

HALF YEARLY REPORT

For the period ended December 31, 2024
(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 Mr. Aliuddin Ahmed
Chief Financial Officer	Mr. Muhammad Ali Baig
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)
Company Secretary	Mr. Shabbir Ahmed Jamsa
Chief Internal Auditor	Mr. Abbas Kerani
Auditors	M/s. Reanda Haroon Zakaria Aamir Salman Rizwan & Co. Chartered Accountants
Bankers	Soneri Bank Limited Bank Alfalah Limited Bank AL Habib Limited Faysal Bank Limited Meezan Bank 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 Laxhpat, 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 the Directors' Report together with Unaudited Financial Statements of the Modaraba for the half year ended December 31, 2024, duly reviewed by the statutory auditors.

1. Key Financial Highlights

	(Rupees in million)	
	Six months ended	
	31-Dec-2024	31-Dec-2023
Sales	564.924	608.842
Gross profit	151.234	136.114
Operating expenses	62.039	38.414
Profit for the half year	52.766	53.368
Earnings per certificate - basic & diluted (Rupees)	17.59	17.79

2. Review of Operations

In the financial statements for the half year ending December 31, 2024, despite a decrease in sales by 7.2% from Rs 608.842 million in December 2023 to Rs 564.924 million in December 2024, the gross profit increased by 11.1% from Rs 136.114 million to Rs 151.234 million. This improvement in gross profit is due to better cost management and operational efficiencies.

However, Operating expenses have increased significantly by 61.5%, rising from Rs 38.414 million in the same period last year to Rs 62.039 million in current period. This increase was primarily driven by our strategic investment in expanding our sales team which is expected to positively impact future sales growth. Despite the increase in operating expenses, the profit for the half year remained relatively stable, with a slight decrease from Rs 53.368 million in December 2023 to Rs 52.766 million in December 2024. This stability is due to the decrease in interest rates during this period, which helped maintain the profit levels.

The Board is optimistic that the Modaraba's Management will continue to improve performance in the remaining quarters.



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

February 26, 2025



FIRST IMROOZ MODARABA

ڈائریکٹرز کی رپورٹ

فرسٹ امروز مضاربہ کی انتظامی کمپنی اے آر مینجمنٹ سروسز (پرائیویٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز اپنے سرٹیفکیٹ ہولڈرز کو ڈائریکٹرز رپورٹ بشمول مضاربہ کے غیر آڈٹ شدہ مالی حسابات ششماہی اختتام 31 دسمبر، 2024ء بعد از آڈیٹر کے جائزہ کے پیش کرتے ہیں۔

نمایاں مالیاتی نکات

ششماہی اختتام		
31-Dec-2023	31-Dec-2024	
(ملین روپوں میں)		
608.842	564.942	فروخت اشیاء
136.114	151.234	مجموعی منافع
38.414	62.039	انتظامی اخراجات
53.368	52.766	ششماہی منافع
17.79	17.59	فی کس سرٹیفکیٹ آمدنی (بنیادی اور تحلیل شدہ) روپے

کارکردگی کا جائزہ

دسمبر 2024 کو ختم ہونے والے ششماہی مالیاتی گوشواروں میں، فروخت میں 7.2% کی کمی کے باوجود سمبر 2023 میں 608.842 ملین روپے سے کم ہو کر دسمبر 2024 میں 564.924 ملین روپے ہو گئی، مجموعی منافع 11.1% بڑھ گیا جو 136.114 ملین روپے سے بڑھ کر 151.234 ملین روپے ہو گیا۔ مجموعی منافع میں یہ بہتری لاگت پر بہتر قابو اور انتظامی کارکردگی کی وجہ سے ہے۔

