

HALF YEARLY REPORT

For the period ended December 31, 2014
(Un-audited)



FIRST IMROOZ MODARABA

Managed by
A R Management Services (Private) Limited



FIRST IMROOZ MODARABA

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FIRST IMROOZ MODARABA

MODARABA INFORMATION

Modaraba Management Company

A R Management Services (Private) Limited

Directors of Modaraba Company

Mr. Naveed Riaz - Chief Executive
Mr. Ameer Riaz
Mrs. Saadat Ikram
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. BDO Ebrahim & Co.
Chartered Accountants

Shariah Advisor

Mufti Abdul Qadir

Bankers

Soneri Bank Limited
Bank Al Falah Limited

Legal Advisors

Mr. Altaf Hussain, Advocate
M.Akram Zuberi & Company Advocates

Registered office of the Modaraba Company

125-S, Small Industrial Area,
Kot Lakhpat Lahore

Principal place of business

Room No. 405, 4th Floor, Beaumont Plaza,
Beaumont Road, Civil Lines Quarters,
Karachi-75530, Pakistan.

Certificate Registration Office

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



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 half yearly report alongwith un-audited financial statements for the half year ended December 31, 2014 which were 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-14	31-Dec-13
Sales	309.277	319.191
Gross profit	44.942	37.559
Operating expenses	23.102	21.955
Other income	0.323	1.451
Profit before taxation	20.258	15.777
Taxation	13.501	13.959
Profit for the half year	6.756	1.818
Earnings per certificate - basic & diluted	(Rupees) 2.25	0.61

2. Review of Operations

The sales for the half year ended on December 31, 2014 decreased by 3% i.e. to Rs.309.277 million as against Rs.319.191 million of the corresponding period.

However, due to stability of Pak rupee against foreign currencies, resulting lesser exchange loss, the Modaraba's gross profit increased to Rs.44.942 million against Rs.37.559 of the corresponding period.

The operating expenses increased to Rs.23.102 million as against Rs.21.955 million of the corresponding period.

The other income of the Modaraba for the period is Rs.0.323 million as against Rs. 1.451 million of the corresponding period.

As a result, the Modaraba's profit for the half year ended December 31, 2014 stood to Rs.6.756 million as against Rs.1.818 million of the corresponding period.

The earnings per certificate of the Modaraba is worked out to Rs.2.25 as against Rs. 0.61 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 20, 2015

INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE CERTIFICATE HOLDERS**Introduction**

We have reviewed the accompanying condensed interim balance sheet of **FIRST IMROOZ MODARABA** (the "Modaraba") as at December 31, 2014 and the related condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the accounts for the six-month period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information 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 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.

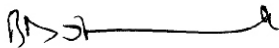
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at and for the six months period ended December 31, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

The figures for the quarters ended December 31, 2014 and December 31, 2013 in the condensed interim statement of comprehensive income and condensed interim statement of cash flows have not been reviewed and we do not express a conclusion on them.

KARACHI

DATED: 20 FEB 2015



CHARTERED ACCOUNTANTS

Engagement Partner: Zulfikar Ali Causer

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



FIRST IMROOZ MODARABA

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2014

		(Un-audited) December 31, 2014 Rupees	(Audited) June 30, 2014 Rupees
NON CURRENT ASSETS			
Property and equipment	5	6,134,652	6,989,826
Intangible assets		349,418	423,098
		<u>6,484,070</u>	<u>7,412,924</u>
CURRENT ASSETS			
Stock in trade		168,300,292	164,742,951
Trade debtors - unsecured, considered good		72,127,506	75,593,355
Advances, deposits, prepayments and other receivables		1,328,535	2,715,414
Taxation		5,112,471	3,311,831
Cash and bank balances		14,241,551	19,768,400
		<u>261,110,355</u>	<u>266,131,951</u>
		<u>267,594,425</u>	<u>273,544,875</u>
CAPITAL AND RESERVES			
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		67,941,076	67,941,076
Revenue reserve		11,290,525	19,534,227
		<u>109,231,601</u>	<u>117,475,303</u>
NON CURRENT LIABILITY			
Staff gratuity		14,840,092	15,361,748
CURRENT LIABILITIES			
Obligation under murabaha finances		39,091,040	29,308,807
Qard-e-Hasana from modaraba management company		73,500,000	-
Creditors, accrued and other liabilities		30,931,692	111,399,017
		<u>143,522,732</u>	<u>140,707,824</u>
CONTINGENCIES AND COMMITMENTS	6		
		<u>267,594,425</u>	<u>273,544,875</u>

