

QUARTERLY ACCOUNTS (UN-AUDITED)

For the period ended March 31, 2023



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 Mr. Aliuddin Ahmed
Audit Committee	Mr. Aliuddin Ahmed (Chairman) Mr. Omar Mohammad Khan (Member) Mrs. Saadat Ikram (Member)
Human Resource Committee	Mr. Aliuddin Ahmed (Chairman) Mr. Omar Mohammad Khan (Member) Mrs. Saadat Ikram (Member) Mr. Ameer Riaz (Member)
Chief Financial Officer	Mr. Muhammad Ali Baig
Company Secretary	Mr. Shabbir Ahmed Jamsa
Chief Internal Auditor	Mr. Abbas Kerani
Auditors	M/s. BDO Ebrahim & Co. Chartered Accountants
Bankers	Soneri Bank Limited Bank Alfalah Limited Bank AL Habib Limited
Legal Advisors	Mr. Masood Aziz Advocate Masood Aziz & Associates
Shariah Advisor	Mufti Abdul Qadir
Principal place of business	Room No. 405, 4 th 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	F.D. Registrar Services (Pvt) Limited 17 th Floor, Saima Trade Tower-A I.I. Chundrigar Road, Karachi.



REPORT OF THE DIRECTORS

The Board of Directors of A R Management Services (Private) Limited, the management company of First Imrooz Modaraba would like to present to its certificate holders their report along with un-audited financial statements for the third quarter and nine months period ended March 31, 2023.

1. Key Financial Highlights

	(Rupees in million)	
	Nine months ended	
	31-Mar-23	31-Mar-22
Sales	1,317.50	1,175.99
Gross profit	8.68	196.30
Operating expenses	56.77	73.96
(Loss) / Profit for the period	(117.82)	67.39
Earnings per certificate - basic & diluted (Rupees)	(39.27)	22.46

2. Review of Operations

Despite the challenging macro environment, turnover for the period has increased to Rs. 1,318 million as compared to Rs. 1,176 million for the corresponding period. However, the Gross profit has decreased to Rs. 8.68 million as compared to Rs. 196.30 million for the corresponding period last year as the Modaraba is required to recognize exchange loss of Rs. 303 million on imports as per International Financial Reporting Standards (IFRS). A significant component of this exchange loss relates to unsold inventory. Realistically, this loss of Rs. 117.82 million is likely to be recovered once this inventory is sold at market prices In sha' Allah.

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 partners for their continued support and co-operation.

For and on behalf of the Board

Naveed Riaz
Chief Executive

Omar Mohammad Khan
Director

April 27, 2023

ڈائریکٹرز کی رپورٹ

فرسٹ امروز مضاربہ کی انتظامی کمپنی اے آر مینجمنٹ سروسز (پرائیویٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز مضاربہ کی تیسری سہ ماہی اور نو ماہ کی اختتامی مدت 31 مارچ، 2023ء کے غیر آڈٹ شدہ مالی نتائج کے حوالے سے رپورٹ پیش کرتے ہیں۔

نمایاں مالیاتی نکات

(ملین روپوں میں)		
نوماء کے نتائج		
31-Mar-22	31-Mar-23	
1,175.99	1,317.50	فروخت
196.30	8.68	خام منافع
73.96	56.77	انتظامی اخراجات
67.39	(117.82)	نوماء کا (خسارہ) / منافع
22.46	(39.27)	نی کس سرٹیفکیٹ آمدنی (بنیادی اور تحلیل شدہ) روپے