تاہم، انتظامی اخراجات میں اضافہ ہوا ہے جو 61.5 فیصد بڑھ کر پچھلے سال کی اسی مدت میں 38.414 ملین روپے سے بڑھ کر موجودہ مدت میں 62.039 ملین روپے ہو گئے۔ یہ اضافہ بنیادی طور پر ہماری سیلز ٹیم کو بڑھانے میں ہماری اسٹریٹجک سرمایہ کاری کی وجہ سے ہوا ہے جس سے مستقبل میں سیلز کی ترقی پر مثبت اثر پڑنے کی توقع ہے۔ اس اضافے کے باوجود، ششماہی منافع نسبتاً مستحکم رہا، جو دسمبر 2023 میں 53.368 ملین روپے سے معمولی کم ہو کر دسمبر 2024 میں 52.766 ملین روپے ہو گیا۔

بورڈ پر امید ہے کہ مضاربہ کی انتظامیہ موجودہ مالی سال کی آئیواں سہ ماہیوں میں بہتر کارکردگی کو جاری رکھے گی۔



FIRST IMROOZ MODARABA

اظہارِ تشکر

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 مالکان، رفقاءئے کار، سرمایہ کاروں، بنکاروں اور کاروباری پارٹنرز کی رہنمائی کے لئے ان سب کا شکر گزار ہے۔

منجانب بورڈ

عمر محمد خان

ڈائریکٹر

نوید ریاض

چیف ایگزیکٹو

26 فروری، 2025ء

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
FIRST IMROOZ MODARABA
REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **First Imrooz Modaraba** (the modaraba) as at December 31, 2024 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows, and condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and other comprehensive income for the three months ended December 31, 2024 and December 31, 2023 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2024.

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 statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and apply 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 statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The financial statements of the Company for the year ended June 30, 2024, were audited by another firm of Chartered Accountants, who through their report dated October 03, 2024, expressed a unmodified opinion

The engagement partner on the audit resulting in this independent auditor's report is **Mohammad Iqbal**.

RH=Asker Reanda, Haroon Zakaria, Aamir Salman Rizwan & Co
Reanda Haroon Zakaria Aamir Salman Rizwan & Company Place: Karachi
Chartered Accountants Dated: 26 FEB 2025

UDIN: RR202410086GUgl2HYXA

Reanda Haroon Zakaria Aamir Salman Rizwan & Company
Chartered Accountants

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Other offices at:
Lahore and Islamabad

FIRST IMROOZ MODARABA
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

		<i>December 31,</i> 2024 <i>(Un-audited)</i>	<i>June 30,</i> 2024 <i>(Audited)</i>
	<i>Note</i>	<i>----- (Rupees) -----</i>	
<u>ASSETS</u>			
Non-Current Assets			
Property and equipment	5	16,773,115	11,727,765
Intangible assets		617,150	877,600
Long-term deposits		902,702	598,202
		<u>18,292,967</u>	<u>13,203,567</u>
Current Assets			
Stock in trade	6	329,590,767	312,073,335
Trade debtors	7	257,348,358	205,683,131
Advances, deposits, prepayments and other receivables		2,530,836	2,312,249
Sales tax adjustable		10,280,823	-
Cash at banks	8	17,408,040	6,419,338
		<u>617,158,824</u>	<u>526,488,053</u>
Total Assets		<u>635,451,791</u>	<u>539,691,620</u>
<u>EQUITY AND LIABILITIES</u>			
Capital And Reserves			
Authorized 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		80,891,042	73,124,705
		<u>229,624,299</u>	<u>221,857,962</u>
Non-Current Liabilities			
Defined benefit plan - Staff gratuity		6,719,947	6,719,947
Long term financing facility - Secured	9	508,091	812,945
		<u>7,228,038</u>	<u>7,532,892</u>
Current Liabilities			
Short term financing facilities - Secured	10	134,250,143	140,000,000
Obligation under Running musharaka financing- Secured		-	2,664,069
Qard-e-Hasana from Modaraba Management Company	11	30,000,000	-
Creditors, accrued and other liabilities	12	233,739,635	167,027,020
Current maturity of long term financing		609,676	609,677
		<u>398,599,454</u>	<u>310,300,766</u>
Total Equity and Liabilities		<u>635,451,791</u>	<u>539,691,620</u>
Contingencies and Commitments	13		

