

QUARTERLY ACCOUNTS
(un-audited)

For the first quarter ended September 30, 2013



FIRST IMROOZ MODARABA

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 quarterly report along with unaudited financial statements for the first quarter ended September 30, 2013.

1. Financial Highlights

Financial results of the Modaraba are summarized as under:-

	(Rupees in million)	
	Three months ended 30-Sep-13	30-Sep-12
Sales	168.698	177.612
Gross profit	15.643	23.875
Operating expenses	10.065	8.464
Other income	0.229	0.911
Unrealized appreciation on re-measurement of investments	-	0.113
(Loss) / Profit for the quarter	(2.346)	7.990
Earnings per certificate - basic & diluted (Rupees)	(0.78)	2.66

2. Review of Operations

The sales for this quarter decreased to Rs.168.698 million as against Rs.177.612 million of the corresponding period of last year due to a challenging business and economic environment.

Gross profit of the Modaraba also decreased to Rs.15.643 million as against Rs.23.875 million of the corresponding period of last year. This was mainly due to severe devaluation of the pak rupee in this quarter which resulted in a foreign exchange loss of Rs.8.410 million as compared to Rs.1.790 million in the corresponding year.

Other income for this quarter was Rs.0.229 million as against Rs.0.911 million of the corresponding quarter.

As a result, the Modaraba recorded a loss of Rs. 2.346 million as against profit of Rs. 7.990 million of the corresponding quarter. The Management hopes that a stable rupee and better economic conditions should improve the performance of the Modaraba in the coming months.

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

October 22, 2013



FIRST IMROOZ MODARABA

CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2013

	Sept. 30, 2013 Rupees (Un-audited)	June 30, 2013 Rupees (Audited)
	Note	
NON CURRENT ASSETS		
Property and equipment	4,577,290	3,955,977
Intangible assets	559,694	618,842
	<u>5,136,984</u>	<u>4,574,819</u>
CURRENT ASSETS		
Stock in trade	175,381,932	187,302,955
Trade debtors - unsecured, considered good	78,097,786	81,998,550
Advances, deposits, prepayments and other receivables	3,552,545	1,628,622
Taxation	3,731,207	3,347,584
Cash & bank balances	15,575,612	29,763,921
	<u>276,339,082</u>	<u>304,041,632</u>
	<u>281,476,066</u>	<u>308,616,451</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	67,115,294	67,115,294
Revenue reserve	3,288,910	35,634,843
	<u>100,404,204</u>	<u>132,750,137</u>
NON CURRENT LIABILITY		
Staff gratuity	14,397,762	13,713,762
CURRENT LIABILITIES		
Obligation under murabaha finances	21,349,582	33,622,539
Qard-e-Hasana from modaraba mangement company	42,500,000	-
Creditors, accrued and other liabilities	72,824,518	128,530,013
Profit distribution payable	30,000,000	-
	<u>166,674,100</u>	<u>162,152,552</u>
CONTINGENCIES AND COMMITMENTS 4		
	<u>281,476,066</u>	<u>308,616,451</u>

The annexed notes from 1 to 6 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 FIRST QUARTER ENDED SEPTEMBER 30, 2013

	Jul. to Sep. 2013 Rupees	Jul. to Sep. 2012 Rupees
Sales	168,697,978	177,611,514
Cost of sales	<u>153,054,558</u>	<u>153,736,733</u>
Gross profit	15,643,420	23,874,781
Operating expenses	<u>10,065,138</u>	<u>8,464,311</u>
Operating profit	5,578,282	15,410,470
Murabaha charges	(596,497)	(1,402,702)
Other income	229,611	911,286
Unrealised appreciation on re-measurement of investments	-	112,914
Profit before taxation	5,211,396	15,031,968
Taxation	<u>7,557,329</u>	<u>7,042,206</u>
(Loss) / Profit for the period	(2,345,933)	7,989,762
Other Comprehensive Income	-	-
Total comprehensive (Loss) / income	<u>(2,345,933)</u>	<u>7,989,762</u>
Earnings per certificate - basic & diluted	<u>(0.78)</u>	<u>2.66</u>

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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

	Issued, subscribed and paid up certificate capital	Statutory reserve	Revenue reserve (un-appro- priated profit)	Total
Rupees				
Balance at June 30, 2012	30,000,000	65,477,797	24,022,403	119,500,200
Profit distribution for the year ended June 30, 2012 @ Rs. 7.35 per certificate	-	-	(19,500,000)	(19,500,000)
Profit for the period July 12 to Sept 12	-	-	7,989,762	7,989,762
Balance at September 30, 2012	30,000,000	65,477,797	12,512,165	107,989,962
Profit for the period Oct 12 to Jun 13	-	-	24,760,175	24,760,175
Transfer to statutory reserve	-	1,637,497	(1,637,497)	-
Balance at June 30, 2013	30,000,000	67,115,294	35,634,843	132,750,137
Profit distribution for the year ended June 30, 2013 @ Rs. 10.00 per certificate	-	-	(30,000,000)	(30,000,000)
Loss for the period July 13 to Sept 13	-	-	(2,345,933)	(2,345,933)
Balance at September 30, 2013	<u>30,000,000</u>	<u>67,115,294</u>	<u>3,288,910</u>	<u>100,404,204</u>

