

QUARTERLY ACCOUNTS

For the period ended March 31, 2019
(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

Chief Financial Officer

Mr. Ateed Riaz

Audit Committee

Mr. Omar Mohammad Khan (Chairman)

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. Deloitte Yousuf Adil

Chartered Accountants

Bankers

Soneri Bank Limited

Bank Al falah Limited

Legal Advisors

Aatif Awan, Advocate

Shariah Advisor

Mufti Abdul Qadir

Principal place of business

Room No. 405, 4th 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 (SMC-Pvt.)

Limited 17th Floor, Saima Trade Tower-A,

I.I. Chundrigar Road Karachi



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 report alongwith un-audited financial statements for the quarter and nine months period ended March 31, 2019.

1. Financial Highlights

Financial results of the Modaraba are summarized as under: -

	(Rupees in million)	
	Nine months ended	
	31-Mar-19	31-Mar-18
Sales	538.878	637.133
Gross profit	95.894	107.999
Operating expenses	52.910	47.272
Other income	0.660	0.494
Profit before taxation	37.372	59.404
Taxation	26.564	28.961
Profit for the period	10.808	30.443
Earnings per certificate - basic & diluted (Rupees)	3.60	10.15

2. Review of Operations

The turnover for the nine months period ended March 31, 2019 is decreased to Rs. 538.878 million as compared to Rs. 637.133 million of the corresponding period. Such decrease is mainly due to slow down of the economy and volatility in global commodities market

Accordingly, the gross profit is also decreased to Rs. 95.894 million as compared to Rs. 107.999 of the corresponding period.

In addition to above, there has been increase in Morabaha / Musharaka charges, which is due to the fact that the Modaraba has obtained Running Musharaka facility for its working capital requirement.

The operating expenses have increased to Rs. 52.910 million as compared to Rs. 47.272 million of the corresponding period.

As a result, the Modaraba recorded a profit of Rs. 10.808 million as against profit of Rs. 30.443 million of the corresponding period.

The earnings per certificate of the Modaraba worked out to Rs. 3.60 as against earning per certificate of Rs. 10.15 of the corresponding period.

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, colleagues, investors, bankers and business accounts for their continued support and co-operation.

on behalf of the Board

Naveed Riaz
Chief Executive
April 22, 2019



FIRST IMROOZ MODARABA

ڈائریکٹرز کی رپورٹ

فرسٹ امروز مضاربہ کی انتظامی کمپنی اے آر اینجمنٹ سروسز (پرائیویٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز مضاربہ کے نو ماہ کی اختتامی مدت 31 مارچ 2019 کے غیر آڈٹ شدہ مالی نتائج و اقدامات کے حوالے سے رپورٹ پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

نمایاں مالیاتی نکات

مضاربہ کے مالیاتی نتائج مندرجہ ذیل ہیں:

نو ماہ کے نتائج		
(ملین روپوں میں)		
31-Mar-18	31-Mar-19	
637.133	538.878	فروخت
107.999	95.894	کل منافع
47.272	52.910	انتظامی اخراجات
0.494	0.660	دیگر آمدنی
59.404	37.372	قبل از ٹیکس منافع
30.443	10.808	بعد از ٹیکس منافع
10.15	3.60	نی کس سرٹیفکیٹ آمدنی (بنیادی اور تحلیل شدہ) روپے

