

**HALF YEARLY REPORT**

For the period ended December 31, 2020  
(Un-Audited)



FIRST IMROOZ MODARABA

Managed By  
A R Management Services (Private) Limited



## MODARABA INFORMATION

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<b>Modaraba Management Company</b>	A R Management Services (Private) Ltd.
<b>Directors of Modaraba Company</b>	Mr. Naveed Riaz – Chief Executive Mrs. Saadat Ikram Mr. Ameer Riaz Mr. Omar Mohammad Khan
<b>Chief Financial Officer</b>	Mr. Ateed Riaz
<b>Audit Committee</b>	Mr. Omar Mohammad Khan (Chairman) Mrs. Saadat Ikram (Member) Mr. Ameer Riaz (Member)
<b>Human Resource Committee</b>	Mr. Omar Mohammad Khan (Chairman) Mrs. Saadat Ikram (Member) Mr. Ameer Riaz (Member)
<b>Company Secretary</b>	Mr. Shabbir Ahmed Jamsa
<b>Chief Internal Auditor</b>	Mr. Abbas Kerani
<b>Auditors</b>	M/s. BDO Ebrahim & Co. Chartered Accountants
<b>Bankers</b>	Soneri Bank Limited Bank AlFalah Limited Bank AL Habib Limited
<b>Legal Advisors</b>	Mr. Masood Aziz Advocate Masood Aziz & Associates
<b>Shariah Advisor</b>	Mufti Abdul Qadir
<b>Principal place of business</b>	Room No. 405, 4 <sup>th</sup> Floor Beaumont Plaza, Beaumont Road Civil Lines Quarters, Karachi.
<b>Registered Office of the Modaraba Company</b>	125-S, Small Industrial Area Kot Lakhpat, Lahore.
<b>Certificate Registration Office</b>	F.D. Registrar Services (Pvt) Limited 17 <sup>th</sup> 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 to its certificate holders the Directors' Report together with Unaudited Financial Statements of the Modaraba for the half year ended December 31, 2020, duly reviewed by the statutory auditors.

### 1. Key Financial Highlights

	(Rupees in million)	
	Six months ended	
	31-Dec-2020	31-Dec-2019
Sales	438.760	260.572
Gross profit	88.122	71.974
Operating expenses	30.615	34.066
Profit before taxation	50.663	33.914
Taxation	21.160	10.319
Profit for the half year	29.503	23.595
Earnings per certificate - basic & diluted (Rupees)	9.83	7.86

### 2. Review of Operations

During the half year, turnover for the period ended December 31, 2020 was Rs. 438.760 million as compared to Rs. 260.572 million of the corresponding period.

Similarly, gross profit has also increased to Rs. 88.122 million as compared to Rs. 71.974 of the corresponding period that is by 22.44%. This is mainly triggered by rise in sales due to progressive revival of economic activities post COVID-19.

The operating expenses have decreased to Rs. 30.615 million as compared to Rs. 34.066 million of the corresponding period.

Resultantly, the Modaraba's profit increased to Rs. 29.503 million as compared to Rs. 23.595 million of the corresponding period.

The earnings per certificate of the Modaraba worked out to Rs. 9.83 as compared to Rs. 7.86 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.

For and on behalf of the Board

**Naveed Riaz**  
Chief Executive

**Ameed Riaz**  
Director

February 23, 2021

## ڈائریکٹرز کی رپورٹ

فرسٹ امروز مضاربہ کی انتظامی کمپنی اے آر مینجمنٹ سروسز (پرائیویٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز مسرت کے ساتھ ڈائریکٹرز رپورٹ بشمول مضاربہ کے غیر آڈٹ شدہ مالی حسابات ششماہی اختتام 31 دسمبر، 2020ء آڈیٹر کے جائزہ کے بعد پیش کرتے ہیں۔

## نمایاں مالیاتی نکات

ششماہی اختتام		
31-Dec-2019	31-Dec-2020	
(ملین روپوں میں)		
260.572	438.760	فروخت اشیاء
71.974	88.122	مجموعی منافع
34.066	30.615	انتظامی اخراجات
33.914	50.663	قبل از ٹیکس منافع
10.319	21.160	ٹیکس
23.595	29.503	بعد از ٹیکس منافع
7.86	9.83	نی کس سرٹیفکیٹ آمدنی / (بنیادی اور تحلیل شدہ) روپے