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FIRST IMROOZ MODARABA

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

	Sept. 30, 2013 Rupees	Sept. 30, 2012 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,211,396	15,031,968
Adjustments:		
Depreciation on property and equipment	427,265	563,910
Amortization of intangible assets	59,148	30,689
Loss / (Gain) on disposal of property and equipment	2,617	(704,586)
Dividend Income	-	(35,079)
Unrealised appreciation on re-measurement of investments	-	(112,914)
Murabaha charges	596,497	1,402,702
Provision for staff gratuity	684,000	684,000
	<u>1,769,527</u>	<u>1,828,722</u>
	6,980,923	16,860,690
Changes in operating assets and liabilities		
Decrease / (Increase) in current assets		
Stock in trade	11,921,023	12,653,979
Trade debtors	3,900,764	40,641,206
Advances, deposits, prepayments and other receivables	(1,923,923)	3,227,206
	<u>13,897,864</u>	<u>56,522,391</u>
Decrease in current liabilities		
Creditors, accrued and other liabilities	(55,425,196)	(84,094,634)
	<u>(34,546,409)</u>	<u>(10,711,553)</u>
Cash used in operations	(34,546,409)	(10,711,553)
Murabaha charges paid	(876,796)	(1,384,979)
Taxes paid	(7,940,952)	(6,532,188)
Net cash used in operating activities	<u>(43,364,157)</u>	<u>(18,628,720)</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1,051,545)	(75,300)
Proceeds from disposal of property and equipment	350	1,155,000
Dividend received	-	35,079
Net cash (used in)/generated from investing activities	<u>(1,051,195)</u>	<u>1,114,779</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Qard-e-Hasana from modaraba management company	42,500,000	12,000,000
Proceeds from murabaha finances	21,349,582	35,338,308
Repayment of murabaha finances	(33,622,539)	(43,018,771)
Net cash generated from financing activities	<u>30,227,043</u>	<u>4,319,537</u>
Net decrease in cash and bank balances A+B+C	(14,188,309)	(13,194,404)
Cash and bank balances at the beginning of the period	<u>29,763,921</u>	<u>28,403,992</u>
Cash and bank balances at the end of the period	<u>15,575,612</u>	<u>15,209,588</u>

The annexed notes from 1 to 6 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 FIRST QUARTER ENDED SEPTEMBER 30, 2013

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 has been prepared in accordance with the requirements of the Modaraba Companies & Modaraba (Floatation & Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities & Exchange Commission of Pakistan ["the Modaraba Regulations"] together with approved accounting standards as applicable in Pakistan to Modarabas. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP), as are notified under the provisions of the Companies Ordinance, 1984 and made applicable to Modarabas. Wherever the requirements of "the Modaraba Regulations" differ from the requirements of these standards, the requirements of "the Modaraba Regulations" take precedence. The disclosures made in this condensed interim financial information have however been limited, based on the requirements of International Accounting Standard 34, Interim Financial Reporting'.

This condensed interim financial information is un-audited and has been prepared in all material respects, in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan and being submitted to the Certificate holders as required by Rule 10 of the Modaraba Companies and Modaraba Rules, 1981.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim financial information are the same which were applied for the preparation of financial statements for the year ended June 30, 2013.

4. CONTINGENCIES AND COMMITMENTS

Post dated cheques to Collector of Customs amounting to Rs.50,684,962. (June 30, 2013 : Rs. 26,196,312).

Through the Finance Act, 2008 an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment, the Modaraba was considered to be subject to the provisions of the WWF Ordinance.

The Lahore High Court has struck down the amendments in section 2(f) of the Workers' Welfare Fund Ordinance, 1971, inserted through Finance Act 2008. The Modaraba is of the opinion that since amendments having being struck down. Subsequent to this judgment, various petitions have been filed before Sindh High Court challenging the vires of such amendments and stay has been granted by a Division Bench of Sindh High Court.

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. 3,448,108.

Commitments in respect of outstanding letters of credit for trading stock amounting to Rs.6,916,641.

(June 30, 2013 : Rs. 5,741,761).

5. APPROVAL OF FINANCIAL STATEMENTS

This condensed interim financial information was approved by the Board of Directors of the Modaraba Management Company and authorized for issue on October 22, 2013.

6. GENERAL

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

Naveed Riaz
Chief Executive

Ameed Riaz
Director

Mrs. Saadat Ikram
Director

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