کارکردگی کا جائزہ

انتہائی مشکل ترین حالات کے باوجود نو ماہ کی اختتامی مدت 31 مارچ، 2023ء میں مضاربہ کی اشیاء کی فروخت اضافے کے ساتھ 1,318 ملین روپے رہی جبکہ اسکے مقابلے میں پچھلے سال کے اسی دورانیے میں یہ فروخت 1,176 ملین روپے تھی۔ تاہم، پچھلے سال کے اسی دورانیے میں ہونیوالا خام منافع 196.30 ملین سے کم ہو کر 8.68 ملین روپے رہ گیا اس کی بنیادی وجہ یہ ہے کہ مضاربہ کو بین الاقوامی مالیاتی رپورٹنگ کے رہنما اصول (IFRS) کے مطابق درآمدات پر زر مبادلہ کے 303 ملین روپے کے خسارے کا اندراج کرنا پڑا۔ جس میں سے زر مبادلہ کے خسارے کا بڑا حصہ غیر فروخت شدہ اشیاء سے تعلق رکھتا ہے۔ درحقیقت 117.82 ملین روپے کا یہ خسارہ ان شاء اللہ اشیاء کی مارکیٹ میں حالیہ قیمت پر فروخت ہوتے ہی وصول بھی ہو جائیگا۔

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 تشکر کا اظہار کرتا ہے۔ بورڈ اس کے علاوہ اپنے سرٹیفکیٹ ہولڈرز، رفقاءے کار، سرمایہ کاروں، بینکاروں اور کاروباری پارٹیوں کی رہنمائی اور مدد کے لئے ان سب کا بھی شکر گزار ہے۔

منجانب بورڈ

عمر محمد خان

ڈائریکٹر

نوید ریاض

چیف ایگزیکٹو

27 اپریل، 2023ء



FIRST IMROOZ MODARABA

**CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2023**

	(Un-audited) March 31, 2023 Rupees	(Audited) June 30, 2022 Rupees
ASSETS		
NON CURRENT ASSETS		
Property and equipment	7,740,589	8,061,008
Intangible assets	1,528,718	1,017,325
Long term deposits	598,202	598,202
	<u>9,867,509</u>	<u>9,676,535</u>
CURRENT ASSETS		
Stock in trade	519,483,519	648,475,057
Trade debtors	568,283,499	200,167,444
Advances, deposits, prepayments and other receivables	40,522,649	16,215,838
Taxation	22,390,726	9,353,350
Cash and bank balances	45,648,907	5,020,220
	<u>1,196,329,300</u>	<u>879,231,909</u>
TOTAL ASSETS	<u><u>1,206,196,809</u></u>	<u><u>888,908,444</u></u>
EQUITY AND LIABILITIES		
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	118,733,257	118,733,257
Revenue reserve	(99,318,278)	35,003,813
	<u>49,414,979</u>	<u>183,737,070</u>
NON CURRENT LIABILITY		
Defined benefit plan - Staff gratuity	6,569,577	12,737,449
Obligation under financing facilities - Secured	1,575,050	2,032,364
	<u>8,144,627</u>	<u>14,769,813</u>
CURRENT LIABILITIES		
Obligation under financing facilities - Secured	151,558,387	72,059,243
Current portion of Deferred capital grant	-	27,953
Qard-e-Hasana from Modaraba Management Company	98,000,000	55,000,000
Creditors, accrued and other liabilities	899,078,816	563,314,365
	<u>1,148,637,203</u>	<u>690,401,561</u>
TOTAL EQUITY AND LIABILITIES	<u><u>1,206,196,809</u></u>	<u><u>888,908,444</u></u>
CONTINGENCIES AND COMMITMENTS		

3

The annexed notes from 1 to 4 form an integral part of these condensed interim financial information.

