

# QUARTERLY ACCOUNTS

(un-audited)

For the period ended March 31, 2014



FIRST IMROOZ MODARABA

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Managed by  
A R Management Services (Private) Limited



# 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, 2014.

### 1. Financial Highlights

Financial results of the Modaraba are summarized as under:-

	(Rupees in million)	
	Nine months ended	
	31-Mar-14	31-Mar-13
Sales	460.307	437.948
Gross profit	59.607	61.709
Operating expenses	30.336	23.931
Other income	1.993	1.992
Profit before taxation	29.378	33.452
Profit after tax	9.413	16.798
Earnings per certificate - basic & diluted (Rupees)	3.14	5.60

### 2. Review of Operations

Although market conditions remain difficult but your Modaraba showed modest improvement in sales which are increased to Rs.460.307 million as against Rs.437.948 million of the corresponding period. The management hopes that a stable rupee and better economic conditions should improve the performance of the Modaraba in the coming months.

The operating expenses increased to Rs.30.336 million as against Rs.23.931 million of the corresponding period.

The other income of the Modaraba for the period is Rs. 1.993 million as against Rs. 1.992 million of the corresponding period.

As a result, the Modaraba's profit for nine months period ended March 31, 2014 is decreased to Rs. 9.413 million as against Rs. 16.798 million of the corresponding period. The earnings per certificate is worked out to Rs. 3.14 as against Rs. 5.60 in the same period of last year.

### 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 18, 2014



# FIRST IMROOZ MODARABA

## CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2014

	(Un-audited) March 31, 2014 Rupees	(Audited) June 30, 2013 Rupees
	Note	
<b>NON CURRENT ASSETS</b>		
Property and equipment	5,004,361	3,955,977
Intangible assets	441,392	618,842
	<u>5,445,753</u>	<u>4,574,819</u>
<b>CURRENT ASSETS</b>		
Stock in trade	82,769,600	187,302,955
Trade debtors - unsecured, considered good	65,016,262	81,998,550
Advances, deposits, prepayments and other receivables	1,690,617	1,628,622
Taxation	3,054,799	3,347,584
Cash and bank balances	29,252,083	29,763,921
	<u>181,783,361</u>	<u>304,041,632</u>
	<u>187,229,114</u>	<u>308,616,451</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 certificate capital	30,000,000	30,000,000
Statutory reserve	67,115,294	67,115,294
Revenue reserve	12,941,590	33,855,621
	<u>110,056,884</u>	<u>130,970,915</u>
<b>NON CURRENT LIABILITY</b>		
Staff gratuity	14,570,604	15,492,984
<b>CURRENT LIABILITIES</b>		
Obligation under murabaha finances	20,086,482	33,622,539
Qard-e-Hasana from modaraba mangement company	20,000,000	-
Creditors, accrued and other liabilities	22,515,144	128,530,013
	<u>62,601,626</u>	<u>162,152,552</u>
<b>CONTINGENCIES AND COMMITMENTS</b> 5		
	<u>187,229,114</u>	<u>308,616,451</u>

The annexed notes from 1 to 7 form an integral part of this condensed interim financial information

**Naveed Riaz**  
Chief Executive

**Ameed Raiz**  
Director

**Mrs. Saadat Ikram**  
Director



## FIRST IMROOZ MODARABA

### CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2014

	Nine months ended		Quarter ended	
	March 31, 2014	March 31, 2013 Restated	March 31, 2014	March 31, 2013 Restated
	<b>Rupees</b>			
Sales	460,306,700	437,948,409	141,115,375	128,142,945
Cost of sales	<u>401,027,200</u>	<u>376,239,080</u>	<u>119,394,745</u>	<u>107,085,304</u>
Gross profit	59,279,500	61,709,329	21,720,630	21,057,641
Operating expenses	<u>30,335,894</u>	<u>23,775,091</u>	<u>8,381,144</u>	<u>7,419,491</u>
Operating profit	28,943,606	37,934,238	13,339,486	13,638,150
Murabaha charges	(1,885,430)	(3,010,164)	(607,797)	(544,458)
Other income	1,992,749	1,992,411	541,714	725,062
Unrealised diminution on re-measurement of investments	-	-	-	(603,994)
	<u>29,050,925</u>	<u>36,916,485</u>	<u>13,273,403</u>	<u>13,214,760</u>
Profit payable to the modaraba company as their remuneration	-	3,308,483	-	1,175,329
Profit before taxation	29,050,925	33,608,002	13,273,403	12,039,431
Taxation	<u>19,964,956</u>	<u>16,654,157</u>	<u>6,005,827</u>	<u>4,562,970</u>
Profit for the period	9,085,969	16,953,845	7,267,576	7,476,461
Other Comprehensive Income				
Remeasurement of defined benefit liability - net	-	(155,565)	-	(155,565)
Total comprehensive income	<u>9,085,969</u>	<u>16,798,280</u>	<u>7,267,576</u>	<u>7,320,896</u>
Earnings per certificate - basic and diluted	<u>3.03</u>	<u>5.60</u>	<u>2.42</u>	<u>2.44</u>

