

HALF YEARLY REPORT

For the period ended December 31, 2016
(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

Technology Trade (Pvt.) Ltd.
Dagja House 241-C,
PECHS, Block-2
Karachi.



REPORT OF THE DIRECTORS

The Board of Directors of AR 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, 2016, 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-16	31-Dec-15
Sales	374.645	366.393
Gross profit	56.937	55.078
Operating expenses	29.419	23.818
Other income	0.522	0.238
Profit before taxation	26.897	30.348
Taxation	17.151	17.138
Profit for the half year	9.746	13.210
Earnings per certificate - basic & diluted (Rupees)	3.25	4.40

2. Review of Operations

Alhamdulillah, Modaraba's turnover for the half year ended December 31, 2016 is increased to Rs. 374.645 million as against Rs. 366.393 million of the corresponding period.

The Modaraba's gross profit also increased to Rs. 56.937 million against Rs. 55.078 of the corresponding period.

The operating expenses went up by 24% as compared to the corresponding period i.e. from Rs. 23.818 million to Rs. 29.419 million.

Resultantly the Modaraba's profit for the half year ended December 31, 2016 has decreased to Rs. 9.746 million as against Rs. 13.210 million of the corresponding period.

The earnings per certificate of the Modaraba is worked out to Rs. 3.25 as against Rs. 4.40 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, 2017



FIRST IMROOZ MODARABA

ڈائریکٹرز کی رپورٹ

فرسٹ امروز مضاربہ کی انتظامی کپنی اے آر بی جمنٹ سرومز (پرائیویٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز مضاربہ کی مختصر غیر آڈٹ شدہ ششماہی رپورٹ بعد چھ ماہ اختتام 31 دسمبر 2016 کے مالی حسابات بشمول آڈیٹر کے جائزہ کے ساتھ پیش کرتے ہیں۔

نمایاں مالیاتی نکات

مضاربہ کے مالیاتی نتائج مندرجہ ذیل ہیں:

ششماہی اختتام		
31-Dec-15	31-Dec-16	
	(ملین روپوں میں)	
366.393	374.645	فروخت اشیاء
55.078	56.937	مجموعی منافع
23.818	29.419	انتظامی اخراجات
0.238	0.522	دیگر آمدنی
30.348	26.897	قبل از ٹیکس منافع
17.138	17.151	ٹیکس
13.210	9.746	بعد از ٹیکس منافع
4.40	3.25	نی کس سرٹیفکیٹ آمدنی (بنیادی اور تخیل شدہ) روپے

کارکردگی کا جائزہ

الحمد للہ اس ششماہی میں مضاربہ کی اشیاء کی فروخت کچھلی ششماہی دورانیے سے بڑھ کر 374.645 ملین روپے رہی، جبکہ اسکے مقابلے میں کچھلے دورانیے میں یہ 366.393 ملین روپے تھی۔ اس کی مناسبت سے مجموعی منافع بھی 56.937 ملین روپے تک رہا، جب کہ اس کے مقابلے کچھلی مدت کے دوران مجموعی منافع 55.078 ملین روپے تھا۔ انتظامی اخراجات %24 بڑھ کر 29.419 ملین روپے رہے جب کہ گزشتہ مدت میں یہ 23.818 ملین روپے تھے۔

نتیجتاً مضاربہ کا خالص منافع ششماہی اختتام پہ 9.746 ملین روپے رہا، جو کہ گزشتہ مقابل مدت پہ 13.210 ملین روپے تھا۔ مضاربہ کی نی کس سرٹیفکیٹ آمدنی 3.25 روپے رہی جبکہ اسکے مقابلے میں کچھلے دورانیے میں یہ 4.40 روپے تھی۔

اعتراف نامہ

بورڈ اس موقع پر رجسٹرڈ مضاربہ اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے دیگر کام کی مسلسل رہنمائی اور مدد کے لئے اپنے تشکر کا اظہار کرتا ہے۔ بورڈ اس کے علاوہ اپنے سرٹیفکیٹ مالکان، رفقاء کار، سرمایہ کاروں، بینکاروں اور کاروباری پارٹنروں کی رہنمائی اور خصوصاً مضاربہ کے تمام ملازمین کی شبانہ روز محنت اور لگن کے لئے ان سب کا شکر گزار ہے۔

مجاہد بورڈ

نوید ریاض

چیف ایگزیکٹو

22 فروری، 2017



Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Shahrah-e-Faisal
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AUDITOR'S REPORT TO THE CERTIFICATE HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **First Imrooz Modaraba** (the Modaraba) as at December 31, 2016 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 "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 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 quarter ended December 31, 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016

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 interim financial information as of and for the half year then ended December 31, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.


