

# HALF YEARLY REPORT

For the period ended December 31, 2015  
(Un-audited)



FIRST IMROOZ MODARABA

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Managed by  
A R Management Services (Private) Limited



# FIRST IMROOZ MODARABA

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## 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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**Human Resource 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. Deloitte Yousuf Adil  
Chartered Accountants

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**Bankers**

Soneri Bank Limited  
Bank Al Falah Limited

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**Legal Advisors**

Mr. Altaf Hussain, Advocate  
M.Akram Zuberi & Company Advocates

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**Shariah Advisor**

Mufti Abdul Qadir

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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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**Registered office of the Modaraba Company**

125-S, Small Industrial Area,  
Kot Lakhpat Lahore

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**Certificate Registration Office**

Technology Trade (Pvt.) Ltd.  
Dagia House 241-C,  
PECHS, Block-2  
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 half yearly report alongwith un-audited condensed financial statements for the period ended December 31, 2015 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-15	31-Dec-14
Sales	366.393	309.278
Gross profit	55.078	44.942
Operating expenses	23.818	23.102
Other income	0.238	0.323
Profit before taxation	30.348	20.258
Taxation	17.138	13.501
Profit for the half year	13.210	6.757
Earnings per certificate - basic & diluted	(Rupees) 4.40	2.25

### 2. Review of Operations

Alhamdulillah, the turnover of the Modaraba for the half year ended December 31, 2015 increased to Rs.366.393 million as against Rs. 309.278 million of the corresponding period. We expect this trend would continue.

The Modaraba's gross profit also increased to Rs.55.078 million against Rs.44.942 of the corresponding period.

However, the operating expenses have slightly increased to Rs.23.818 million as against Rs.23.102 million in the corresponding period.

As a result, the Modaraba's profit after taxation for the half year ended December 31, 2015 stood to Rs.13.210 million as against Rs.6.757 million of the corresponding period.

The earnings per certificate of the Modaraba is worked out to Rs.4.40 as against Rs. 2.25 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

February 22, 2016

## **AUDITOR'S REPORT TO THE CERTIFICATE HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION**

### **Introduction**

We have reviewed the accompanying condensed interim balance sheet of **First Imrooz Modaraba** (the Modaraba) as at December 31, 2015 and the related condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the condensed interim financial information) for the half year then ended. Management Company of the Modaraba (A R Management Services (Private) Limited) is responsible for the preparation and fair presentation of this condensed 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, 2015 and December 31, 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2015.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagement 2410- Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of 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 condensed interim financial information as of and for the half year then ended December 31, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

### **Other matter**

The condensed interim financial information of the Modaraba for the half year ended December 31, 2014 and the annual financial statements for the year ended June 30, 2015 were reviewed and audited by another firm of Chartered Accountant whose report dated February 20, 2015 and September 16, 2015 expressed an unqualified conclusion and opinion thereon respectively.

  
Chartered Accountants

**Engagement Partner:**  
Mushtaq Ali Hirani

Dated: February 22, 2016  
Karachi



# FIRST IMROOZ MODARABA

## CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2015

		(Un-audited) December 31, 2015 Rupees	(Audited) June 30, 2015 Rupees
<b>NON CURRENT ASSETS</b>			
Property and equipment	4	8,300,929	6,703,667
Intangible assets		202,058	275,738
		<u>8,502,987</u>	<u>6,979,405</u>
<b>CURRENT ASSETS</b>			
Stock in trade		161,009,560	162,806,656
Trade debtors - unsecured, considered good		72,488,476	107,237,065
Advances, deposits, prepayments and other receivables		4,344,697	466,886
Taxation		6,465,100	4,783,931
Cash and bank balances		13,236,817	9,969,276
		<u>257,544,650</u>	<u>285,263,814</u>
		<u>266,047,637</u>	<u>292,243,219</u>
<b>CAPITAL AND RESERVES</b>			
Authorised certificate 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 certificates capital		30,000,000	30,000,000
Statutory reserve		69,298,719	69,298,719
Revenue reserve		16,539,445	30,329,434
		115,838,164	129,628,153
<b>NON CURRENT LIABILITY</b>			
Staff gratuity		17,918,541	16,376,541
<b>CURRENT LIABILITIES</b>			
Obligation under murabaha finances		17,697,041	26,885,708
Qard-e-Hasana from modaraba management company		25,000,000	-
Creditors, accrued and other liabilities		89,593,891	119,352,817
		132,290,932	146,238,525
<b>CONTINGENCIES AND COMMITMENTS</b>	5	<u>266,047,637</u>	<u>292,243,219</u>

