QUARTERLY ACCOUNTS

(un-audited)

For the first quarter ended September 30, 2014



FIRST IMROOZ MODARABA

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 quarterly report alongwith unaudited financial statements for the first quarter ended September 30, 2014.

1. Financial Highlights

Financial results of the Modaraba are summarized as under:-

(Rupees in million)

	Three months ended	
	30-Sep-14	30-Sep-13
Sales	138.895	168.698
Gross profit	17.917	15.643
Operating expenses	11.698	10.065
Other income	0.251	0.229
Loss for the quarter	(0.521)	(2.346)
Earnings per certificate - basic & diluted (Rupees)	(0.17)	(0.78)

2. Review of Operations

As indicated earlier, the Modaraba is facing difficult economic conditions which resulted decrease in turnover for this quarter to Rs. 138.895 million as against Rs. 168.698 million of the corresponding quarter.

However, management's better decision in formulating the ideal sales mix and comparatively lesser exchange loss in this quarter shows improved gross profit of Rs. 17.917 million as compared to Rs.15.643 million of the corresponding quarter.

Operating expenses for the quarter increased to Rs.11.698 million as compared to Rs.10.065 million in the corresponding quarter.

Other income for this quarter is Rs.0.251 million as against Rs.0.229 million of the corresponding quarter.

As a result, the Modaraba recorded a loss of Rs. 0.521 million as against loss of Rs. 2.346 million of the corresponding quarter. Like the last financial year 2013-2014 the Management hopes that a stable rupee and better economic conditions will improve the performance of the Modaraba in the coming months.

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

October 22, 2014

FIRST IMROOZ MODARABA

CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2014

	Note	Sept. 30, 2014 Rupees (Un-audited)	June 30, 2014 Rupees (Audited)
NON CURRENT ASSETS			
Property and equipment		6,579,510	6,989,826
Intangible assets		386,258	423,098
		6,965,768	7,412,924
CURRENT ASSETS			
Stock in trade		209,688,745	164,742,951
Trade debtors - unsecured, considered good		57,584,143	75,593,355
Advances, deposits, prepayments and other receivables		2,559,573	2,715,414
Taxation		2,861,580	3,311,831
Cash & bank balances		10,111,128	19,768,400
		282,805,169	266,131,951
		289,770,937	273,544,875
CAPITAL AND RESERVES			
Authorised Capital			
10,000,000 Modaraba Certificates of Rs.10/- each		100,000,000	100,000,000
Issued, subscribed and paid-up certificate capital		30,000,000	30,000,000
Statutory reserve		67,941,076	67,941,076
Revenue reserve		4,013,096	19,534,227
		101,954,172	117,475,303
NON CURRENT LIABILITY			
Staff gratuity		14,070,911	15,361,748
CURRENT LIABILITIES			
Obligation under murabaha finances		37,344,810	29,308,807
Qard-e-Hasana from modaraba mangement company		72,800,000	-
Creditors, accrued and other liabilities		48,601,044	111,399,017
Profit distribution payable		15,000,000	-
		173,745,854	140,707,824
CONTINGENCIES AND COMMITMENTS	4		
		289,770,937	273,544,875

The annexed notes from 1 to 6 form an integral part of this condensed interim financial information

Naveed Riaz	**Ameed Riaz**	**Mrs. Saadat Ikram**
Chief Executive	Director	Director

FIRST IMROOZ MODARABA

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

	Jul. to Sep. 2014 Rupees	Jul. to Sep. 2013 Rupees
Sales	138,894,705	168,697,978
Cost of sales	120,978,001	153,054,558
Gross profit	17,916,704	15,643,420
Operating expenses	11,697,938	10,065,138
Operating profit	6,218,766	5,578,282
Murabaha charges	(949,623)	(596,497)
Other income	251,548	229,611
Profit before taxation	5,520,691	5,211,396
Taxation	6,041,822	7,557,329
Loss for the period	(521,131)	(2,345,933)
Other Comprehensive Income	-	-
Total comprehensive Loss	(521,131)	(2,345,933)
Earnings per certificate - basic & diluted	(0.17)	(0.78)

The annexed notes from 1 to 6 form an integral part of this condensed interim financial information

