

QUARTERLY ACCOUNTS

For the period ended September 30, 2023
(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)
Human Resource Committee	Mr. Aliuddin Ahmed (Chairman) Mr. Omar Mohammad Khan (Member) 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 is pleased to present the condensed interim un-audited financial statements for the first quarter ended on September 30, 2023.

1. Financial Highlights

Financial results of the Modaraba are summarized as under:

	(Rupees in million)	
	Three months ended	
	30-Sep-23	30-Sep-22
Sales	351.81	222.65
Gross profit / (loss)	68.96	(3.87)
Operating expenses	20.82	24.38
Other income	0.27	1.28
Profit / (Loss) for the quarter	23.82	(39.16)
Earnings per certificate - basic & diluted (Rupees)	7.94	(13.05)

2. Review of Operations

During the quarter under review, the Modaraba's turnover increased 58% to Rs. 351.81 million when compared with the corresponding quarter FY 2023 and was largely supported by a 28% increase in sales volume.

Due to prudent management, operating expenses decreased by 15% to Rs. 20.82 million in comparison to the corresponding quarter FY 2023. Thus, the quarter ended with profit after taxation of Rs 23.82 million and an Earnings Per Certificate of Rs. 7.94.

The management has a positive outlook for the future due to the relatively stable exchange rate and continuing sales momentum.

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 30, 2023

**CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2023**

	September 30, 2023	June 30, 2023
	Rupees (Un-audited)	Rupees (Audited)
ASSETS	Note	
NON CURRENT ASSETS		
Property and equipment	4	13,023,565
Intangible assets		1,268,272
Long term deposits		598,202
Deferred Tax		-
		<u>14,890,039</u>
CURRENT ASSETS		
Stock in trade		256,997,751
Trade debtors		268,099,406
Advances, deposits and prepayments		3,589,673
Taxation		16,161,842
Cash & bank balances		13,928,110
		<u>558,776,782</u>
TOTAL ASSETS		<u><u>573,666,821</u></u>
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Authorised Capital		
10,000,000 Modaraba Certificates of Rs. 10 each		<u>100,000,000</u>
Issued, subscribed and paid-up certificate capital		30,000,000
Statutory reserve		118,733,257
Revenue reserve		24,631,603
		<u>173,364,860</u>
NON-CURRENT LIABILITIES		
Defined benefit plan - Staff gratuity		6,719,947
Obligation under financing facilities - Secured	5	1,270,227
		<u>7,990,174</u>
CURRENT LIABILITIES		
Current portion of obligation under financing facilities - Secured	5	140,609,676
Qard-e-Hasana from Modaraba Management Company		63,000,000
Creditors, accrued and other liabilities		188,702,110
		<u>392,311,786</u>
TOTAL EQUITY AND LIABILITIES		<u><u>573,666,821</u></u>
CONTINGENCIES AND COMMITMENTS	6	<u><u>783,160,551</u></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

OMAR MOHAMMAD KHAN
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, 2023**

	Quarter ended	
	Jul - Sep 2023 Rupees	Jul - Sep 2022 Rupees
Sales	351,813,285	222,649,509
Cost of sales	(282,844,887)	(226,521,163)
Gross profit / (loss)	68,968,398	(3,871,655)
Operating expenses	(20,823,874)	(24,383,738)
Operating profit / (loss)	48,144,524	(28,255,392)
Financial charges	(8,983,003)	(2,597,216)
Other income	265,192	1,280,768
	39,426,713	(29,571,840)
Provision for Modaraba Management Company's fee	-	-
Provision for Sindh Workers' Welfare Fund	(789,677)	-
Profit / (Loss) before taxation	38,637,036	(29,571,840)
Taxation	(14,811,590)	(9,592,979)
Net Profit / (Loss) for the period	23,825,446	(39,164,819)
Other Comprehensive Income	-	-
Total Comprehensive Income / (Loss)	23,825,446	(39,164,819)
Earnings / (Loss) per certificate - basic & diluted	7.94	(13.05)