**For A R Management Services (Private) Limited
(Modaraba Management Company)**

NAVEED RIAZ
CHIEF EXECUTIVE

OMAR MOHAMMAD KHAN
DIRECTOR

AMEED RIAZ
DIRECTOR

MUHAMMAD ALI BAIG
CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR NINE MONTHS AND THIRD QUARTER ENDED MARCH 31, 2023**

	Nine months ended		Third Quarter ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Rupees				
Sales	1,317,504,817	1,175,990,017	612,887,488	434,210,483
Cost of sales	(1,308,826,740)	(979,690,075)	(682,255,566)	(372,945,952)
Gross Profit / (Loss)	8,678,077	196,299,942	(69,368,078)	61,264,531
Operating expenses	(56,769,971)	(73,955,662)	(16,193,032)	(21,589,102)
Operating (Loss) / Profit	(48,091,894)	122,344,280	(85,561,110)	39,675,429
Financial charges	(11,556,857)	(3,363,710)	(6,172,919)	(58,156)
Other income	1,637,535	1,822,233	227,087	1,510,472
Reversal of provision for doubtful debts	2,372,411	10,471,621	-	-
	(55,638,805)	131,274,424	(91,506,942)	41,127,745
Provision for Modaraba Management Company's fee	-	(6,563,721)	-	(2,056,387)
(Provision) / Reversal for Sindh Workers' Welfare Fund	-	(2,494,214)	717,363	(781,427)
(Loss) / Profit before taxation	(55,638,805)	122,216,489	(90,789,579)	38,289,931
Taxation	(62,183,286)	(54,822,799)	(25,652,545)	(21,242,017)
(Loss) / Profit for the period	(117,822,091)	67,393,690	(116,442,124)	17,047,914
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income for the period	(117,822,091)	67,393,690	(116,442,124)	17,047,914
Earnings per certificate - basic and diluted	(39.27)	22.46	(38.81)	5.68

The annexed notes from 1 to 4 form an integral part of these condensed interim financial information.

**For A R Management Services (Private) Limited
(Modaraba Management Company)**

NAVEED RIAZ
CHIEF EXECUTIVE

OMAR MOHAMMAD KHAN
DIRECTOR

AMEED RIAZ
DIRECTOR

MUHAMMAD ALI BAIG
CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR NINE MONTHS AND THIRD QUARTER ENDED MARCH 31, 2023**

	Nine months ended		Third Quarter ended	
	Mar 31, 2023	Mar 31, 2022	Mar 31, 2023	Mar 31, 2022
	Rupees			
A. CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss) / Profit before taxation	(55,638,805)	122,216,489	(90,789,579)	38,289,931
Adjustments for non-cash and other items:				
Depreciation	2,035,027	1,784,625	689,877	572,387
Amortization on intangible assets	261,805	132,364	98,007	53,566
Amortization on Deferred Capital Grant	-	(205,932)	27,953	(36,895)
Gain on disposal of property and equipment	(1,203,499)	(12,361)	-	(12,361)
Financial charges	11,556,857	3,363,710	6,172,919	58,156
Provision for staff gratuity	451,110	-	150,370	-
Reversal of provision for doubtful debts	(2,372,411)	(10,471,621)	-	-
	10,728,889	(5,409,215)	7,139,126	634,853
Operating (loss) / profit before working capital changes	(44,909,916)	116,807,274	(83,650,453)	38,924,784
Changes in operating assets and liabilities				
(Increase) / Decrease in current assets				
Stock in trade	128,991,538	17,137,348	342,478,935	96,729,677
Trade debtors	(365,743,644)	78,860,153	(352,847,950)	(12,549,235)
Advances, deposits, prepayments & other receivables	(24,306,811)	(145,943)	(11,085,740)	16,183,415
	(261,058,917)	95,851,558	(21,454,755)	100,363,857
Increase / (Decrease) in current liabilities				
Creditors, accrued and other liabilities	334,689,932	(9,360,645)	77,365,811	(159,202,958)
Cash generated from / (used in) operating activities	28,721,099	203,298,186	(27,739,397)	(19,914,318)
Financial charges paid	(10,969,930)	(3,653,029)	(5,548,146)	(71,657)
Income tax paid	(75,220,662)	(56,377,377)	(34,747,284)	(17,743,868)
Gratuity paid	(6,618,982)	(19,741,525)	(3,318,366)	(19,741,525)
Net cash (used in) / generated from operating activities	(64,088,475)	123,526,256	(71,353,193)	(57,471,367)
B. CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment	(1,714,610)	(2,809,963)	(1,452,475)	(730,000)
Purchase of intangible assets	(773,198)	(680,000)	(773,198)	(680,000)
Proceeds from disposal of property and equipment	1,203,500	60,000	-	60,000
Net cash used in investing activities	(1,284,308)	(3,429,963)	(2,225,673)	(1,350,000)
C. CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	(16,012,405)	(44,702,401)	(1,800)	-
Receipts of Qard-e-Hasana from Modaraba Management Company	305,500,000	92,800,000	128,000,000	-
Repayment of Qard-e-Hasana to Modaraba Management Company	(262,500,000)	(92,800,000)	(30,000,000)	-
(Repayment) / Receipts of Musharaka finances	(4,609,398)	(8,244,169)	9,834,219	-
Receipts of Musawamah finances	335,000,000	175,000,000	140,000,000	-
Repayment of Musawamah finances	(250,000,000)	(225,000,000)	(140,000,000)	-
Repayment of Salam finances	(1,376,727)	(5,399,835)	-	(688,298)
Net cash generated from / (used in) financing activities	106,001,470	(108,346,405)	107,832,419	(688,298)
Net increase / (decrease) in cash and cash equivalent (A+B+C)	40,628,687	11,749,888	34,253,553	(59,509,665)
Cash and cash equivalent at the beginning of the period	5,020,220	11,718,112	11,395,354	82,977,665
Cash and cash equivalent at the end of the period	45,648,907	23,468,000	45,648,907	23,468,000