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

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 PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2024

	<i>Half year ended</i>		<i>Quarter ended</i>	
	<i>December 31, 2024</i>	<i>December 31, 2023</i>	<i>December 31, 2024</i>	<i>December 31, 2023</i>
<i>Note</i>	<i>----- (Rupees) -----</i>		<i>----- (Rupees) -----</i>	
Sales	564,923,742	608,842,474	256,804,333	257,029,189
Cost of sales	(413,689,889)	(472,728,496)	(180,255,069)	(189,883,609)
Gross profit	151,233,853	136,113,978	76,549,264	67,145,580
Operating expenses	(62,039,298)	(38,413,835)	(35,846,136)	(17,589,961)
Operating profit	89,194,555	97,700,143	40,703,128	49,555,619
Financial charges	14 (14,108,706)	(17,640,742)	(6,030,673)	(8,657,739)
Other income	2,147,832	332,996	1,206,911	67,804
	77,233,681	80,392,397	35,879,366	40,965,684
Provision for Sindh Workers' Welfare Fund	(1,544,674)	(1,607,848)	(717,588)	(819,314)
Profit before levy and income tax	75,689,007	78,784,549	35,161,778	40,146,370
Levy	(22,922,670)	(25,416,870)	(11,557,794)	(10,605,280)
Profit before income tax	52,766,337	53,367,679	23,603,984	29,541,090
Taxation	-	-	-	-
Profit for the period	52,766,337	53,367,679	23,603,984	29,541,090
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	52,766,337	53,367,679	23,603,984	29,541,090
Earnings per certificate - basic and diluted	17.59	17.79	7.87	9.85

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

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 THE HALF YEAR ENDED DECEMBER 31, 2024

	<i>Paid-up certificate</i>	<i>Statutory reserve</i>	<i>Revenue reserve</i> <i>Unappropriated profit</i>	<i>Total</i>
	----- (Rupees) -----			
Balance as at July 01, 2023	30,000,000	118,733,257	15,806,157	164,539,414
Total comprehensive income for the period				
Profit for the period	-	-	53,367,679	53,367,679
Other comprehensive income	-	-	-	-
	-	-	53,367,679	53,367,679
Transaction with owners				
Profit distribution for the year ended June 30, 2023 @ Rs. 5 per certificate	-	-	(15,000,000)	(15,000,000)
Balance as at December 31, 2023	<u>30,000,000</u>	<u>118,733,257</u>	<u>54,173,836</u>	<u>202,907,093</u>
Balance as at July 01, 2024	30,000,000	118,733,257	73,124,705	221,857,962
Total comprehensive income for the period				
Profit for the period	-	-	52,766,337	52,766,337
Other comprehensive income	-	-	-	-
	-	-	52,766,337	52,766,337
Transaction with owners				
Profit distribution for the year ended June 30, 2024 @ Rs. 15 per certificate	-	-	(45,000,000)	(45,000,000)
Balance as at December 31, 2024	<u>30,000,000</u>	<u>118,733,257</u>	<u>80,891,042</u>	<u>229,624,299</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

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 CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2024