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, 2023**

	Paid-up certificate	Statutory reserve	Revenue reserve Unappropriated profit	Total
	Rupees			
Balance at June 30, 2022	30,000,000	118,733,257	35,003,813	183,737,070
Comprehensive income for the period: July 2022 to Sept 2022				
Loss for the period	-	-	(39,164,819)	(39,164,819)
Other comprehensive income	-	-	-	-
Balance as at September 30, 2022	30,000,000	118,733,257	(4,161,006)	144,572,251
Profit distribution for the year ended June 30, 2022 @ Rs. 5.50 per certificate	-	-	(16,500,000)	(16,500,000)
Comprehensive income for the period: Oct 2022 to Jun 2023				
Profit for the period	-	-	36,467,164	36,467,164
Other comprehensive income	-	-	-	-
Balance at June 30, 2023	30,000,000	118,733,257	15,806,157	164,539,414
Comprehensive loss for the period: July 2023 to Sept 2023				
Profit for the period	-	-	23,825,446	23,825,446
Other comprehensive income	-	-	-	-
Profit distribution for the year ended June 30, 2023 @ Rs. 5/- per certificate	-	-	(15,000,000)	(15,000,000)
Balance as at September 30, 2023	30,000,000	118,733,257	24,631,603	173,364,860

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**

**OMAR MOHAMMAD KHAN
DIRECTOR**

**MRS. SAADAT IKRAM
DIRECTOR**

**MUHAMMAD ALI BAIG
CHIEF FINANCIAL OFFICER**

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2023**

	Quarter ended	
	Sept. 30, 2023 Rupees	Sept. 30, 2022 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	38,637,036	(29,571,840)
Adjustments for non-cash and other items:		
Depreciation	983,175	710,746
Amortization of intangible assets	130,224	81,899
Financial Charges	8,983,003	2,597,216
Amortization of deferred capital grant	-	(19,267)
Provision for staff retirement gratuity	-	150,370
(Gain) on disposal of property and equipment	(15,000)	(1,200,000)
	<u>10,081,402</u>	<u>2,320,964</u>
Operating profit / (loss) before working capital changes	48,718,438	(27,250,877)
Changes in operating assets and liabilities		
Decrease / (Increase) in current assets		
Stock in trade	121,197,173	(547,897,390)
Trade debtors	43,113,269	20,162,240
Advances, deposits, prepayments and other receivables	5,174,904	14,530,680
	<u>169,485,346</u>	<u>(513,204,470)</u>
(Decrease) / Increase in current liabilities		
Creditors, accrued and other liabilities	(300,166,321)	573,485,604
Cash (used in) / generated from operations	(81,962,537)	33,030,257
Financial charges paid	(4,983,431)	(2,728,772)
Income Taxes paid	(14,244,475)	(5,204,510)
Staff Gratuity paid	-	(1,300,616)
Net cash (used in) / generated from operating activities	<u>(101,190,443)</u>	<u>23,796,360</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(235,435)
Proceeds from disposal of property and equipment	15,000	1,200,000
Net cash generated from investing activities	<u>15,000</u>	<u>964,565</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts of Qard-e-Hasana from Modaraba Management Company	133,000,000	58,500,000
Repayment of Qard-e-Hasana to Modaraba Management Company	(70,000,000)	(75,000,000)
Receipts from Musawamah finances	95,000,000	55,000,000
Repayment of Musawamah finances	(95,000,000)	(55,000,000)
Repayment of Salam finances	-	(688,298)
Receipts from Musharaka finances	438,692,093	-
Repayment of Musharaka finances	(438,844,521)	(3,110,311)
Net cash generated from / (used in) financing activities	<u>62,847,573</u>	<u>(20,298,609)</u>
Net (decrease) / increase in cash and bank balances A+B+C	(38,327,870)	4,462,315
Cash and bank balances at the beginning of the period	52,255,980	5,020,220
	-	-
Cash and bank balances at the end of the period	<u>13,928,110</u>	<u>9,482,535</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)**

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CHIEF EXECUTIVE

OMAR MOHAMMAD KHAN
DIRECTOR

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DIRECTOR

MUHAMMAD ALI BAIG
CHIEF FINANCIAL OFFICER

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2023**

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 year ended June 30, 2023.
- 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, 2023, 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, 2022.
- 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.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2023**

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, 2023.
- 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.
- 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, 2023.
- 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, 2023.