The annexed notes from 1 to 4 form an integral part of these condensed interim financial information.

**For A R Management Services (Private) Limited
(Modaraba Management Company)**

NAVEED RIAZ
CHIEF EXECUTIVE

OMAR MOHAMMAD KHAN
DIRECTOR

AMEED RIAZ
DIRECTOR

MUHAMMAD ALI BAIG
CHIEF FINANCIAL OFFICER



FIRST IMROOZ MODARABA

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR NINE MONTHS AND THIRD QUARTER ENDED MARCH 31, 2023**

	Paid-up certificate	Statutory reserve*	Revenue reserve Unappropriated profit	Total
	----- (Rupees) -----			
Balance as at July 01, 2021	30,000,000	117,514,820	54,867,344	202,382,164
Transaction with owners				
Profit distribution for the year ended June 30, 2021 @ Rs. 15.50 per certificate	-	-	(46,500,000)	(46,500,000)
Total comprehensive income				
Profit for the period - Jul 2021 to Mar 2022	-	-	67,393,690	67,393,690
Other comprehensive income	-	-	-	-
	-	-	67,393,690	67,393,690
Balance as at March 31, 2022	<u>30,000,000</u>	<u>117,514,820</u>	<u>75,761,034</u>	<u>223,275,854</u>
Total comprehensive income				
Loss for the period - Apr 2022 to Jun 2022	-	-	(43,024,954)	(43,024,954)
Other comprehensive income	-	-	3,486,170	3,486,170
Transfer to statutory reserve	-	1,218,437	(1,218,437)	-
Balance as at June 30, 2022	30,000,000	118,733,257	35,003,813	183,737,070
Transaction with owners				
Profit distribution for the year ended June 30, 2022 @ Rs. 5.50 per certificate	-	-	(16,500,000)	(16,500,000)
Total comprehensive income				
Loss for the period - Jul 2022 to Mar 2023	-	-	(117,822,091)	(117,822,091)
Other comprehensive income	-	-	-	-
	-	-	(117,822,091)	(117,822,091)
Balance as at March 31, 2023	<u>30,000,000</u>	<u>118,733,257</u>	<u>(99,318,278)</u>	<u>49,414,979</u>

* The statutory reserve represents profit set aside under Modaraba Regulations, 2021 issued by the Securities and Exchange Commission of Pakistan.