کارکردگی کا جائزہ

زیر غور مدت کے دوران مضاربہ کی اشیاء کی فروخت 538.878 ملین روپے تک رہی جبکہ اسکے مقابلے میں پچھلے دورانیے میں یہ فروخت 637.133 ملین روپے تھی۔ اس کمی کا بنیادی سبب ملکی معیشت کی سست روی اور عالمی منڈی میں خام مال کی قیمتوں کا اتار چڑھاؤ ہے۔ اسی مناسبت سے خام منافع 95.894 ملین روپے تک رہا، جب کہ اس کے مقابلے پچھلی مدت کے دوران خام منافع 107.999 ملین روپے تھا۔ اس کے علاوہ، مضاربہ نے اپنے ورکنگ کپیٹل کی ضروریات کے لیے بینک سے جاری مشارکہ کی سہولت بھی لی ہے جسکی وجہ سے مالیاتی اخراجات بھی بڑھے۔ انتظامی اخراجات بڑھ کر 52.910 ملین روپے رہے جب کہ گزشتہ مدت میں یہ 47.272 ملین روپے تھے۔ نتیجتاً مضاربہ کا منافع تیسری سہ ماہی اختتام پہ 10.808 ملین روپے رہا، جو کہ گزشتہ مقابل مدت پہ 30.443 ملین روپے تھا۔ مضاربہ کی نی کس سرٹیفکیٹ آمدنی 3.60 روپے رہی جو کہ پچھلی مقابل مدت میں 10.15 روپے تھی۔

اعتراف نامہ

بورڈ اس موقع پر رجسٹرار 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 ہولڈرز، رفقاء کار، سرمایہ کاروں، بینکاروں اور کاروباری پارٹیوں کی رہنمائی اور مدد کے لئے ان سب کا شکر گزار ہے۔

منجانب بورڈ

نوید ریاض

چیف ایگزیکٹو

22 اپریل، 2019



FIRST IMROOZ MODARABA

**CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2019**

		(Un-audited)	(Audited)
		March 31,	June 30,
		2019	2018
	Note	Rupees	Rupees
NON CURRENT ASSETS			
Property and equipment		9,651,765	11,644,710
Intangible assets		458,324	833,327
Long term deposits		490,752	490,752
		<u>10,600,841</u>	<u>12,968,789</u>
CURRENT ASSETS			
Stock in trade		203,581,578	265,573,803
Trade debtors		114,968,166	113,779,339
Advances, deposits, prepayments and other receivables		5,152,788	1,019,034
Advance income tax		7,642,921	7,678,131
Cash and bank balances		18,635,168	14,070,366
		<u>349,980,621</u>	<u>402,120,673</u>
		<u>360,581,462</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		13,373,790	19,575,963
		<u>128,658,639</u>	<u>134,860,812</u>
NON CURRENT LIABILITY			
Defined benefit plan - Staff gratuity		27,848,628	25,036,785
CURRENT LIABILITIES			
Obligation under Musharaka & Murabaha facilities		129,368,325	35,230,606
Qard-e-Hasana from modaraba management company		25,600,000	120,000,000
Creditors, accrued and other liabilities		49,105,870	99,961,259
		<u>204,074,195</u>	<u>255,191,865</u>
CONTINGENCIES AND COMMITMENTS			
	3	<u>360,581,462</u>	<u>415,089,462</u>

The annexed notes from 1 to 4 form an integral part of these condensed interim financial information.

Naveed Riaz
Chief Executive

Ameed Riaz
Director

Ateed Riaz
Chief Financial Officer

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2019**

	Nine months ended		Quarter ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	Rupees			
Sales	538,877,950	637,133,244	167,213,732	214,751,591
Cost of sales	<u>(442,984,332)</u>	<u>(529,133,768)</u>	<u>(126,512,426)</u>	<u>(182,606,377)</u>
Gross profit	95,893,618	107,999,476	40,701,306	32,145,214
Operating expenses	<u>(52,910,207)</u>	<u>(47,271,823)</u>	<u>(14,419,582)</u>	<u>(16,709,905)</u>
Operating profit	42,983,411	60,727,653	26,281,724	15,435,309
Murabaha / Musharaka charges	(5,509,131)	(1,818,358)	(3,339,045)	(759,744)
Other income	659,960	494,408	567,729	14,966
Sindh Workers' welfare fund	<u>(762,685)</u>	<u>-</u>	<u>(470,209)</u>	<u>-</u>
Profit before taxation	37,371,555	59,403,703	23,040,199	14,690,531
Taxation	<u>(26,563,728)</u>	<u>(28,960,275)</u>	<u>(7,396,407)</u>	<u>(10,323,946)</u>
Profit for the period	10,807,827	30,443,428	15,643,792	4,366,585
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>10,807,827</u>	<u>30,443,428</u>	<u>15,643,792</u>	<u>4,366,585</u>
Earnings per certificate - basic and diluted	<u>3.60</u>	<u>10.15</u>	<u>5.21</u>	<u>1.46</u>

The annexed notes from 1 to 4 form an integral part of these condensed interim financial information.

