

# QUARTERLY ACCOUNTS

(un-audited)

For the period ended March 31, 2018



**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, 2018.

### 1. Financial Highlights

Financial results of the Modaraba are summarized as under:-

	(Rupees in million)	
	Nine months ended	
	31-Mar-18	31-Mar-17
Sales	637.133	548.149
Gross profit	107.999	87.240
Operating expenses	47.272	42.109
Other income	0.494	1.117
Profit before taxation	59.404	44.461
Profit for the half year	30.443	20.823
Earnings per certificate - basic & diluted (Rupees)	10.15	6.94

### 2. Review of Operations

Alhamdulillah, Modaraba's turnover for nine months period ended March 31, 2018 is increased to Rs. 637.133 million as against Rs. 548.149 million of the corresponding period. Gross profit is also increased to Rs. 107.999 million as against Rs. 87.240 million.

The other income for the period is Rs. 0.494 million as against Rs. 1.117 million of the corresponding period.

The Modaraba's profit for the period ended March 31, 2018 is increased to Rs. 30.443 million as compared to Rs. 20.823 million of the corresponding period.

The earnings per certificate of the Modaraba worked out to Rs. 10.15 as against Rs. 6.94 of the corresponding period.

Historically our earnings were better in the fourth quarter of the financial year, but during these 9 months, certain orders that were to be delivered during the fourth quarter, have been delivered in the third quarter.

### 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 20, 2018



## FIRST IMROOZ MODARABA

### ڈائریکٹرز کی رپورٹ

فہرست امروز مضاربہ کی انتظامی کمیٹی کے آرگنٹس سرورسز (ہائیڈ) لمیٹڈ کے بورڈ آف ڈائریکٹرز مضاربہ کے نو ماہ کی اختتامی مدت 31 مارچ 2018 کے غیر آڈیٹ شدہ مالی نتائج و اقدامات کے حوالے سے رپورٹ پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

### نمایاں مالیاتی نکات

مضاربہ کے مالیاتی نتائج مندرجہ ذیل ہیں:

نو ماہ کے نتائج		
31 Mar 17	31 Mar 18	
548.149	637.133	فروخت
87.240	107.999	کل منافع
42.109	47.272	انتظامی اخراجات
1.117	0.494	دیگر آمدنی
44.461	59.404	قبل از ٹیکس منافع
20.823	30.443	بعد از ٹیکس منافع
6.94	10.15	نی کس سرٹیفکیٹ آمدنی (نہادی اور تحلیل شدہ) روپے

### کارکردگی کا جائزہ

زیر غور مدت کے دوران فروخت 637.133 ملین روپے تک ہوئی جبکہ اسکے مقابلے میں پچھلے دورانیے میں یہ 548.149 ملین روپے تھی۔ جبکہ کل منافع 107.999 ملین روپے تک رہا، جو کہ پچھلی مدت کے دوران 87.240 ملین روپے تھا۔ اس مدت کی دیگر آمدنی 0.494 ملین روپے رہی جب کہ گزشتہ مدت میں یہ 1.117 ملین روپے تھی۔ مضاربہ کا منافع تیسری سہ ماہی اختتام پر 30.443 ملین روپے رہا، جو کہ گزشتہ مقابلے میں 20.823 ملین روپے تھا۔ نی کس سرٹیفکیٹ آمدنی 10.15 ملین روپے رہی جو کہ پچھلی مقابلے میں 6.94 روپے تھی۔ ہماری گزشتہ تاریخ مالیاتی سال کی چوتھی سہ ماہی میں بہتر آمدنی ظاہر کرتی ہے، لیکن ان نومبھیوں میں چوتھی سہ ماہی کے بعض آرڈرز قبل از وقت تیسری سہ ماہی میں مکمل کر لیے گئے ہیں۔

### اعتراف نامہ

بورڈ اس موقع پر رجسٹرار مضاربہ اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے دیگر حکام کی مسلسل رہنمائی اور مدد کے لئے اپنے شکریہ کا اظہار کرتا ہے۔ بورڈ اس کے علاوہ اپنے سرٹیفکیٹ ہولڈرز، رفقاء کار، سرمایہ کاروں، بینکاروں اور کاروباری پارٹیوں کی رہنمائی اور مدد کے لئے ان سب کا شکریہ ادا کرتا ہے۔