The annexed notes from 1 to 9 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 COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

Note	Half year ended		Quarter ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
			Rupees	
Sales	366,393,334	309,277,852	196,632,002	170,383,147
Cost of sales	<u>(311,315,003)</u>	<u>(264,335,860)</u>	<u>(168,186,682)</u>	<u>(143,357,859)</u>
Gross profit	55,078,331	44,941,992	28,445,320	27,025,288
Operating expenses	<u>(23,818,159)</u>	<u>(23,102,385)</u>	<u>(11,798,005)</u>	<u>(11,404,447)</u>
Operating profit	31,260,172	21,839,607	16,647,315	15,620,841
Murabaha charges	(1,149,523)	(1,904,854)	(502,982)	(955,231)
Other income	<u>237,958</u>	<u>322,773</u>	<u>117,404</u>	<u>71,225</u>
Profit before taxation	30,348,607	20,257,526	16,261,737	14,736,835
Taxation	<u>6 (17,138,596)</u>	<u>(13,501,228)</u>	<u>(9,323,488)</u>	<u>(7,459,406)</u>
Profit for the period	13,210,011	6,756,298	6,938,249	7,277,429
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>13,210,011</u>	<u>6,756,298</u>	<u>6,938,249</u>	<u>7,277,429</u>
Earnings per certificate - basic and diluted	<u>4.40</u>	<u>2.25</u>	<u>2.31</u>	<u>2.43</u>

The annexed notes from 1 to 9 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 (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	Issued, subscribed and paid-up certificate capital	Statutory reserve	Revenue reserve (Unappropriated profit)	Total
	Rupees			
Balance as at June 30, 2014	30,000,000	67,941,076	19,534,227	117,475,303
Profit distribution for the year ended June 30, 2014 at Rs. 5 per certificate	-	-	(15,000,000)	(15,000,000)
Total comprehensive income for the half year ended December 31, 2014	-	-	6,756,298	6,756,298
Balance as at December 31, 2014	30,000,000	67,941,076	11,290,525	109,231,601
Total comprehensive income for the half year ended June 30, 2015	-	-	20,396,552	20,396,552
Transfer to statutory reserve	-	1,357,643	(1,357,643)	-
Balance as at June 30, 2015	30,000,000	69,298,719	30,329,434	129,628,153
Profit distribution for the year ended June 30, 2015 at Rs. 9 per certificate	-	-	(27,000,000)	(27,000,000)
Total comprehensive income for the half year ended December 31, 2015	-	-	13,210,011	13,210,011
Balance as at December 31, 2015	30,000,000	69,298,719	16,539,445	115,838,164

The annexed notes from 1 to 9 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 CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015

	Half year ended		Quarter ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
<b>Rupees</b>				
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	30,348,607	20,257,526	16,261,737	14,736,835
Adjustments for:				
Depreciation	1,143,039	997,673	588,429	497,108
Amortization	73,680	73,680	36,840	36,840
Murabaha charges	1,149,523	1,904,854	502,982	955,231
Provision for staff gratuity	1,542,000	1,537,724	771,000	769,181
	3,908,242	4,513,931	1,899,251	2,258,360
	34,256,849	24,771,457	18,160,988	16,995,195
Changes in operating assets and liabilities				
Decrease / (Increase) in current assets				
Stock in trade	1,797,096	(3,557,341)	5,712,802	41,388,453
Trade debtors	34,748,589	3,465,849	4,747,720	(14,543,363)
Advances, deposits, prepayments and other receivables	(3,877,811)	1,386,879	(2,733,937)	1,231,039
	32,667,874	1,295,387	7,726,585	28,076,129
(Decrease) / Increase in current liabilities				
Creditors, accrued and other liabilities	(31,081,283)	(81,154,828)	12,181,194	(18,218,041)
Cash generated from / (used in) operations	35,843,440	(55,087,984)	38,068,767	26,853,284
Murabaha charges paid	(1,376,949)	(1,855,297)	(797,174)	(1,044,490)
Taxes paid	(18,819,765)	(15,301,868)	(10,461,352)	(9,710,297)
Staff gratuity paid	-	(2,059,380)	-	-
Net cash (used in) / generated from operating activities	15,646,726	(74,304,529)	26,810,241	16,098,497
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property and equipment	(2,740,300)	(142,500)	(2,561,000)	(52,250)
Net cash used in investing activities	(2,740,300)	(142,500)	(2,561,000)	(52,250)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividend paid	(25,450,218)	(14,362,053)	(25,450,218)	(14,362,053)
Qard-e-Hasana from modaraba management company - net	25,000,000	73,500,000	12,500,000	700,000
(Repaid) / proceeds from murabaha finances - net	(9,188,667)	9,782,233	(17,702,834)	1,746,230
Net cash (used in) / generated from financing activities	(9,638,885)	68,920,180	(30,653,052)	(11,915,823)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	3,267,541	(5,526,849)	(6,403,811)	4,130,424
Cash and cash equivalent at the beginning of the period	9,969,276	19,768,400	19,640,628	10,111,128
Cash and cash equivalent at the end of the period	13,236,817	14,241,551	13,236,817	14,241,551