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### CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

	Issued, subscribed and paid up certificate capital	Statutory reserve	Revenue reserve (un-appropriated profit)	Total
	<b>Rupees</b>			
Balance at July 01, 2012 as reported	30,000,000	65,477,797	24,022,403	119,500,200
Effect of change in accounting policy (Note 4.2)	-	-	(1,934,787)	(1,934,787)
Balance at July 01, 2012 - (Restated)	<u>30,000,000</u>	<u>65,477,797</u>	<u>22,087,616</u>	<u>117,565,413</u>
Profit distribution for the year ended June 30, 2012 @ Rs. 6.50 per certificate	-	-	(19,500,000)	(19,500,000)
Total comprehensive income - Jul 12 to Mar 13	-	-	<u>16,798,280</u>	<u>16,798,280</u>
Balance at March 31, 2013 - (Restated)	<u>30,000,000</u>	<u>65,477,797</u>	<u>19,385,896</u>	<u>114,863,693</u>
Balance at July 01, 2013 as reported	-	-	17,886,444	17,886,444
Effect of change in accounting policy (Note 4.2)	-	-	(1,779,222)	(1,779,222)
Transfer to statutory reserve	-	1,637,497	(1,637,497)	-
Balance as at June 30, 2013 - (Restated)	<u>30,000,000</u>	<u>67,115,294</u>	<u>33,855,621</u>	<u>130,970,915</u>
Profit distribution for the year ended June 30, 2013 @ Rs. 10.00 per certificate	-	-	(30,000,000)	(30,000,000)
Total comprehensive income - Jul 13 to Mar 14	-	-	<u>9,085,969</u>	<u>9,085,969</u>
Balance as at March 31, 2014	<u>30,000,000</u>	<u>67,115,294</u>	<u>12,941,590</u>	<u>110,056,884</u>

The annexed notes from 1 to 7 form an integral part of this condensed interim financial information.

**Naveed Riaz**  
Chief Executive

**Ameed Raiz**  
Director

**Mrs. Saadat Ikram**  
Director



## FIRST IMROOZ MODARABA

### CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 30, 2014

	Nine months ended		Quarter ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Rupees				
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	29,050,925	33,452,437	13,273,403	11,883,866
Adjustments for:				
Depreciation on property and equipment	1,378,774	1,475,719	446,771	449,595
Amortization of intangible assets	177,450	84,729	59,154	25,363
Gain on disposal of property and equipment	(1,317,380)	(704,586)	(304,999)	-
Gain on sale of investments	-	(587,350)	-	(517,192)
Dividend Income	-	(70,158)	-	(70,158)
Unrealised diminution on re-measurement of investments	-	-	-	603,994
Murabaha charges	1,885,430	3,010,164	607,797	544,458
Provision for staff gratuity	2,052,000	2,052,000	684,000	684,000
	4,176,274	5,260,518	1,492,723	1,720,060
	33,227,199	38,712,955	14,766,126	13,603,926
Changes in operating assets and liabilities				
Decrease / (Increase) in current assets				
Stock in trade	104,533,355	53,734,196	77,863,457	9,507,783
Trade debtors	16,982,288	54,237,319	(5,783,707)	(9,748,366)
Advances, deposits, prepayments and other receivables	(61,995)	11,558	779,530	(3,132,617)
	121,453,648	107,983,073	72,859,280	(3,373,200)
(Decrease) / Increase in current liabilities				
Creditors, accrued and other liabilities	(107,515,075)	(81,041,011)	(22,006,394)	18,787,850
Cash generated from / (used in) operations	47,165,772	65,655,017	65,619,012	29,018,576
Murabaha charges paid	(1,998,082)	(3,314,429)	(571,180)	(833,403)
Taxes paid	(19,672,171)	(17,245,555)	(4,899,712)	(5,835,179)
Gratuity paid	(2,974,380)	(212,160)	(2,974,380)	-
Net cash generated from / (used in) operating activities	22,521,139	44,882,873	57,173,740	22,349,994
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property and equipment	(2,854,322)	(191,760)	(626,520)	-
Proceeds from disposal of property and equipment	1,744,544	1,155,000	729,194	-
Proceeds from disposal of investments	-	1,691,533	-	1,691,533
Dividend received	-	70,158	-	-
Net cash (used in) / generated from investing activities	(1,109,778)	2,724,931	102,674	1,691,533
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Profit distribution	(28,387,142)	(18,978,490)	(12,587)	(13,046,533)
Card-e-Hasana from modaraba management company - net	20,000,000	(8,500,000)	(27,000,000)	(2,000,000)
Obligation under murabaha finances - net	(13,536,057)	(26,065,243)	(12,871,439)	(12,355,736)
Net cash (used in) / generated from financing activities	(21,923,199)	(53,543,733)	(39,884,026)	(27,402,269)
Net (decrease) / increase in cash and cash equivalent (A+B+C)	(511,838)	(5,935,929)	17,392,388	(3,360,742)
Cash and cash equivalent at the beginning of the period	29,763,921	28,403,992	11,859,695	25,828,805
Cash and cash equivalent at the end of the period	29,252,083	22,468,063	29,252,083	22,468,063