		<i>Half year ended</i>	
		<i>December 31,</i>	<i>December 31,</i>
		<i>2024</i>	<i>2023</i>
CASH FLOWS FROM OPERATING ACTIVITIES	<i>Note</i>	<i>----- (Rupees) -----</i>	
Profit before levy and income tax		75,689,007	78,784,549
Adjustments for non-cash and other items:			
Depreciation	5	2,464,793	1,925,051
Amortisation on intangible assets		260,450	260,448
Gain on disposal of assets		(1,499,463)	(15,000)
Financial charges	14	14,108,706	17,640,742
		15,334,486	19,811,241
Operating profit before working capital changes		91,023,493	98,595,790
Changes in operating assets and liabilities			
(Increase) / Decrease in current assets			
Stock in trade		(17,517,432)	90,692,793
Trade debtors		(51,665,227)	102,072,798
Advances, deposits, prepayments and other receivables		(523,087)	6,339,928
Sales tax adjustable		(10,280,823)	-
(Decrease) / Increase in current liabilities			
Creditors, accrued and other liabilities		67,846,179	(333,581,453)
Cash generated from / (used in) operations		78,883,103	(35,880,144)
Financial charges paid		(15,975,259)	(12,883,620)
Income taxes paid		(22,922,671)	(24,813,589)
Net cash generated from / (used in) operating activities		39,985,173	(73,577,353)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	5	(7,519,680)	(323,950)
Proceeds from disposal of property and equipment		1,509,000	15,002
Net cash used in investing activities		(6,010,680)	(308,948)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(44,267,011)	(14,610,856)
Receipts of Qard-e-Hasana from Modaraba Management Company		86,000,000	173,000,000
Repayment of Qard-e-Hasana to Modaraba Management Company		56,000,000	(136,000,000)
(Repayment) / receipts from Running Musharaka finances		(2,664,069)	7,400,880
Repayment of Diminishing Musharaka finances		(304,855)	(304,855)
Receipts of Morabaha finances	10	9,250,143	-
Receipts from Musawamah finances		285,000,000	205,000,000
Repayment of Musawamah finances		(300,000,000)	(205,000,000)
Net cash (used in) / generated from financing activities		89,014,209	29,485,169
Net increase / (decrease) in cash and cash equivalents		122,988,702	(44,401,132)
Cash and cash equivalents at the beginning of the period		6,419,338	52,255,980
Cash and cash equivalents at the end of the period		129,408,040	7,854,848

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS(UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2024**

1 NATURE AND STATUS OF BUSINESS

- 1.1** First Imrooz Modaraba (the Modaraba) is a multipurpose and perpetual modaraba formed under the Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 and the Rules framed thereunder and is managed by A R Management Services (Private) Limited (the Modaraba Management Company). The Modaraba Management Company is incorporated in September 27, 1993 in Pakistan under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) and is registered with the Registrar of Modaraba Companies and Modaraba under the Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980. The Modaraba is listed on Pakistan Stock Exchange Limited. After receiving the certificate of minimum subscription the Modaraba commenced its operations with effect from March 01, 1994.
- 1.2** It is a multi purpose, perpetual Modaraba and is mainly engaged in domestic and international trading activities. The Modaraba primarily trades in industrial raw materials, catering to numerous industries like paint, coatings, pharmaceuticals, food, agriculture, personal care, household, and textile etc.
- 1.3** The Modaraba has entered into rental agreements for the use of premises and warehouses of its associated companies, the details of which are as under;
- (i) Principal place of business of the Modaraba (Registered Office): Room No. 405, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Line Quarters, Karachi, Sindh, Pakistan.
 - (ii) Karachi warehouse: C-28, S.I.T.E, Karachi.
 - (iii) Lahore branch / warehouse: Plots # 125-S, Small Industries Area, Kot Lakhpat, Lahore.

Transaction-wise details of the above arrangements have been presented in note 17 to these financial statements.

2 BASIS OF PREPARATION

2.1 Statement of compliance

- 2.1.1** These condensed interim financial statements has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34 - Interim Financial Reporting, Islamic Financial Accounting Standards (IFAS) as notified under the provisions of the Companies Act, 2017 and made applicable to Modarabas, Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981, Modaraba Regulations, 2021 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) as notified under the provisions of the Companies Act, 2017 and made applicable to Modarabas, requirements of 'the Modaraba Regulations' have been followed.