## کارکردگی کا جائزہ

نصف سال کے دوران، 31 دسمبر، 2020ء کو ختم ہونے والی مدت میں اشیاء کی فروخت 438.760 ملین روپے تک رہی جبکہ اسکے مقابلے میں پچھلے دورانیے میں یہ فروخت 260.572 ملین روپے تھی۔

اسی طرح، مجموعی منافع بھی 22.4 فیصد اضافے سے بڑھ کر 88.122 ملین روپے رہا، جب کہ اس کے مقابلے پچھلی مدت کے دوران مجموعی منافع 71.974 ملین روپے تھا۔ اس اضافے کی بنیادی وجہ COVID-19 کے بعد معاشی سرگرمیوں کی مسلسل بحالی ہونے سے اشیاء کی فروخت میں اضافہ ہونا ہے۔

انتظامی اخراجات کم ہو کر 30.615 ملین روپے رہے جب کہ گزشتہ مقابلے مدت میں یہ 34.066 ملین روپے تھے۔

نتیجتاً مضاربہ کا منافع ششماہی اختتام پہ 29.503 ملین روپے رہا، جبکہ گزشتہ مقابلے مدت پہ منافع 23.595 ملین روپے تھا۔

مضاربہ کی نی کس سرٹیفکیٹ آمدنی 9.83 روپے رہی جبکہ اسکے مقابلے میں پچھلے دورانیے میں نی کس سرٹیفکیٹ آمدنی 7.85 روپے تھی۔

## اظہار تشکر

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 مالکان، رفقائے کار، سرمایہ کاروں، بینکاروں اور کاروباری پارٹنرز کی رہنمائی کے لئے ان سب کا شکریہ گزار ہے۔

منجانب بورڈ

عمید ریاض

ڈائریکٹر

نوید ریاض

چیف ایگزیکٹو

23 فروری، 2021ء

## INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE CERTIFICATE HOLDERS OF FIRST IMROOZ MODARABA

### Introduction

We have reviewed the accompanying condensed interim balance sheet of **First Imrooz Modaraba** ("the Modaraba") as at December 31, 2020 and the related condensed Interim profit and loss account and other comprehensive Income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the half year then ended (here-in-after referred as the "condensed interim financial statements"). The Modaraba Management Company (A R Management Services (Private) Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim financial statements 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 statements as at and for the half year ended December 31, 2020 is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

### Other matters

The figures for the quarter ended December 31, 2020 and December 31, 2019 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

KARACHI

DATED: 23 FEB 2021



CHARTERED ACCOUNTANTS  
Engagement Partner: Zulfikar Ali Causer



**CONDENSED INTERIM BALANCE SHEET  
AS AT DECEMBER 31, 2020**

	Note	(Un-audited) December 31, 2020 (Rupees)	(Audited) June 30, 2020 (Rupees)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	4	5,250,477	6,413,376
Intangible assets	5	-	-
Long term deposits		320,102	484,802
		5,570,579	6,898,178
<b>CURRENT ASSETS</b>			
Stock in trade		197,324,232	215,103,436
Trade debtors		141,021,220	116,713,196
Advances, deposits, prepayments and other receivables		1,255,962	884,919
Taxation		5,865,959	6,434,904
Cash and bank balances		97,930,530	18,970,744
		443,397,903	358,107,199
		448,968,482	365,005,377
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorized 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		104,677,757	104,677,757
Revenue reserve		33,584,342	26,580,965
		168,262,099	161,258,722
<b>NON-CURRENT LIABILITIES</b>			
Defined benefit plan - Staff gratuity		37,028,537	34,840,085
Obligation under financing facilities-Secured	6	2,526,080	2,602,678
Deferred capital grant	7	87,131	130,570
Deferred taxation		-	-
		39,641,748	37,573,333
<b>CURRENT LIABILITIES</b>			
Obligation under financing facilities-Secured	6	32,942,447	88,664,280
Current portion of Deferred capital grant	7	456,350	-
Qard-e-Hasana from Modaraba Management Company		-	15,800,000
Creditors, accrued and other liabilities		207,665,838	61,709,042
		241,064,635	166,173,322
		448,968,482	365,005,377
<b>TOTAL EQUITY AND LIABILITIES</b>			
<b>CONTINGENCIES AND COMMITMENTS</b>			
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The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