Chartered Accountants

Engagement Partner:
Mushtaq Ali Hirani

Dated: 22 FEB 2017
Karachi

Member of
Deloitte Touche Tohmatsu Limited



FIRST IMROOZ MODARABA

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2016

	(Un-audited) December 31, 2016	(Audited) June 30, 2016
Note	----- Rupees -----	
NON CURRENT ASSETS		
Property and equipment	4 13,366,314	12,497,055
Intangible assets	1,638,029	1,961,711
Long term deposits	381,352	116,652
	15,385,695	14,575,418
CURRENT ASSETS		
Stock in trade	146,231,264	129,909,802
Trade debtors - unsecured, considered good	115,274,396	129,336,163
Advances, deposits, prepayments and other receivables	1,669,418	1,824,284
Taxation	3,558,247	2,995,820
Cash and bank balances	17,645,416	61,300,889
	284,378,741	325,366,958
	299,764,436	339,942,376
CAPITAL AND RESERVES		
Authorised capital 10,000,000 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	71,399,574	71,399,574
Revenue reserve	12,519,106	38,773,071
	113,918,680	140,172,645
NON CURRENT LIABILITY		
Defined benefit plan - Staff gratuity	19,993,982	19,429,784
CURRENT LIABILITIES		
Obligation under morabaha finances	21,855,803	35,013,364
Qard-e-Hasana from Modaraba Management Company	33,000,000	-
Creditors, accrued and other liabilities	110,995,971	145,326,583
	165,851,774	180,339,947
CONTINGENCIES AND COMMITMENTS	5	
	299,764,436	339,942,376

The annexed notes from 1 to 9 form an integral part of these condensed interim financial information.

Naveed Riaz
Chief Executive

Ameed Riaz
Director

Mrs. Saadat Ikram
Director



FIRST IMROOZ MODARABA

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016**

	Half year ended		Quarter ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Note	Rupees			
Sales	374,645,311	366,393,334	219,878,253	196,632,002
Cost of sales	(317,707,898)	(311,315,003)	(187,545,781)	(168,186,682)
Gross profit	56,937,413	55,078,331	32,332,472	28,445,320
Operating expenses	(29,419,433)	(23,818,159)	(15,494,465)	(11,798,005)
Operating profit	27,517,980	31,260,172	16,838,007	16,647,315
Murabaha charges	(1,142,572)	(1,149,523)	(510,423)	(502,982)
Other income	521,785	237,958	83,121	117,404
Profit before taxation	26,897,193	30,348,607	16,410,705	16,261,737
Taxation	6 (17,151,158)	(17,138,596)	(10,222,817)	(9,323,488)
Profit for the period	9,746,035	13,210,011	6,187,888	6,938,249
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	9,746,035	13,210,011	6,187,888	6,938,249
Earnings per certificate - basic and diluted	3.25	4.40	2.06	2.31

The annexed notes from 1 to 9 form an integral part of these 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, 2016

	Issued, subscribed and paid-up certificate capital	Statutory reserve	Revenue reserve (Unappropriated profit)	Total
----- Rupees -----				
Balance as at June 30, 2015	30,000,000	69,298,719	30,329,434	129,628,153
Transaction with owners				
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				
Profit for the half year	-	-	13,210,011	13,210,011
Other comprehensive income	-	-	-	-
	-	-	13,210,011	13,210,011
Balance as at December 31, 2015	30,000,000	69,298,719	16,539,445	115,838,164
Total comprehensive income for the half year ended June 30, 2016				
Profit for the half year	-	-	28,807,081	28,807,081
Other comprehensive income	-	-	(4,472,600)	(4,472,600)
	-	-	24,334,481	24,334,481
Transfer to statutory reserve	-	2,100,855	(2,100,855)	-
Balance as at June 30, 2016	30,000,000	71,399,574	38,773,071	140,172,645
Transaction with owners				
Profit distribution for the year ended June 30, 2016 at Rs. 12 per certificate	-	-	(36,000,000)	(36,000,000)
Total comprehensive income for the half year ended December 31, 2016				
Profit for the half year	-	-	9,746,035	9,746,035
Other comprehensive income	-	-	-	-
	-	-	9,746,035	9,746,035
Balance as at December 31, 2016	30,000,000	71,399,574	12,519,106	113,918,680

The annexed notes from 1 to 9 form an integral part of these condensed interim financial information.