The annexed notes from 1 to 4 form an integral part of these condensed interim financial information.

**For A R Management Services (Private) Limited
(Modaraba Management Company)**

NAVEED RIAZ
CHIEF EXECUTIVE

OMAR MOHAMMAD KHAN
DIRECTOR

AMEED RIAZ
DIRECTOR

MUHAMMAD ALI BAIG
CHIEF FINANCIAL OFFICER



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR NINE MONTHS AND THIRD QUARTER ENDED MARCH 31, 2023

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 Pakistan Stock Exchange.
- 1.2 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.
- 1.3 It is a multi purpose, perpetual Modaraba and is mainly engaged in domestic and international trading

2. BASIS OF PREPARATION

- 2.1.1 This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which comprised of International Accounting Standard (IAS) 34 - Interim Financial Reporting, Islamic Financial Accounting Standards (IFAS) as notified under the provisions of the Companies Act, 2017, Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities and Exchange Commission of Pakistan ['the Modaraba Regulations'].

Wherever the requirements of 'the Modaraba Regulations' differ from the requirements of International Accounting Standard (IAS) 34 - Interim Financial Reporting and Islamic Financial Accounting Standards (IFAS), the requirements of 'the Modaraba Regulations' have been followed.

- 2.1.2 The disclosures made in this condensed interim financial information have been limited based on the requirements of IAS 34. This condensed interim financial information does not include all information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Modaraba for the year ended June 30, 2022.
- 2.1.3 The comparative statement of balance sheet presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Modaraba for the year ended June 30, 2022, whereas the comparative condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity of the Modaraba are extracted from the unaudited condensed interim financial information for quarter and nine months ended March 31, 2022.
- 2.1.4 These financial statements have been prepared under the historical cost convention and have been prepared following accrual basis of accounting except for cash flow statement.
- 2.1.5 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.

2.2 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENT AND CHANGES THEREIN

The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Modaraba for the year ended June 30, 2022.



**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR NINE MONTHS AND THIRD QUARTER ENDED MARCH 31, 2023**

3. CONTINGENCIES AND COMMITMENTS

3.1 Contingencies

- 3.1.1 There is no change in the status of matter of show cause notice issued to the Modaraba by the Collectorate of Customs, Karachi for recovery of Customs Duty, Additional Customs Duty, Sales Tax and Income Tax as disclosed in note 22.1.1 of the annual audited financial statements of the Modaraba for the year ended June 30, 2022.
- 3.1.2 In addition to above, the Deputy Collector of Customs, Adjudication-II, Karachi passed an order on 10-02-2023, creating aggregate demand of Rs.1,623,672, includes Customs Duty, Additional Customs Duty, Sales Tax, Income Tax and Penalty on the alleged ground that declared valuation of specified imported goods were lower than the assessable value. The matter is pending before the Collector of Customs (Appeals), Karachi and the management is confident of favorable outcome, therefore the management has not recorded any provision for the said amount in these financial statements.

3.2 Commitments

- 3.2.1 The Modaraba has issued post dated cheques to the Collector of Customs amounting to Rs. 171.252 million (June 30, 2022 : Rs. 157.335 million) on account of custom dues and taxes on goods at bonded warehouse.
- 3.2.2 Commitments in respect of outstanding letters of credit (LC) for trading stock amounting to Rs. 11.748 million (June 30, 2022 : Rs. 10.658).

4. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on 27-04-2023 by the Board of Directors of the Modaraba Management Company M/s. A R Management Services (Private) Limited.

**For A R Management Services (Private) Limited
(Modaraba Management Company)**

NAVEED RIAZ
CHIEF EXECUTIVE

OMAR MOHAMMAD KHAN
DIRECTOR

AMEED RIAZ
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MUHAMMAD ALI BAIG
CHIEF FINANCIAL OFFICER