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

**NAVEED RIAZ**  
CHIEF EXECUTIVE

**MRS. SADAAT IKRAM**  
DIRECTOR

**AMEED RIAZ**  
DIRECTOR

**ATEED RIAZ**  
CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2020**

	Half year ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Note	----- (Rupees) -----		----- (Rupees) -----	
Sales	438,760,310	260,572,413	305,860,484	146,151,294
Cost of sales	(350,638,233)	(188,598,344)	(253,187,811)	(110,460,423)
Gross profit	88,122,077	71,974,069	52,672,673	35,690,871
Operating expenses	(30,615,474)	(34,066,386)	(17,366,954)	(16,553,117)
Operating profit	57,506,603	37,907,683	35,305,719	19,137,754
Murabaha charges	(1,411,142)	(1,061,116)	(916,243)	(170,527)
Musharaka charges	(1,701,075)	(2,923,193)	(353,441)	(1,314,892)
Salam Finance charges	(361,824)	-	(311,065)	-
Musawamah charges	(42,186)	-	(42,186)	-
	(3,516,227)	(3,984,309)	(1,622,935)	(1,485,419)
	53,990,376	33,923,374	33,682,784	17,652,335
Other income	802,755	682,428	535,089	34,951
	54,793,131	34,605,802	34,217,873	17,687,286
Modaraba Management Company's fee	(2,739,657)	-	(2,739,657)	-
Provision for sales tax on Modaraba Management fees	(356,155)	-	-	-
Provision for Sindh Workers' Welfare Fund	(1,033,946)	(692,116)	(626,996)	(353,296)
Profit before taxation	50,663,373	33,913,686	30,851,220	17,333,990
Taxation	(21,159,996)	(10,319,118)	(15,446,213)	(4,989,341)
Profit for the period	29,503,377	23,594,568	15,405,007	12,344,649
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	29,503,377	23,594,568	15,405,007	12,344,649
Earnings per certificate - basic and diluted	9.83	7.86	5.14	4.11

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

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

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CHIEF EXECUTIVE

**MRS. SADAAT IKRAM**  
DIRECTOR

**AMEED RIAZ**  
DIRECTOR

**ATEED RIAZ**  
CHIEF FINANCIAL OFFICER

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Half year ended	
	December 31, 2020	December 31, 2019
	----- (Rupees) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	50,663,373	33,913,686
Adjustments for non-cash and other items:		
Depreciation	1,923,019	1,897,295
Amortisation on intangible assets	-	250,002
Amortisation of Deferred Capital Grant	(227,770)	-
Gain on disposal of assets	(499,999)	(599,998)
Murabaha charges	1,411,142	1,061,116
Musharaka charges	1,701,075	2,923,193
Salam Finance charges	361,824	-
Musawamah charges	42,186	-
Provision for staff retirement gratuity	2,188,452	4,299,781
Provision for doubtful debts	-	107,021
	<u>6,899,929</u>	<u>9,938,410</u>
Operating profit before working capital changes	57,563,302	43,852,096
<b>Changes in operating assets and liabilities</b>		
<b>Decrease / (increase) in current assets</b>		
Stock in trade	17,779,204	29,000,492
Trade debtors	(24,308,024)	(33,114,400)
Advances, deposits, prepayments and other receivables	(471,043)	(2,013,855)
	<u>(6,999,863)</u>	<u>(6,127,763)</u>
<b>Increase / (decrease) in current liabilities</b>		
Creditors, accrued and other liabilities	146,536,562	(14,301,832)
Cash generated from operating activities	<u>197,100,001</u>	<u>23,422,501</u>
Murabaha charges paid	(1,653,379)	(1,314,730)
Musharaka charges paid	(3,171,819)	(3,158,176)
Taxes paid	(20,591,051)	(12,332,073)
Staff gratuity paid	-	(356,460)
Net cash generated from operating activities	<u>171,683,752</u>	<u>6,261,062</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property and equipment	(495,421)	(977,478)
Proceeds from disposal of property and equipment	500,000	599,998
Net cash used in investing activities	4,579	(377,480)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(21,543,025)	(14,357,802)
Receipts of Qard-e-Hasana from Modaraba Management Company	-	79,000,000
Repayment of Qard-e-Hasana to Modaraba Management Company	(15,800,000)	(44,000,000)
Receipts from Murabaha finances	42,337,716	15,577,376
Repayment of Murabaha finances	(58,225,063)	(37,467,201)
Receipts of Musharaka finances	135,961,267	-
Repayment of Musharaka finances	(205,962,781)	(13,733,889)
Receipts of Musawamah finances	24,996,824	-
Receipts of Salam finances	5,506,517	-
Net cash used in financing activities	<u>(92,728,545)</u>	<u>(14,981,516)</u>
Net increase / (decrease) in cash and cash equivalents	78,959,786	(9,097,934)
Cash and cash equivalents at the beginning of the period	18,970,744	11,346,950
Cash and cash equivalents at the end of the period	<u><u>97,930,530</u></u>	<u><u>2,249,016</u></u>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