منجانب بورڈ

نوید ریاض

چیف ایگزیکٹو

20 اپریل، 2018



# FIRST IMROOZ MODARABA

## CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2018

	(Un-audited) March 31, 2018	(Audited) June 30, 2017
Note	Rupees	Rupees
<b>NON CURRENT ASSETS</b>		
Property and equipment	12,587,115	12,008,848
Intangible assets	958,805	1,337,993
Long term deposits	490,752	381,352
	<u>14,036,672</u>	<u>13,728,193</u>
<b>CURRENT ASSETS</b>		
Stock in trade	365,236,978	258,027,759
Trade debtors - unsecured, considered good	115,815,410	83,996,800
Advances, deposits, prepayments and other receivables	13,942,707	2,423,971
Taxation	10,678,486	5,174,807
Cash and bank balances	5,171,585	7,427,068
	<u>510,845,166</u>	<u>357,050,405</u>
	<u>524,881,838</u>	<u>370,778,598</u>
<b>CAPITAL AND RESERVES</b>		
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	73,064,543	73,064,543
Revenue reserve	34,850,916	34,407,488
	<u>137,915,459</u>	<u>137,472,031</u>
<b>NON CURRENT LIABILITY</b>		
Defined benefit plan - Staff gratuity	20,634,704	21,263,114
<b>CURRENT LIABILITIES</b>		
Obligation under murabaha finances	38,786,775	34,371,227
Qard-e-Hasana from modaraba management company	196,000,000	34,300,000
Creditors, accrued and other liabilities	131,544,900	143,372,226
	<u>366,331,675</u>	<u>212,043,453</u>
<b>CONTINGENCIES AND COMMITMENTS</b>		
4	<u>524,881,838</u>	<u>370,778,598</u>

The annexed notes from 1 to 5 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 NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2018

	Nine months ended		Quarter ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	Rupees			
Sales	637,133,244	548,149,093	214,751,591	173,503,782
Cost of sales	529,133,768	460,908,772	182,606,377	143,200,873
Gross profit	107,999,476	87,240,321	32,145,214	30,302,909
Operating expenses	47,271,823	42,108,546	16,709,905	12,689,112
Operating profit	60,727,653	45,131,775	15,435,309	17,613,797
Murabaha charges	(1,818,358)	(1,787,206)	(759,744)	(644,634)
Other income	494,408	1,116,629	14,966	594,843
Profit before taxation	59,403,703	44,461,198	14,690,531	17,564,006
Taxation	28,960,275	23,637,784	10,323,946	6,486,626
Profit for the period	30,443,428	20,823,414	4,366,585	11,077,380
Other comprehensive income	-	-	-	-
Total comprehensive income	30,443,428	20,823,414	4,366,585	11,077,380
Earnings per certificate - basic and diluted	10.15	6.94	1.46	3.69

The annexed notes from 1 to 5 form an integral part of these condensed interim financial information.

### CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR NINE MONTHS PERIOD ENDED MARCH 31, 2018

	Issued, subscribed and paid up certificate capital	Statutory reserve	Revenue reserve (Unappropriated profit)	Total
	Rupees			
Balance as at July 01, 2016	30,000,000	71,399,574	38,773,071	140,172,645
<b>Transaction with owners</b>				
Profit distribution for the year ended June 30, 2016 at Rs. 12 per certificate	-	-	(36,000,000)	(36,000,000)
Total comprehensive income - Jul 16 to Mar 17	-	-	20,823,414	20,823,414
Balance as at March 31, 2017	30,000,000	71,399,574	23,596,485	124,996,059
<b>Total comprehensive income</b>				
Profit for the period Apr 17 to Jun 17	-	-	12,475,972	12,475,972
Other comprehensive income	-	-	-	-
	-	-	12,475,972	12,475,972
Transfer to statutory reserve	-	1,664,969	(1,664,969)	-
Balance as at June 30, 2017	30,000,000	73,064,543	34,407,488	137,472,031
<b>Transaction with owners</b>				
Profit distribution for the year ended June 30, 2017 at Rs. 10 per certificate	-	-	(30,000,000)	(30,000,000)
Total comprehensive income - Jul 17 to Mar 18	-	-	30,443,428	30,443,428
Balance as at March 31, 2018	30,000,000	73,064,543	34,850,916	137,915,459

The annexed notes from 1 to 5 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 CASH FLOW STATEMENT (UN-AUDITED) FOR NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2018