Naveed Riaz
Chief Executive

Ameed Riaz
Director

Mrs. Saadat Ikram
Director



**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016**

	Half year ended		Quarter ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
-----Rupees-----				
A. CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	26,897,193	30,348,607	16,410,705	16,261,737
Adjustments for:				
Depreciation	1,764,932	1,143,039	866,672	588,429
Amortization	323,682	73,680	161,840	36,840
Gain on disposal of property and equipment	(334,997)	-	(334,997)	-
Murabaha charges	1,142,572	1,149,523	510,423	502,982
Provision for staff gratuity	1,337,478	1,542,000	668,738	771,000
	4,233,667	3,908,242	1,872,676	1,899,251
	31,130,860	34,256,849	18,283,381	18,160,988
Changes in operating assets and liabilities				
Decrease / (increase) in current assets				
Stock in trade	(16,321,462)	1,797,096	44,008,665	5,712,802
Trade debtors	14,061,767	34,748,589	(16,206,291)	4,747,720
Advances, deposits, prepayments and other receivables	154,866	(3,877,811)	1,850,094	(2,733,937)
	(2,104,829)	32,667,874	29,652,468	7,726,585
(Decrease) / increase in current liabilities				
Creditors, accrued and other liabilities	(34,864,228)	(31,081,283)	(13,330,087)	12,181,194
Cash (used in) / generated from operations	(5,838,197)	35,843,440	34,605,762	38,068,767
Murabaha charges paid	(1,223,758)	(1,376,949)	(644,819)	(797,174)
Taxes paid	(17,713,586)	(18,819,765)	(8,504,471)	(10,461,352)
Staff gratuity paid	(773,280)	-	(773,280)	-
Net cash (used in) / generated from operating activities	(25,548,821)	15,646,726	24,683,192	26,810,241
B. CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment	(2,634,194)	(2,740,300)	(2,462,619)	(2,561,000)
Proceeds from disposal of property and equipment	335,000	-	335,000	-
Long term deposits paid	(264,700)	-	(264,700)	-
Net cash used in investing activities	(2,563,894)	(2,740,300)	(2,392,319)	(2,561,000)
C. CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	(35,385,197)	(25,450,218)	(35,385,197)	(25,450,218)
Proceeds of Qard-e-Hasana from Modaraba Management Company	55,000,000	42,000,000	33,000,000	25,000,000
Repayment of Qard-e-Hasana to Modaraba Management Company	(22,000,000)	(17,000,000)	(22,000,000)	(12,500,000)
Repayment of murabaha finances - net	(13,157,561)	(9,188,667)	(12,597,492)	(17,702,834)
Net cash used in financing activities	(15,542,758)	(9,638,885)	(36,982,689)	(30,653,052)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(43,655,473)	3,267,541	(14,691,816)	(6,403,811)
Cash and cash equivalents at the beginning of the period	61,300,889	9,969,276	32,337,232	19,640,628
Cash and cash equivalents at the end of the period	17,645,416	13,236,817	17,645,416	13,236,817

The annexed notes from 1 to 9 form an integral part of these condensed interim financial information.

Naveed Riaz
Chief Executive

Ameed Riaz
Director

Mrs. Saadat Ikram
Director



**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

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 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.

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 2016.
- 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. The figures in this condensed interim financial information have been rounded off to the nearest rupee unless otherwise specified.
- 2.6 Certain new IFRSs and amendments to existing IFRSs are effective for periods beginning on or after July 1, 2016, which do not have any impact on this condensed interim financial information.

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, 2016.

4. PROPERTY AND EQUIPMENT

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



FIRST IMROOZ MODARABA

	Additions		Disposals	
	December 31, 2016 (Un-audited)	June 30, 2016 (Audited)	December 31, 2016 (Un-audited)	June 30, 2016 (Audited)
	----- Rupees -----			
Vehicles	2,041,350	8,174,500	744,662	1,136,000
Office equipment	242,719	333,385	-	77,000
Computer equipment	350,125	53,800	-	-
	2,634,194	8,561,685	744,662	1,213,000

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingency

The matter relating to Federal Workers Welfare Fund is described in the note 18.1.1 of the annual financial statements for the year ended June 30, 2016. On November 10, 2016 the Supreme Court of Pakistan (SCP) has passed a judgment declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. Accordingly, the aforesaid amendments have been struck down by the SCP. The Federal Board of Revenue has filed a review petition in the SCP against the said judgment, which is pending for hearing. Regarding Sindh Workers Welfare Fund, the NBF & Modaraba Association of Pakistan is contemplating to file a petition against such levy.

5.2 Commitments

The Modaraba has issued post dated cheques to Collector of Customs amounting to Rs. 54.817 million (June 30, 2016 : Rs.23.824 million) on account of custom dues / taxes on goods at bonded warehouse.

Commitments in respect of outstanding letters of credit for trading stock amounting to Rs. 25.14 million (June 30, 2016 : Rs. 7.035 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:

	(Unaudited)	(Unaudited)
	December 31, 2016	December 31, 2015
	----- Rupees -----	
Key management personnel		
Remuneration	6,057,253	5,768,493
Dividend paid	9,034,800	6,776,100
Associated undertakings		
Share of common expenses	1,050,448	878,545
Warehouse rent	1,868,000	1,621,800
Warehouse rent outstanding	1,183,000	1,621,800



	(Unaudited) December 31, 2016	(Unaudited) December 31, 2015
	----- Rupees -----	
Modaraba management company		
Receipt of Qard-e-Hasana	55,000,000	42,000,000
Repayment of Qard-e-Hasana	22,000,000	17,000,000
Dividend paid	7,200,000	5,400,000
Provident Fund		
Contribution made	367,552	391,952

8. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value levels have been defined in note 26 of the annual financial statements for the year ended June 30, 2016. As at period ended December 31, 2016, the Modaraba does not hold any financial assets 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 the condensed interim financial statements approximate their fair value.

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, 2017

Naveed Riaz
Chief Executive

Ameed Riaz
Director

Mrs. Saadat Ikram
Director

If undelivered, please return to:

FIRST IMROOZ MODARABA

405, Beaumont Plaza, Beaumont Road., Civil Lines Quarters, Karachi-75530, Pakistan.

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