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR NINE MONTHS PERIOD ENDED MARCH 31, 2019**

	Issued, subscribed and paid up certificate capital	Statutory reserve	Revenue reserve (Unappropriated profit)	Total
	Rupees			
Balance as at July 01, 2017	30,000,000	73,064,543	34,407,488	137,472,031
Transaction with owners				
Profit distribution for the year ended June 30, 2017 at Rs. 10 per certificate	-	-	(30,000,000)	(30,000,000)
Total comprehensive income - Jul 17 to Mar 18	-	-	<u>30,443,428</u>	<u>30,443,428</u>
Balance as at March 31, 2018	30,000,000	73,064,543	34,850,916	137,915,459
Total comprehensive income				
Profit for the period Apr 18 to Jun 18	-	-	106,939	106,939
Other comprehensive income	-	-	-	-
	-	-	106,939	106,939
Transfer to statutory reserve	-	12,220,306	(12,220,306)	-
Other comprehensive income	-	-	(3,161,586)	(3,161,586)
Balance as at June 30, 2018	30,000,000	85,284,849	19,575,963	134,860,812
Transaction with owners				
Profit distribution for the year ended June 30, 2018 at Rs. 5.67 per certificate	-	-	(17,010,000)	(17,010,000)
Total comprehensive income				
Profit for the period - Jul 18 to Mar 19	-	-	10,807,827	10,807,827
Other comprehensive income	-	-	-	-
	-	-	10,807,827	10,807,827
Balance as at March 31, 2019	<u>30,000,000</u>	<u>85,284,849</u>	<u>13,373,790</u>	<u>128,658,639</u>

The annexed notes from 1 to 4 form an integral part of these condensed interim financial information.

Naveed Riaz
Chief Executive

Ameed Riaz
Director

Ateed Riaz
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2019**

	Nine months ended		Quarter ended	
	Mar 31, 2019	Mar 31, 2018	Mar 31, 2019	Mar 31, 2018
Rupees				
A. CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	37,371,555	59,403,703	23,040,199	14,690,531
Adjustments for:				
Depreciation	2,984,575	2,876,114	975,447	1,019,962
Amortization	375,003	379,188	125,001	126,396
Gain on disposal of property and equipment	(516,584)	(437,885)	(519,999)	-
Murabaha / Musharaka charges	5,509,131	1,818,358	3,339,045	759,744
Provision for staff retirement gratuity	2,811,843	2,006,217	937,281	668,739
Provision for doubtful debt	936,212	-	(221,873)	-
	12,100,180	6,641,992	4,634,902	2,574,841
Changes in operating assets and liabilities	49,471,735	66,045,695	27,675,101	17,265,372
Decrease / (increase) in current assets				
Stock in trade	61,992,225	(107,209,219)	29,933,595	(33,374,338)
Trade debtors	(2,125,039)	(31,818,610)	(18,275,258)	(1,081,279)
Advances, deposits, prepayments & other receivables	(4,133,754)	(11,518,736)	(3,544,656)	(12,326,915)
	55,733,432	(150,546,565)	8,113,681	(46,782,532)
Decrease in current liabilities				
Creditors, accrued and other liabilities	(53,649,792)	(14,374,951)	(80,368,478)	(58,440,708)
Cash generated from / (used in) operating activities	51,555,375	(98,875,821)	(44,579,696)	(87,957,868)
Murabaha / Musharaka charges paid	(3,250,267)	(1,662,537)	(1,383,131)	(430,005)
Income tax paid	(26,528,518)	(34,463,954)	(10,414,512)	(16,681,668)
Gratuity paid	-	(2,634,627)	-	-
Security deposit for Ijarah paid	-	(109,400)	-	-
Net cash generated from / (used in) operating activities	21,776,590	(137,746,339)	(56,377,339)	(105,069,541)
B. CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment	(1,016,049)	(3,671,495)	(212,104)	(1,235,751)
Proceeds from disposal of property and equipment	541,000	655,000	520,000	-
Net cash (used in) / generated from investing activities	(475,049)	(3,016,495)	307,896	(1,235,751)
C. CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	(16,474,457)	(27,608,196)	(262,786)	-
Proceed of Qard-e-Hasana from Modaraba Management Company	104,700,000	252,200,000	29,500,000	119,700,000
Repayment of Qard-e-Hasana to Modaraba Management Company	(199,100,000)	(90,500,000)	(8,000,000)	(27,000,000)
Proceeds from Murabaha and Musharaka facilities	192,745,575	95,948,358	66,682,648	40,886,776
Repayment of Murabaha finances	(98,607,857)	(91,532,810)	(24,884,890)	(25,404,868)
Net cash (used in) / generated from financing activities	(16,736,739)	138,507,352	63,034,972	108,181,908
Net increase / (decrease) in cash and cash equivalent (A+B+C)	4,564,802	(2,255,483)	6,965,529	1,876,616
Cash and cash equivalent at the beginning of the period	14,070,366	7,427,068	11,669,639	3,294,969
Cash and cash equivalent at the end of the period	18,635,168	5,171,585	18,635,168	5,171,585