- 2.1.2** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS 34. 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 audited financial statements of the Modaraba for the year ended June 30, 2024.
- 2.1.3** The comparative statement of financial position 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, 2024, whereas the comparative condensed interim profit or loss and other comprehensive income, 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 the half year ended December 31, 2023.
- 2.1.4** These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the company's annual financial statements for the year ended June 30, 2024. These interim financial statements are unaudited but subject to limited scope review by the external auditors as required by the Code of Corporate Governance and are being submitted to the certificate holders as required under Rule 10 of the Modaraba Companies and Modaraba Rules, 1981.
- 2.1.5** The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2024 and December 31, 2023 and notes forming part thereof have not been reviewed by the statutory auditors of the company, as they have reviewed the cumulative figures for the half year ended December 31, 2024 and December 31, 2023.

2.2 *Basis of measurement*

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.

2.3 *Functional and presentation currency*

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 *MATERIAL ACCOUNTING POLICY INFORMATION*

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the consistent with those applied in the preparation of the annual financial statements for the year ended June 30, 2024 except for the restatement of comparative information related to levies and taxation.

3.1 *Restatement*

During the year the Institute of Chartered Accountant of Pakistan (ICAP) have withdrawn the Technical Release 27 "IAS 12, Income Taxes (Revised 2012)" and issued guidance - "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes". The said guidance requires certain amounts of tax paid under minimum and final tax regime to be shown separately as a levy instead of showing it in current tax.

Accordingly, the impact has been incorporated in these financial statements retrospectively in accordance with the requirement of International Accounting Standard (IAS 8) - 'Accounting Policies, Change in Accounting Estimates and Errors'. There has been no effect on the statement of financial position, the statement of cash flows and earning per share as a result of this change.

	<i>Had there been no change in accounting policy</i>	<i>Impact of change in accounting policy</i>	<i>After incorporating effects of change in accounting policy</i>
	----- Rupees in '000' -----		
<i>For the period ended December 31, 2024</i>			
Profit before income tax	75,689,007	(22,922,670)	52,766,337
Levies	-	(22,922,670)	(22,922,670)
Income tax expense	(22,922,670)	22,922,670	-
<i>For the period ended December 31, 2023</i>			
Profit before income tax	78,784,549	(25,416,870)	53,367,679
Levies	-	(25,416,870)	(25,416,870)
Income tax expense	(25,416,870)	25,416,870	-

3.2 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan which are effective in current period

The company has adopted the following accounting standards and amendments to IFRSs and the improvements to accounting standards which became for the effective for the current period:

	<i>Effective for period beginning on or after</i>
Amendments to IAS 7 'Statement of Cash Flows': Amendments regarding supplier finance arrangements.	January 1, 2024
Amendments to IFRS 16 'Leases'-Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 1, 2024
Amendments to IAS 1 'Presentation of Financial Statements': Amendments regarding the classification of liabilities and debts with covenants	January 1, 2024

The adoption of the above standards, amendments, improvements to accounting standards did not have any material effect on these condensed interim financial statements.

3.3 Amendments to standards and IFRS interpretations that are not yet effective

The following amendments to accounting standards and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

*Effective from accounting period
beginning on or after*

Amendments to IFRS 7 'Financial Instruments - Disclosures' and IFRS 9 'Financial Instruments': Amendments regarding the classification and measurement of financial instruments.

January 1, 2026

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures': Sale or contribution of assets between an investor and its associate or joint venture.

Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.

IFRS 17 - Insurance Contracts

January 1, 2026

Certain annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1 - First Time Adoption of International Financial Reporting Standards

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information.

IFRS S2 Climate-related Disclosures

4 ACCOUNTING JUDGEMENTS AND ESTIMATES

- 4.1** The preparation of this condensed interim financial information is in conformity with approved accounting standards which requires management to make estimates, assumptions and use of judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 4.2** The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2024.