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

	Issued, subscribed and paid up certificate capital	Statutory reserve	Revenue reserve (un-appropriated profit)	Total
	Rupees			
Balance at June 30, 2013 (Restated)	30,000,000	67,115,294	33,855,621	130,970,915
Profit distribution for the year ended June 30, 2013 @ Rs. 10.00 per certificate	-	-	(30,000,000)	(30,000,000)
Comperehensive income for the period Jul 13 to Sep 13				
Loss for the period	-	-	(2,345,933)	(2,345,933)
Other Comprehensive income	-	-	-	-
	-	-	(2,345,933)	(2,345,933)
Comperehensive income for the period Oct 13 to Jun 14				
Income for the period	-	-	18,861,570	18,861,570
Other Comprehensive income				
Remeasurement of defined benefit liability	-	-	(11,249)	(11,249)
	-	-	18,850,321	18,850,321
Transfer to statutory reserve	-	825,782	(825,782)	-
Balance 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 @ Rs. 5.00 per certificate	-	-	(15,000,000)	(15,000,000)
Loss for the period Jul 14 to Sep 14	-	-	(521,131)	(521,131)
Balance at September 30, 2014	30,000,000	67,941,076	4,013,096	101,954,172

The annexed notes from 1 to 6 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 CASH FLOW STATEMENT (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

	Sept. 30, 2014 Rupees	Sept. 30, 2013 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,520,691	5,211,396
Adjustments:		
Depreciation on property and equipment	500,565	427,265
Amortization of intangible assets	36,840	59,148
Loss on disposal of property and equipment	-	2,617
Murabaha charges	949,623	596,497
Provision for staff gratuity	768,543	684,000
	2,255,571	1,769,527
	7,776,262	6,980,923
Changes in operating assets and liabilities		
(Increase) / Decrease in current assets		
Stock in trade	(44,945,794)	11,921,023
Trade debtors	18,009,212	3,900,764
Advances, deposits, prepayments and other receivables	155,841	(1,923,923)
	(26,780,741)	13,897,864
Decrease in current liabilities		
Creditors, accrued and other liabilities	(62,936,788)	(55,425,196)
Cash used in operations	(81,941,267)	(34,546,409)
Murabaha charges paid	(810,807)	(876,796)
Taxes paid	(5,591,571)	(7,940,952)
Gratuity paid	(2,059,380)	-
Net cash used in operating activities	(90,403,025)	(43,364,157)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(90,250)	(1,051,545)
Proceeds from disposal of property and equipment	-	350
Net cash used in investing activities	(90,250)	(1,051,195)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Qard-e-Hasana from modaraba management company	72,800,000	42,500,000
Proceeds from murabaha finances	43,170,810	21,349,582
Repayment of murabaha finances	(35,134,807)	(33,622,539)
Net cash generated from financing activities	80,836,003	30,227,043
Net decrease in cash and bank balances A+B+C	(9,657,272)	(14,188,309)
Cash and bank balances at the beginning of the period	19,768,400	29,763,921
Cash and bank balances at the end of the period	10,111,128	15,575,612

The annexed notes from 1 to 6 form an integral part of this condensed interim financial information

Naveed Riaz	Ameed Riaz	Mrs. Saadat Ikram
Chief Executive	Director	Director

FIRST IMROOZ MODARABA

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 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 has been prepared in accordance with the requirements of the Modaraba Companies & Modaraba (Floatation & Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities & Exchange Commission of Pakistan ["the Modaraba Regulations"] together with approved accounting standards as applicable in Pakistan to Modarabas. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP), as are notified under the provisions of the Companies Ordinance, 1984 and made applicable to Modarabas. Wherever the requirements of "the Modaraba Regulations" differ from the requirements of these standards, the requirements of "the Modaraba Regulations" take precedence. The disclosures made in this condensed interim financial information have however been limited, based on the requirements of International Accounting Standard 34, 'Interim Financial Reporting'.

This condensed interim financial information is un-audited and has been prepared in all material respects, in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan and being submitted to the Certificate holders as required by Rule 10 of the Modaraba Companies and Modaraba Rules, 1981.

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, 2014.

4. CONTINGENCIES AND COMMITMENTS

4.1 Post dated cheques to Collector of Customs amounting to Rs.113,537,572. (June 30, 2014 : Rs. 92,342,943).

4.2 Through the Finance Act, 2008 an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment, the Modaraba was considered to be subject to the provisions of the WWF Ordinance.

The Lahore High Court and Peshawar High Court has struck down the aforementioned amendments to the WWF Ordinance. However, a three member larger bench of Sindh High Court has held that such ammendments were validly made. Subsequent to this judgment, various petitions have been filed before Sindh High Court challenging the vires of such amendments and stay have been granted by a Division Bench of Sindh High Court.

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 amount to Rs. 4.315 million.

4.3 Commitments in respect of outstanding letters of credit for trading stock amounting to Rs. 22,959,635.

(June 30, 2014 : Rs. 21,125,169).

5. APPROVAL OF FINANCIAL STATEMENTS

This condensed interim financial information was approved by the Board of Directors of the Modaraba Management Company and authorized for issue on October 22, 2014.

6. GENERAL

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

Naveed Riaz	**Ameed Riaz**	**Mrs. Saadat Ikram**
Chief Executive	Director	Director

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