The annexed notes from 1 to 4 form an integral part of these condensed interim financial information.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR NINE MONTHS PERIOD ENDED MARCH 31, 2019**

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 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 the Pakistan Stock Exchange Limited.
- 1.2** The principal place of the business of the Modaraba is situated at Room No. 405, 4th floor, Beaumont Plaza, Beaumont Road, Civil Lines 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, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- The requirements of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981; and
- Directives issued by the Securities and Exchange Commission of Pakistan (SECP)

In case where requirements differ, the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981 and directives issued by SECP shall prevail.

- 2.2** The SECP through SRO 1007(I)/2017, dated October 4, 2017, had notified IFRS 9 "Financial Instruments", replacing the International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" with effect from reporting periods starting July 1, 2018. However, effective date of IFRS 9 has been modified as "Reporting period / year ending on or after June 30, 2019" vide SRO 229 (I)/2019 dated February 14, 2019. Accordingly the requirements of IFRS 9 have not been considered in the preparation of these condensed interim financial statements.
- 2.3** 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.
- 2.4** 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.
- 2.5** 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.



FIRST IMROOZ MODARABA

2.6 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Modaraba for the year ended June 30, 2018.

3. CONTINGENCIES AND COMMITMENTS

3.1 Contingencies

There are no contingencies other than those disclosed in annual financial statement for the year ended June 30, 2018, except the following:

The Collectorate of Customs (Adjudication-II) issued a show cause notice No. Adj-II/Coll/SCN-370/DIT-KHI/Cont.Rep/ 188-Appg-I/ First Imrooz Modaraba/2018 dated September 03, 2018 to the Modaraba for recovery of Customs duty, Additional customs duty, Sales tax and Income tax in aggregate to Rs. 4,266,611 on the grounds that declared value of imported goods were lower than the assessable value.

The Modaraba, through its legal advisor, M/s Masood Aziz & Associates, filed its response to said show cause notice stating that the Directorate has no legal jurisdiction to deal with the cases at post clearance stage and valuation ruling is not applicable where the goods were assessed and released.

Since the matter is pending and the management is confident of favorable outcome, the management has not recorded any provision for the said amount in these condensed interim financial information.

3.2 Commitments

The Modaraba has issued post dated cheques to the Collector of Customs amounting to Rs. 55.461 million (June 30, 2018 : Rs. 142.893 million) on account of custom dues / taxes on goods at bonded warehouse.

Commitments in respect of outstanding letters of credit (LC) for trading stock amounting to Rs. 13.154 million (June 30, 2018 : Rs. NIL).

4. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was approved by the Board of Directors of the Modaraba Management Company and authorized for issue on April 22, 2019.

Naveed Riaz
Chief Executive

Ameed Riaz
Director

Ateed Riaz
Chief Financial Officer