	<i>December 31,</i> <i>2024</i> <i>(Un-audited)</i>	<i>June 30,</i> <i>2024</i> <i>(Audited)</i>
5 PROPERTY AND EQUIPMENT	<i>Note ----- (Rupees) -----</i>	
<i>Following additions and disposals, at cost, were made during the period / year:</i>		
Opening fixed assets (net book value)	11,727,765	14,006,740
Additions	5.1 7,519,680	1,815,450
Disposals	(9,537)	(462,386)
Depreciation charge	(2,464,793)	(3,632,039)
Closing fixed assets (net book value)	<u>16,773,115</u>	<u>11,727,765</u>

5.1 It includes additions to vehicles amounting to Rs 6.850 (June 30, 2024: 0.158) million during the period.

	<i>December 31,</i> <i>2024</i> <i>(Un-audited)</i>	<i>June 30,</i> <i>2024</i> <i>(Audited)</i>
6 STOCK IN TRADE	<i>Note ----- (Rupees) -----</i>	
In hand	224,696,826	190,872,453
In bonded warehouse	6.1 108,778,113	125,823,426
Provision for slow moving and obsolete stock	6.2 (3,884,172)	(4,622,544)
	<u>329,590,767</u>	<u>312,073,335</u>

6.1 It includes stock in transit amounting to Rs. 64.38 (June 30 2024: Rs 3.10) million.

6.2 Provision for slow moving and obsolete stock

Opening Balance	4,622,544	2,215,537
Provision for period /year	-	2,407,007
Reversal of provision on account of sales during the period	(738,372)	-
Closing Balance	<u>3,884,172</u>	<u>4,622,544</u>

7 TRADE DEBTORS

Unsecured

Considered good	257,348,358	205,683,131
Considered doubtful	14,736,622	9,769,090
	<u>272,084,980</u>	<u>215,452,221</u>
Less: Provision for expected credit losses	7.1 (14,736,622)	(9,769,090)
	<u>257,348,358</u>	<u>205,683,131</u>

7.1 Provision for expected credit losses

Opening balance	9,769,090	8,336,800
Provision made during the period / year	4,967,532	1,432,290
Closing balance	<u>14,736,622</u>	<u>9,769,090</u>

		<i>December 31,</i> 2024 <i>(Un-audited)</i>	<i>June 30,</i> 2024 <i>(Audited)</i>
	<i>Note</i>	----- (Rupees) -----	
8 CASH AT BANKS			
Saving account	8.1	4,531,192	2,306,127
Current accounts		12,876,848	4,113,211
		17,408,040	6,419,338

8.1 It carries profit at the rate ranging from 7.25% to 8.00% (June 30, 2024: 15.00% to 18.00%) per annum.

		<i>December 31,</i> 2024 <i>(Un-audited)</i>	<i>June 30,</i> 2024 <i>(Audited)</i>
	<i>Note</i>	----- (Rupees) -----	
9 LONG TERM FINANCING FACILITY - SECURED			
Musharaka	9.1 & 9.2	1,117,767	1,422,622
Less: current portion of Musharaka		(609,676)	(609,677)
		508,091	812,945

9.1 The Modaraba has availed Running Musharaka Financing facility from Bank AL Habib Limited with sanctioned limit of Rs. 30 million (June 30, 2024: Rs. 30 million). This facility has been obtained to finance working capital requirements of the Modaraba and carries profit at the rate of 1.5% (June 30, 2024: 1.5%) over 3 months average KIBOR.

9.2 The Modaraba obtained Diminishing Musharaka financing facility with a sanctioned limit of Rs. 10 million (June 30, 2024: Rs. 10 million) from Bank AL Habib Limited for purchase of locally manufactured brand new/ used commercial and non-commercial vehicles for Modaraba's / staff use. The facility carries profit of 2.25% over 1 year KIBOR and is repayable within 5 years from the date of delivery of vehicle(s).