	Nine months ended		Quarter ended	
	Mar 31, 2018	Mar 31, 2017	Mar 31, 2018	Mar 31, 2017
Rupees				
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	59,403,703	44,461,198	14,690,531	17,564,006
Adjustments for:				
Depreciation on property and equipment	2,876,114	2,648,629	1,019,962	883,697
Amortization of intangible assets	379,188	485,523	126,396	161,841
Gain on disposal of property and equipment	(437,885)	(899,996)	-	(564,999)
Murabaha charges	1,818,358	1,787,206	759,744	644,634
Provision for staff gratuity	2,006,217	2,006,217	668,739	668,739
	6,641,992	6,027,579	2,574,841	1,793,912
	66,045,695	50,488,777	17,265,372	19,357,918
Changes in operating assets and liabilities				
Increase in current assets				
Stock in trade	(107,209,219)	(72,549,491)	(33,374,338)	(56,228,029)
Trade debtors	(31,818,610)	33,838,888	(1,081,279)	19,777,121
Advances, deposits, prepayments & other receivables	(11,518,736)	122,511	(12,326,915)	(32,355)
	(150,546,565)	(38,588,092)	(46,782,532)	(36,483,263)
Decrease in current liabilities				
Creditors, accrued and other liabilities	(14,374,951)	(31,332,403)	(58,440,708)	3,531,825
Cash used in operations	(98,875,821)	(19,431,718)	(87,957,868)	(13,593,521)
Murabaha charges paid	(1,662,537)	(1,624,644)	(430,005)	(400,886)
Taxes paid	(34,463,954)	(25,103,776)	(16,681,668)	(7,390,190)
Gratuity paid	(2,634,627)	(773,280)	-	-
Net cash used in operating activities	(137,636,939)	(46,933,418)	(105,069,540)	(21,384,596)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property and equipment	(3,671,495)	(2,759,448)	(1,235,750)	(125,254)
Proceeds from disposal of property and equipment	655,000	961,384	-	626,384
Long term deposit paid	(109,400)	(264,700)	-	-
Net cash (used in) / generated from investing activities	(3,125,895)	(2,062,764)	(1,235,750)	501,130
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividend paid	(27,608,196)	(39,433,695)	-	(4,048,498)
Receipt of Qard-e-Hasana from Modaraba Management Company	252,200,000	80,300,000	119,700,000	25,300,000
Repayment of Qard-e-Hasana to Modaraba Management Company	(90,500,000)	(55,000,000)	(27,000,000)	(33,000,000)
Proceeds from murabaha finances	95,948,358	97,894,398	40,886,776	38,251,702
Repayment of murabaha finances	(91,532,810)	(94,656,060)	(25,404,868)	(21,855,803)
Net cash generated from / (used in) financing activities	138,507,352	(10,895,357)	108,181,908	4,647,401
Net (decrease) / increase in cash and cash equivalent (A+B+C)	(2,255,482)	(59,891,539)	1,876,618	(16,236,066)
Cash and cash equivalent at the beginning of the period	7,427,068	61,300,889	3,294,969	17,645,416
Cash and cash equivalent at the end of the period	5,171,586	1,409,350	5,171,587	1,409,350

The annexed notes from 1 to 5 form an integral part of these 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 NINE MONTHS PERIOD ENDED MARCH 31, 2018

#### 1. LEGAL STATUS AND NATURE 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 the Pakistan Stock Exchange Limited.
- 1.2 It is a multi purpose, perpetual Modaraba and is mainly engaged in domestic and international trading activities.
- 1.3 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.

#### 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 Companies Act, 2017 was enacted on May 30, 2017 and came into force at once. Subsequently, Securities and Exchange Commission of Pakistan has notified through Circular No. 23 of October 04, 2017 that companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Institute of Chartered Accountants of Pakistan has issued a circular No. 17 / 2017 dated October 6, 2017 stating that the said order of the Commission is also applicable for preparation of interim financial statements of the companies for the periods ending on or before December 31, 2017.
- 2.3 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 published annual financial statements of the Modaraba for the year ended 30, June 2017.
- 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.

#### 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, 2017.



## FIRST IMROOZ MODARABA

### 4. CONTINGENCIES AND COMMITMENTS

#### 4.1 Contingencies

4.1.1 The matter relating to Federal Workers Welfare Fund is described in the note 18.1 of the annual financial statements for the year ended June 30, 2017. 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.

4.1.2 In the meantime, the Sindh Assembly passed The Sindh Workers Welfare Fund Act, 2014 (the WWF Act) on June 04, 2015. As per Section 5(1) of the WWF Act, contributions are payable with effect from the date of closing of account on or after December 31, 2013, that corresponds to Modaraba's account year ended on June 30, 2014. As per definitions Section 2(g) of the WWF Act, the Modarabas were considered to be an industrial establishment, despite the fact that even remotely they could not be considered as industrial establishment due to their nature of business. Few Modarabas have filed petitions against such levy, Sindh High Court has granted stay to various Banks and Financial Institutions in Suit No.610 of 2017. The Modaraba is also considering to join the petitioners on this matter. Therefore the management of the Modaraba is of the opinion that no provision is required. Had this provision been made since July 01, 2013 it would amount to Rs. 6,165,035 (June 30, 2017: Rs 4,976,760)

#### 4.2 Commitments

4.2.1 The Modaraba has issued post dated cheques to the Collector of Customs amounting to Rs. 192.905 million (June 30, 2017 : Rs. 103.857 million) on account of custom dues / taxes on goods at bonded warehouse.

4.2.2 Commitments in respect of outstanding letters of credit (LC) for trading stock amounting to Rs. 13.391 million (June 30, 2017 : Rs. 7.904 million).

### 5. 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 April 20, 2018.

**Naveed Riaz**  
Chief Executive

**Ameed Riaz**  
Director

**Mrs. Saadat Ikram**  
Director

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