The annexed notes from 1 to 7 form an integral part of this condensed interim financial information

**Naveed Riaz**  
Chief Executive

**Ameed Raiz**  
Director

**Mrs. Saadat Ikram**  
Director





## FIRST IMROOZ MODARABA

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

#### 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 thereunder 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 Karachi Stock Exchange.

It is a multi purpose, perpetual Modaraba and is mainly engaged in domestic and international trading activities.

#### 2. STATEMENT OF COMPLIANCE

This condensed interim financial information of the Modaraba for the nine months period and quarter ended March 31, 2014 has been prepared in accordance with the requirements of the International Accounting Standard 34 - "Interim Financial Reporting" and provisions of and directives issued under the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas. In case where requirements differ, the provisions of or directives issued under the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas have been followed.

The disclosures made in this condensed interim financial information have been limited, based on the requirements of International Financial Accounting Standard 34 - "Interim Financial Reporting".

#### 3. BASIS OF PREPARATION

This condensed interim financial information has been prepared under the "historical cost convention" except for the revaluation of certain financial assets which are stated at fair value.

#### 4. SIGNIFICANT ACCOUNTING POLICIES

4.1 The accounting policies adopted and methods of computation followed in the preparation of this condensed interim financial information are same as those for the preceding annual financial statements for the year ended June 30, 2013 except as described below:

4.2 In accordance with IAS 19 (revised) - "Employee Benefits" (effective for annual period beginning on or after January 1, 2013), the Modaraba has changed its accounting policy for recognition of the actuarial/remeasurement gains and losses on employees' retirement benefit plans. The change in accounting policy has been accounted for retrospectively and the comparative figures have been restated.

#### 5. CONTINGENCIES AND COMMITMENTS

##### 5.1 Contingencies

5.1.1. The Modaraba has issued post dated cheques to Collector of Customs amounting to Rs. 54.602 million (June 30, 2013 : Rs. 26.196 million).

5.1.2. The Lahore high Court has struck down the amendments made in Section 2(f) of the WWF Ordinance. Besides this, the judgment of three member larger bench of Sindh High Court has also been challenged before Supreme Court of Pakistan. Therefore, the management of the Modaraba is of the opinion that no provision is to be made till the outcome of these petitions. Had this provision been made since July 01, 2010 it would amounting to Rs. 3.925 millions (year ended June 30, 2013: Rs. 3.344 millions).

##### 5.2 Commitments

Commitments in respect of outstanding letters of credit for trading stock amounting to Rs. 14.789 million (June 30, 2013 : Rs. 5.742 million).

#### 6. APPROVAL OF CONDENSED INTERIM FINANCIAL INFORMATION

This condensed interim financial information was approved by the Board of Directors of the Modaraba Management Company and authorized for issue on April 18, 2014.

#### 7. GENERAL

7.1 This condensed interim financial information is presented in Pak Rupees, which is the Modaraba's functional and presentation currency.

7.2 Amounts have been presented and rounded off to the nearest Rupees.

**Naveed Riaz**

Chief Executive

**Ameed Raiz**

Director

**Mrs. Saadat Ikram**

Director

*If undelivered, please return to:*

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