	Note	September 30, 2023 (Rupees) (Un-audited)	June 30, 2023 (Rupees) (Audited)
4 PROPERTY AND EQUIPMENT			
Following additions and disposals, at cost, were made during the period / year :			
Opening fixed assets (Net book value)		14,006,740	8,061,008
Additions		-	8,993,610
Disposals		(42,850)	(2,216,259)
Depreciation charge for the period / year		(983,175)	(2,866,155)
Depreciation on disposals during the period / year		42,850	2,034,536
Closing fixed assets (Net book value)		<u>13,023,565</u>	<u>14,006,740</u>

5 OBLIGATION UNDER FINANCING FACILITIES - SECURED

Musharaka financing facility	5.1 & 5.2	1,879,904	2,032,331
Less: non-current portion under Musharaka financing facility	5.1 & 5.2	(1,270,227)	(1,422,655)
Current portion under Musharaka financing facility		609,676	609,676
Musawamah Financing Facility	5.3	140,000,000	140,000,000
		<u>140,609,676</u>	<u>140,609,676</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2023**

- 5.1 The Modaraba has availed Running Musharaka Financing facility from Bank AL Habib Limited with sanctioned limit of Rs. 30 million (June 30, 2023 : Rs. 30 million). This facility has been obtained to finance working capital requirements of the Modaraba carries profit at the rate of 1.5% (June 30, 2023 : 1.5%) over 3 months average KIBOR.
- 5.2 In prior year, the Modaraba had obtained Diminishing Musharaka financing facility with a sanctioned limit of Rs. 10 million from Bank AL Habib Limited for the purchase of locally manufactured brand new / used commercial and non-commercial vehicles for Modaraba's / staff use. The facility carries profit at the rate 2.25% over 1 year KIBOR and is repayable within 5 years from the date of delivery of vehicle(s).
- 5.3 The Modaraba has also availed Musawamah finance facility from Bank AL Habib Limited with a sanctioned limit of Rs. 230 million (June 30, 2023: Rs. 130 million) to finance sale of inventory owned by the Modaraba. The facility carries profit at the rate of 1.5% (June 30, 2023 : 1.5%) over 3 months average KIBOR.
- 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 (Adjudication-II), for recovery of Customs Duty along with allied taxes as reported in note 22.1.2 to the published financial statements of the Modaraba for the year ended June 30, 2023.
- 6.1.2 The Modaraba has issued post dated cheques to the Collector of Customs amounting to Rs. 49.18 million (June 30, 2023 : Rs. 47 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. 32 million (June 30, 2023 : Rs. NIL).

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.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2023**

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, 2023, 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, 2023 Rupees (Un-audited)	September 30, 2022 Rupees (Un-audited)
Share of common expenses to Group Companies	559,470	938,021
Warehouse rent to Group Companies	1,455,000	1,455,000
Office rent to Group Company	-	300,000
Receipt of Qard-e-Hasana from Modaraba Management Company	133,000,000	58,500,000
Repayment of Qard-e-Hasana to Modaraba Management Company	70,000,000	75,000,000

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 30 October 2023.

11 GENERAL

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

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

NAVEED RIAZ	OMAR MOHAMMAD KHAN	MRS. SAADAT IKRAM	MUHAMMAD ALI BAIG
CHIEF EXECUTIVE	DIRECTOR	DIRECTOR	CHIEF FINANCIAL OFFICER