The annexed notes from 1 to 10 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014

Note	Half year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Sales	309,277,852	319,191,325	170,383,147	150,493,347
Cost of sales	264,335,860	281,632,455	143,357,859	128,577,897
Gross profit	44,941,992	37,558,870	27,025,288	21,915,450
Operating expenses	23,102,385	21,954,750	11,404,447	11,889,612
Operating profit	21,839,607	15,604,120	15,620,841	10,025,838
Murabaha charges	(1,904,854)	(1,277,633)	(955,231)	(681,136)
Other income	322,773	1,451,035	71,225	1,221,424
Profit before taxation	20,257,526	15,777,522	14,736,835	10,566,126
Taxation	8 13,501,228	13,959,129	7,459,406	6,401,800
Profit for the period	6,756,298	1,818,393	7,277,429	4,164,326
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>6,756,298</u>	<u>1,818,393</u>	<u>7,277,429</u>	<u>4,164,326</u>
Earnings per certificate - basic and diluted	<u>2.25</u>	<u>0.61</u>	<u>2.43</u>	<u>1.39</u>

The annexed notes from 1 to 10 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 CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Issued, subscribed and paid-up certificate capital	Statutory reserve	Revenue reserve (Unappropriated profit)	Total
	Rupees			
Balance as at July 01, 2013 as reported	30,000,000	67,115,294	35,634,843	132,750,137
Effect of change in accounting policy	-	-	(1,779,222)	(1,779,222)
Balance as at July 01, 2013 - (Restated)	30,000,000	67,115,294	33,855,621	130,970,915
Profit distribution for the year ended June 30, 2013 at Rs. 10.00 per certificate	-	-	(30,000,000)	(30,000,000)
Total comprehensive income for the half year ended December 31, 2013	-	-	1,818,393	1,818,393
Balance as at December 31, 2013	30,000,000	67,115,294	5,674,014	102,789,308
Total comprehensive income for the half year ended June 30, 2014	-	-	14,685,995	14,685,995
Transfer to statutory reserve	-	825,782	(825,782)	-
Balance as at June 30, 2014	30,000,000	67,941,076	19,534,227	117,475,303
Profit distribution for the year ended June 30, 2014 at Rs. 5.00 per certificate	-	-	(15,000,000)	(15,000,000)
Total comprehensive income for the half year ended December 31, 2014	-	-	6,756,298	6,756,298
Balance as at December 31, 2014	30,000,000	67,941,076	11,290,525	109,231,601

The annexed notes from 1 to 10 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 CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014