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

NAVEED RIAZ  
CHIEF EXECUTIVE

MRS. SADAAT IKRAM  
DIRECTOR

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ATEED RIAZ  
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**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

	<b>Paid-up certificate</b>	<b>Statutory reserve *</b>	<b>Revenue reserve Unappropriated profit</b>	<b>Total</b>
	----- (Rupees) -----			
Balance as at July 01, 2019	30,000,000	94,143,390	15,020,145	139,163,535
Profit for the period	-	-	23,594,568	23,594,568
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	23,594,568	23,594,568
<b>Transaction with owners</b>				
Profit distribution for the year ended June 30, 2019 @ Rs. 5 per certificate	-	-	(15,000,000)	(15,000,000)
Balance as at December 31, 2019	<u>30,000,000</u>	<u>94,143,390</u>	<u>23,614,713</u>	<u>147,758,103</u>
<b>Balance as at July 01, 2020</b>	30,000,000	104,677,757	26,580,965	161,258,722
Profit for the period	-	-	29,503,377	29,503,377
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	29,503,377	29,503,377
<b>Transaction with owners</b>				
Profit distribution for the year ended June 30, 2020 @ Rs. 7.50 per certificate	-	-	(22,500,000)	(22,500,000)
Balance as at December 31, 2020	<u>30,000,000</u>	<u>104,677,757</u>	<u>33,584,342</u>	<u>168,262,099</u>

\* The statutory reserve represents profit set aside under Prudential Regulations for Modarabas as issued by the Securities and Exchange Commission of Pakistan.

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

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

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CHIEF EXECUTIVE

**MRS. SADAAT IKRAM**  
DIRECTOR

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CHIEF FINANCIAL OFFICER



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

**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 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 Statement of compliance**

- 2.1.1 These condensed interim financial statements have 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 [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 these condensed interim financial statements have been limited based on the requirements of IAS 34. These condensed interim financial statements do 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, 2020.
- 2.1.3 The comparative statement of balance sheet presented in these condensed interim financial statements have been extracted from the annual audited financial statements of the Modaraba for the year ended June 30, 2020, 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 statements for the half year ended December 31, 2019.
- 2.1.4 These condensed interim financial statements are unaudited, but has been reviewed by the statutory auditors. Further, the figures of the condensed interim profit and loss account for the quarter ended December 31, 2020 and December 31, 2019 have not been reviewed.



## **2.2 Basis of measurement**

These condensed interim financial statements have been prepared under the historical cost convention unless stated otherwise.

## **2.3 Functional and presentation currency**

These condensed interim financial statements are prepared in Pakistani Rupees which is the Modaraba's functional and presentation currency. The figures in these condensed interim financial statements 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 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, 2020.

3.2 The preparation of these condensed interim financial statements 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, 2020.

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 July 01, 2020. These standards, interpretations and amendments are either not relevant to Modaraba's operations or are not expected to have a significant effect on these condensed interim financial statements.

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, 2020.

	Note	December 31, 2020 (Rupees) (Un-audited)	June 30, 2020 (Rupees) (Audited)
<b>4</b>			
<b>PROPERTY AND EQUIPMENT</b>			
Following additions and disposals, at cost, were made during the period / year :			
Opening fixed assets (Net book value)		6,413,376	9,294,441
Additions		760,121	1,022,980
Disposals		(1)	(1,821,475)
Depreciation charge for the period / year		(1,923,019)	(3,863,922)
Depreciation on disposals during the period / year		-	1,781,352
Closing fixed assets (Net book value)		5,250,477	6,413,376

<b>5</b>			
<b>INTANGIBLE ASSETS</b>			
Opening (Book value)		-	333,323
Addition		-	-
Deletion (NBV)		-	-
Amortization		-	(333,323)
Closing		-	-

Intangible included Licensed computer software and website development cost and both have been fully amortized at 25% per annum.