9.3 Musharaka, Morabaha and Musawamah financing facilities from Bank AL Habib Limited are secured against:

- Registered Hypothecation Charge over current assets, including stocks & book debts of the Modaraba amounting to Rs. 400 million (June 30, 2024: Rs. 400 million) (including 25% margin),
- Registered Specific Hypothecation Charge over vehicle(s) amounting to Rs. 10 million.
- HPA marking over vehicle(s) in Excise and Taxation department in favour of Bank AL Habib Limited under Diminishing Musharaka arrangement and;
- Equitable mortgage charge over immovable properties and personal guarantees of directors of the Modaraba Company for Rs. 515 million (June 30, 2024: Rs. 515 million) each.

		<i>December 31, 2024 (Un-audited)</i>	<i>June 30, 2024 (Audited)</i>
	<i>Note</i>	<i>----- (Rupees) -----</i>	
10 SHORT TERM FINANCING FACILITIES - SECURED			
Morabaha financing facility	10.1	9,250,143	-
Musawamah financing facility	10.2	125,000,000	140,000,000
		<u>134,250,143</u>	<u>140,000,000</u>

10.1 The Modaraba has obtained Morabaha Finance Facility amounting to 70 million rupees from Bank AL Habib Limited for the retirement of import documents. This carries a profit of 1.5% over 3 months KIBOR.

10.2 The Modaraba has also availed Musawamah financing facility from Bank AL Habib Limited with a sanctioned limit of Rs. 230 million (June 30, 2024: Rs. 230 million) to finance sale of inventory owned by the Modaraba. The facility carries profit of 1.5% (June 30, 2024: 1.5%) over 3 months average KIBOR.

		<i>December 31, 2024 (Un-audited)</i>	<i>June 30, 2024 (Audited)</i>
	<i>Note</i>	<i>----- (Rupees) -----</i>	
11 QARD-E-HASANA FROM MODARABA MANAGEMENT COMPANY			

*Related party (an associated company) -
unsecured & interest free*

Modaraba management company	11.1	<u>30,000,000</u>	<u>-</u>
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11.1 This represents unsecured and interest free loan obtained from AR Management Service Private Limited (Modaraba Management Company) to meet working capital requirements of the Modaraba and is repayable on demand.

		<i>December 31, 2024 (Un-audited)</i>	<i>June 30, 2024 (Audited)</i>
	<i>Note</i>	<i>----- (Rupees) -----</i>	
12 CREDITORS, ACCRUED AND OTHER LIABILITIES			

Import bills payable		195,556,372	110,486,933
Creditors		587,165	1,255,387
Advance from customer		-	1,263,988
Accrued liabilities		9,318,581	12,723,795
Unclaimed profit distribution		10,607,852	9,874,863
Sindh Workers' Welfare Fund	12.1	17,035,327	15,490,654
Sales Tax Payable		634,338	201,444
Management fee payable to Modaraba Management Company		-	15,729,956
		<u>233,739,635</u>	<u>167,027,020</u>

12.1 This represents the provision for Sindh Workers' Welfare Fund for the periods from June 30, 2014 till period end date. The Sindh Workers Welfare Fund Act, 2014 (Sindh WWF Act) was passed by the Sindh Assembly on June 04, 2015 and as per Section 5(1) of the Sindh 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 Sindh 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. Further the issue of apportionment of income relevant to the province of Sindh also needs to be clarified. The NBF and Modaraba Association of Pakistan is contemplating to file petition against such levy, as Sindh High Court has granted stay to various Banks and financial institutions in suit No. 610 of 2017.

Since the modaraba is operating in two provinces, hence, is a trans provincial entity. The recent judgement of Honourable High Court of Sindh has treated the entity under the ambit of Federal Government of Pakistan, accordingly, provisions of WWF Ordinance, 1971 will be applicable in which commercial establishment is not liable to pay WWF, therefore, management of the modaraba in consultation with the legal advisor is confident of favourable outcome in this matter.

However, the management of the Modaraba has decided to record a provision on prudent basis.