	Half year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Rupees				
A. CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	20,257,526	15,777,522	14,736,835	10,566,126
Adjustments for:				
Depreciation on property and equipment	997,673	932,003	497,108	504,738
Amortization of intangible assets	73,680	118,296	36,840	59,148
Gain on disposal of property and equipment	-	(1,012,381)	-	(1,014,998)
Murabaha charges	1,904,854	1,277,633	955,231	681,136
Provision for staff gratuity	1,537,724	1,368,000	769,181	684,000
	<u>4,513,931</u>	<u>2,683,551</u>	<u>2,258,360</u>	<u>914,024</u>
	24,771,457	18,461,073	16,995,195	11,480,150
Changes in operating assets and liabilities				
Decrease/(Increase) in current assets				
Stock in trade	(3,557,341)	26,669,898	41,388,453	14,748,875
Trade debtors	3,465,849	22,765,995	(14,543,363)	18,865,231
Advances, deposits, prepayments and other receivables	1,386,879	(841,525)	1,231,039	1,082,398
	<u>1,295,387</u>	<u>48,594,368</u>	<u>28,076,129</u>	<u>34,696,504</u>
Decrease in current liabilities				
Creditors, accrued and other liabilities	(81,154,828)	(85,508,681)	(18,218,040)	(30,083,485)
Cash (used in) / generated from operations	<u>(55,087,984)</u>	<u>(18,453,240)</u>	<u>26,853,284</u>	<u>16,093,169</u>
Murabaha charges paid	(1,855,297)	(1,426,902)	(1,044,490)	(550,106)
Taxes paid	(15,301,868)	(14,772,459)	(9,710,297)	(6,831,507)
Gratuity paid	(2,059,380)	-	-	-
Net cash (used in) / generated from operating activities	<u>(74,304,529)</u>	<u>(34,652,601)</u>	<u>16,098,497</u>	<u>8,711,556</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment	(142,500)	(2,227,802)	(52,250)	(1,176,257)
Proceeds from disposal of property and equipment	-	1,015,350	-	1,015,000
Net cash used in investing activities	<u>(142,500)</u>	<u>(1,212,452)</u>	<u>(52,250)</u>	<u>(161,257)</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES				
Profit distribution	(14,362,053)	(28,374,555)	(14,362,053)	(28,374,555)
Qard-e-Hasana from modaraba management company - net	73,500,000	47,000,000	700,000	4,500,000
Proceeds from murabaha finance - net	9,782,233	(664,618)	1,746,230	11,608,339
Net cash generated from / (used in) financing activities	<u>68,920,180</u>	<u>17,960,827</u>	<u>(11,915,823)</u>	<u>(12,266,216)</u>
Net (decrease) / increase in cash and cash equivalent (A+B+C)	<u>(5,526,849)</u>	<u>(17,904,226)</u>	<u>4,130,424</u>	<u>(3,715,917)</u>
Cash and cash equivalent at the beginning of the period	19,768,400	29,763,921	10,111,128	15,575,612
Cash and cash equivalent at the end of the period	<u>14,241,551</u>	<u>11,859,695</u>	<u>14,241,552</u>	<u>11,859,695</u>

The annexed notes from 1 to 10 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 HALF YEAR ENDED DECEMBER 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 six months period ended December 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 Accounting Standard 34 - "Interim Financial Reporting".

This condensed interim financial information is un-audited. However, limited scope review has been performed by the statutory auditors in accordance with the requirement of clause (xxi) of the Code of Corporate Governance and are being submitted to the Certificate holders as required by Rule 10 of Modaraba Companies and Modaraba Rules, 1981.

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.

This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

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, 2014.
- 4.2 The other standards, amendments and interpretations of approved accounting standards that became affective during the period do not have a significant impact on the Modaraba's condensed interim financial information.



FIRST IMROOZ MODARABA

5. PROPERTY AND EQUIPMENT

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

	Additions		Disposals	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	December 31, 2014	June 30, 2014	December 31, 2014	June 30, 2014
	Rupees			
Improvements to warehouse premises	-	2,400,125	-	-
Furniture and fixtures	-	22,545	-	-
Office equipment and appliances	90,250	421,200	24,650	-
Computer equipment	52,250	396,402	-	9,500
Vehicles	-	2,294,175	-	3,636,215
	<u>142,500</u>	<u>5,534,447</u>	<u>24,650</u>	<u>3,645,715</u>

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

- The Modaraba has issued post dated cheques to Collector of Customs amounting to Rs. 127.63 million (June 30, 2014 : Rs. 92.34 million) on account of custom dues / taxes on goods at bonded warehouse.
- 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. 4.61 million (June 30, 2014: Rs. 4.21 million).

6.2 Commitments

Commitments in respect of outstanding letters of credit for trading stock amounting to Rs.15.465 million. (June 30, 2014 : Rs. 21.13 million).

	(Un-audited) December 31, 2014 Rupees	(Un-audited) December 31, 2013 Rupees
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7. TRANSACTIONS WITH RELATED PARTY

Associated undertaking

Share of common expenses	497,421	182,541
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Modaraba Management Company

Receipts of Qard-e-Hasana from Modaraba Management Company	103,700,000	69,500,000
Repayment of Qard-e-Hasana to Modaraba Management Company	30,200,000	22,500,000

8. TAXATION

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

9. 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 February 20, 2015 .



FIRST IMROOZ MODARABA

10. GENERAL

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

Naveed Riaz
Chief Executive

Ameed Riaz
Director

Mrs. Saadat Ikram
Director

If undelivered, please return to:

FIRST IMROOZ MODARABA

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