<b>6</b>			
<b>OBLIGATION UNDER FINANCING FACILITIES - SECURED</b>			
Murabaha financing facility	6.1	-	15,887,347
Musharaka financing facility	6.2	-	70,001,514
Salam Financing Facility	6.3	10,471,703	5,378,097
Non-current portion under salam financing facility		(2,526,080)	(2,602,678)
Current portion under salam financing facility		7,945,623	2,775,419
Musawamah Financing Facility	6.4	24,996,824	-
		32,942,447	88,664,280

6.1 The Modaraba has released its complete Murabaha financing facility taken from Soneri Bank Limited. Sanctioned limit was Rs. 40 million (June 30, 2020 : Rs. 40 million). The Modaraba has now availed Financing facilities from Bank AL Habib Limited.

6.2 The Modaraba has also released its Running Musharika financing facility taken from Soneri Bank Limited with a sanctioned limit of Rs. 90 million (June 30, 2020 : Rs. 90 million).

- 6.3 The Modaraba has availed Salam Financing Facility from Soneri Bank Limited under a sanctioned limit of Rs. 11.50 million (June 30, 2020 : 5.54 million) for a period of nineteen months. The Modaraba has taken this facility 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.
- 6.4 The Modaraba has now availed Musawamah Finance facility from the Bank AL Habib Limited with a sanctioned limit of Rs. 130 million (June 30, 2020 : NIL) to finance its working capital requirements.
- 6.5 All facilities are secured against hypothecation charge on current assets (stock in trade and trade debts) of the Modaraba.

		<b>December 31, 2020 (Rupees) (Un-audited)</b>	<b>June 30, 2020 (Rupees) (Audited)</b>
<b>7</b>	<b>DEFERRED CAPITAL GRANT</b>		
	Capital grant	7.1 543,481	130,570
	Current portion shown under current liability	(456,350)	-
		<u>87,131</u>	<u>130,570</u>

7.1 Following is the movement in government grant during the period:

Opening balance	130,570	130,570
Addition during the period / year	640,681	-
Amortized during the period / year	(227,770)	-
Closing balance	<u>543,481</u>	<u>130,570</u>

## **8 CONTINGENCIES AND COMMITMENTS**

### **8.1 Contingencies**

8.1.1 There is no change in the status of matter of show cause notice issued to the Modaraba by the Collectorate of Customs, Karachi for recovery of Customs Duty, Additional Customs Duty, Sales Tax and Income Tax as disclosed in note 22.1.1 of the annual audited financial statements of the Modaraba for the year ended June 30, 2020.

8.1.2 The Modaraba has issued post dated cheques to Collector of Customs amounting to Rs. 14,056,578 (June 30, 2020 : Rs.51,231,566) on account of custom dues and taxes on goods at bonded warehouse.

### **8.2 Commitments**

Commitments in respect of outstanding letters of credit for trading stock amounted to Rs. 6,054,040 (June 30, 2020 : 14,590,760).

## 9 TAXATION

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

## 10 FAIR VALUE OF FINANCIAL INSTRUMENTS

As at half year ended December 31, 2020, 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 these condensed interim financial statements approximate their fair value.

## 11 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:

	<b>December 31, 2020 Rupees (Un-audited)</b>	<b>December 31, 2019 Rupees (Un-audited)</b>
Dividend paid to Modaraba Management Company	4,500,000	3,000,000
Dividend paid to key management personnel	5,646,750	3,764,500
Share of common expenses to group companies	267,198	1,315,878
Warehouse rent to group companies	1,840,500	1,840,500
Receipt of Qard-e-Hasana from Modaraba Management Company	-	79,000,000
Repayment of Qard-e-Hasana to Modaraba Management Company	15,800,000	44,000,000
Modaraba Management Fee payable	2,739,657	-

## 12 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue on 23 February 2021 by the Board of Directors of the Modaraba Management Company M/s. A R Management Services (Private) Limited.

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

**NAVEED RIAZ**  
CHIEF EXECUTIVE

**MRS. SADAAT IKRAM**  
DIRECTOR

**AMEED RIAZ**  
DIRECTOR

**ATEED RIAZ**  
CHIEF FINANCIAL OFFICER