,680)</u>
Net increase / (decrease) in cash and bank balances A+B+C	9,535,606	(12,445,683)
Cash and bank balances at the beginning of the period	11,718,112	18,970,744
Cash and bank balances at the end of the period	<u>21,253,718</u>	<u>6,525,061</u>

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information.

**For A R Management Services (Private) Limited
(Modaraba Management Company)**

NAVEED RIAZ
CHIEF EXECUTIVE

AMEED RIAZ
DIRECTOR

MRS. SAADAT IKRAM
DIRECTOR

MUHAMMAD ALI BAIG
CHIEF FINANCIAL OFFICER

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2021**

1 NATURE AND STATUS 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 there under 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 Statement of compliance

- 2.1.1 This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34 - Interim Financial Reporting, Islamic Financial Accounting Standards (IFAS) as notified under the provisions of the Companies Act, 2017 and made applicable to Modarabas, 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 (SECP) ['the Modaraba Regulations'].

Wherever the requirements of 'the Modaraba Regulations' differ from the requirements of International Accounting Standard (IAS) 34 - Interim Financial Reporting and Islamic Financial Accounting Standards (IFAS) as notified under the provisions of the Companies Act, 2017 and made applicable to Modarabas, requirements of 'the Modaraba Regulations' have been followed.

- 2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS 34. 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 annual published audited financial statements of the Modaraba for the period ended June 30, 2021.
- 2.1.3 The comparative statement of balance sheet presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Modaraba for the year ended June 30, 2021, whereas the comparative condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity of the Modaraba are extracted from the unaudited condensed interim financial information for the quarter ended September 30, 2020.
- 2.1.4 This condensed interim financial information is un-audited.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for defined benefit plan - staff gratuity which is carried as per actuarial valuation.

2.3 Functional and presentation currency

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 AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENT AND CHANGES THEREIN

- 3.1 The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Modaraba for the year ended June 30, 2021.
- 3.2 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use of judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2021**

- 3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2021.
- 3.4 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Modaraba's accounting period beginning on or after January 01, 2021. These standards, interpretations and amendments are either not relevant to the Modaraba's operations or are not expected to have a significant effect on this condensed interim financial information.
- 3.5 The Modaraba's financial risk management objectives and policies are consistent with that disclosed in annual audited financial statements of the Modaraba for the year ended June 30, 2021.

	September 30, 2021 (Rupees) (Un-audited)	June 30, 2021 (Rupees) (Audited)
4 PROPERTY AND EQUIPMENT	Note	
Following additions and disposals, at cost, were made during the period / year :		
Opening fixed assets (Net book value)	4,687,975	6,413,376
Additions	92,500	1,831,771
Disposals	-	(1,675,348)
Depreciation charge for the period / year	(622,795)	(3,423,276)
Depreciation on disposals during the period / year	-	1,541,452
Closing fixed assets (Net book value)	<u>4,157,680</u>	<u>4,687,975</u>

5 OBLIGATION UNDER FINANCING FACILITIES - SECURED

Running Musharaka Financing Facility	5.1	413,877	8,244,169
Salam Financing Facility	5.2	5,349,016	7,202,700
Non-current portion under Salam Financing Facility	5.2	(1,372,242)	(1,929,314)
Current portion under Salam Financing Facility	5.2	3,976,774	5,273,386
Musawamah Financing Facility	5.3	115,000,000	50,000,000
		<u>119,390,651</u>	<u>63,517,555</u>

- 5.1 The Modaraba has availed Running Musharaka Financing facility from Bank AL Habib Limited with sanctioned limit of Rs. 15 million (June 30, 2021 : Rs. 15 million) in order to meet working capital requirement.
- 5.2 The Modaraba obtained this facility from Soneri Bank Limited which was offered by State Bank of Pakistan under the name of "Islamic SBP Refinance" for payment of wages and salaries for six months from April 2020 to September 2020 to cater the economic turmoil due to COVID-19.
- 5.3 The Modaraba has also availed Musawamah finance facility from Bank AL Habib Limited with a sanctioned limit of Rs. 130 million (June 30, 2021: Rs. 130 million) to finance its working capital requirements.
- 5.4 All facilities are secured against hypothecation charge on current assets (stock in trade and trade debts) of Modaraba.

6 CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

- 6.1.1 There is no change in the status of matter of show cause notice issued to the Modaraba by the Collectorate of Customs, for recovery of Customs Duty, Additional Customs Duty, Sales Tax and Income Tax as reported in note 22.1.1 to the published financial statements of the Modaraba for the year ended June 30, 2021.
- 6.1.2 The Modaraba has issued post dated cheques to the Collector of Customs amounting to Rs. 95.822 million (June 30, 2021 : Rs. 58.561 million) on account of custom dues and taxes on goods at bonded warehouse.

6.2 Commitments

Commitments in respect of outstanding letters of credit as at year end date for trading stock are amounting to Rs. 5.159 million (June 30, 2021 : Rs. NIL).

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2021**

7 TAXATION

Provision for taxation is based on taxable income for the year at the current rates of taxation after taking into account tax credits and exemptions available, if any. For items covered under minimum tax regime (MTR), the management compared it with normal tax regime (NTR), alternate corporate tax (ACT) and turnover tax and record tax on the basis of which ever is higher. The Modaraba has followed a policy for tax recognition, whereby the tax paid at import stage is recognized as tax expense in the year in which the related goods are sold and the portion of the tax paid pertaining to the unsold inventory is carried forward in the balance sheet as an advance tax.

Deferred tax asset is recognized for available credits to the extent that it is probable that sufficient taxable temporary differences and taxable profits will be available against which credits can be utilized. Significant judgement is exercised to determine the amount of deferred tax asset to be recognized.

8 FAIR VALUE OF FINANCIAL INSTRUMENTS

As at quarter ended September 30, 2021, the Modaraba does not hold any financial asset or liability measured at fair value. Therefore, fair value hierarchies have not been disclosed.

Further, carrying value of all financial assets and liabilities reflected in the condensed interim financial information approximate their fair value.

9 RELATED PARTY TRANSACTIONS

The related parties of the Modaraba include the management company, associated undertakings, directors of the management company and key management personnel. Significant transactions with related parties are as follows:

	September 30, 2021 Rupees (Un-audited)	September 30, 2020 Rupees (Un-audited)
Share of common expenses to group companies	301,858	82,396
Warehouse/Office rent to group companies	1,426,250	920,250
Receipt of Qard-e-Hasana from Modaraba Management Company	92,800,000	-
Repayment of Qard-e-Hasana to Modaraba Management Company	92,800,000	8,000,000

10 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved by the Board of Directors of the Modaraba Management Company and authorised for issue on 28 October 2021.

11 GENERAL

11.1 Significant event during the quarter

During the quarter ended September 30, 2021, many countries including Pakistan have enacted protection measures against COVID-19, with a significant impact on economic activities in these countries. As of the release date of these financial statements, there has been no specifically material quantifiable impact of COVID-19 on the Modaraba's financial condition or results of operations except those disclosed in notes to the financial statements.

**For A R Management Services (Private) Limited
(Modaraba Management Company)**

NAVEED RIAZ
CHIEF EXECUTIVE

AMEED RIAZ
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