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

13.1.1 The Deputy Commissioner (DC), Unit 37 of the Sindh Revenue Board (SRB) issued Show Cause Notices (SCNs) in October 2023 relating to the tax period ended June-2016 to June-2022 for recovery of Sindh Workers Welfare Fund (SWWF).

The Modaraba has filed its responses to the said SCNs taking plea that the Modaraba is not engaged in any kind of activity whatsoever related to banking or financing, since its inception. It is engaged in the business of commercial imports of specialty chemicals. Therefore, provisions of SWWF are not applicable on the Modaraba.

The DC of SRB passed seven orders in Nov-2023 and in Jan-2024 creating aggregate demand of Rs.26,087,353/-, which includes Penalties Rs.778,000/- and Additional amount @ 15% p.a. at Rs.9,749,348/- for the years from June 2016 to June 2022.

The Modaraba has filed appeals before the Commissioner Appeals, SRB, Karachi where the matter is pending. The SRB Tribunal has been pleased to grant stay of disputed demand, subject to the payment of Rs. 1,500,000. The management of the Modaraba is hopeful of positive outcome.

13.2 Commitments

Outstanding counter guarantees

<i>December 31, 2024 (Un-audited)</i>	<i>June 30, 2024 (Audited)</i>
----- (Rupees) -----	
<u>1,376,597</u>	<u>1,376,597</u>

13.2.1 The Modaraba has issued post dated cheques to Collector of Customs amounting to Rs. 33.582 million (June 30, 2024: Rs.87.152 million) on account of custom dues and taxes on goods at bonded warehouse.

13.2.2 Commitments in respect of outstanding letters of credit for trading stock amounted to Rs. 5.20 Million (June 30, 2024 : Rs. NIL).

	<i>December 31, 2024 (Un-audited)</i>	<i>June 30, 2024 (Audited)</i>
	-----Rs in million----	
13.2.3 Letter of credit facilities available at period end / year end	<u>119.80</u>	<u>125.00</u>

	<i>December 31, 2024 (Un-audited)</i>	<i>December 31, 2023 (Un-audited)</i>
	----- (Rupees) -----	
14 FINANCIAL CHARGES		
Running Musharaka charges	441,280	1,196,936
Diminishing Musharaka	143,786	183,860
Morabaha charges	349,733	-
Musawamah charges	13,173,907	16,259,946
	<u>14,108,706</u>	<u>17,640,742</u>

15 FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

These condensed interim financial statement do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the company's annual financial statements for the year end June 30, 2024. There have been no change in any risk management policies since the year end.

16 FAIR VALUE OF FINANCIAL INSTRUMENTS

As at period ended December 31, 2024, the Modaraba does not hold any financial asset 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 information approximate their fair value.

17 RELATED PARTY TRANSACTIONS

The related parties of the Modaraba include the management company, associated undertakings, directors of the management company and key management personnel. Significant transactions with related parties are as follows:

	<i>December 31, 2024 (Un-audited)</i>	<i>December 31, 2023 (Un-audited)</i>
	----- (Rupees) -----	
Dividend paid to Modaraba Management Company	9,000,000	3,000,000
Dividend paid to key management personnel	12,505,500	3,989,000
Share of common expenses to group companies	602,918	960,498
Payments against common expenses to group companies	(602,918)	(960,498)
Warehouse / Office rent expense to group companies	2,910,000	2,910,000
Payments against warehouse / office rent to group companies	(2,910,000)	(2,910,000)
Receipt of Qard-e-Hasana from Modaraba Management Company	86,000,000	173,000,000
Repayment of Qard-e-Hasana to Modaraba Management Company	(56,000,000)	(136,000,000)



18 GENERAL

18.1 Figures in these condensed interim financial statements have been rounded off to the nearest Rupees, unless otherwise stated.

18.2 Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and for better presentation. However, there are no material reclassifications to report.

19 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information was authorised for issue on 26 February 2025 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
DIRECTOR

Muhammad Ali Baig
CHIEF FINANCIAL OFFICER