The annexed notes from 1 to 9 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 (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2015

#### 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 there under and is managed by AR Management Services (Private) Limited. The Modaraba commenced its commercial operations from March 01, 1994. The Modaraba is listed on the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited).

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 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 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 annual published financial statements of the Modaraba for the year ended 30 June 2015.

2.3 This condensed interim financial information is un-audited. However, limited scope review has been performed by the statutory auditors in accordance with the requirements of Clause 5.19.13 of the Rule Book of Pakistan Stock Exchange Limited and are being submitted to the certificate holders as required under Rule 10 of Modaraba Companies and Modaraba Rules, 1981.

2.4 This condensed interim financial information has been prepared under the historical cost convention.

2.5 This condensed interim financial information is prepared in Pakistani Rupees which is the Modaraba's functional and presentation currency. Amounts have been rounded off to the nearest rupee.

#### 3. ACCOUNTING POLICIES, ESTIMATES AND FINANCIAL RISK MANAGEMENT

The accounting policies, basis of accounting estimates applied and methods of computation adopted in the preparation of this condensed interim financial information and financial risk management objectives and policies are the same as those applied in the preparation of the annual financial statements of the Modaraba for the year ended June 30, 2015.

Certain new IFRSs are effective for periods beginning on or after July 01, 2015, which do not have any impact on this condensed interim financial information except for IFRS 13 "Fair Value Measurement".

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. However, it does not change the requirements regarding which items should be measured or disclosed at fair value. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances.



## FIRST IMROOZ MODARABA

#### 4. PROPERTY AND EQUIPMENT

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

	Additions		Disposals	
	(Un-audited) December 31, 2015	(Audited) June 30, 2015	(Un-audited) December 31, 2015	(Audited) June 30, 2015
	Rupees			
Vehicles	2,561,000	1,522,000	-	-
Office equipment and appliances	125,500	111,250	-	24,650
Computer equipment	53,800	134,550	-	-
	<u>2,740,300</u>	<u>1,767,800</u>	<u>-</u>	<u>24,650</u>

#### 5. CONTINGENCIES AND COMMITMENTS

##### 5.1 Contingencies

- The Modaraba has issued post dated cheques to Collector of Customs amounting to Rs. 51.664 million (June 30, 2015 : Rs. 48.095 million) on account of custom dues / taxes on goods at bonded warehouse.
- There is no change in the status of the petitions pending with the Supreme Court of Pakistan in respect of WWF as reported in note 18 to the published financial statements of the Modaraba for the year ended June 30, 2015.

##### 5.2 Commitments

Commitments in respect of outstanding letters of credit for trading stock amounting to Rs. 13.824 million (June 30, 2015 : Rs. 8.90 million).

#### 6. TAXATION

Provision for taxation is provisional on the basis of presumptive tax regime. Final liability would be determined on the basis of annual results.

#### 7. TRANSACTIONS WITH RELATED PARTIES

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

	(Un-audited) December 31, 2015	(Un-audited) December 31, 2014
	Rupees	Rupees
<b>Key management personnel</b>		
Remuneration	5,768,493	5,669,982
<b>Associated undertaking</b>		
Share of common expenses	878,545	497,421
<b>Modaraba Management Company</b>		
Receipts of Qard-e-Hasana	42,000,000	103,700,000
Repayment of Qard-e-Hasana	17,000,000	30,200,000
Dividend paid	5,400,000	3,000,000



## FIRST IMROOZ MODARABA

### 8. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets reflected in these condensed interim financial information approximates their fair values.

### 9. 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 February 22, 2016.

**Naveed Riaz**  
Chief Executive

**Ameed Riaz**  
Director

**Mrs. Saadat Ikram**  
Director

*If undelivered, please return to:*

FIRST IMROOZ MODARABA

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