QUARTERLY ACCOUNTS

(un-audited)

For the first quarter ended September 30, 2015

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, 2015.

1. Financial Highlights

Financial results of the Modaraba are summarized as under:-

(Rupees in million)

	Three months ended	
	30-Sep-15	30-Sep-14
Sales	169.761	138.895
Gross profit	26.633	17.917
Operating expenses	12.020	11.698
Other income	0.121	0.251
Profit / (Loss) for the quarter	6.272	(0.521)
Earnings per certificate - basic & diluted (Rupees)	2.09	(0.17)

2. Review of Operations

By the Grace of Allah (SWT), the performance of the Modaraba during the first quarter ended on September 30, 2015 showed improvement over the comparable period of last year.

The sales for the quarter is increased to Rs. 169.761 million as against Rs. 138.895 million of the corresponding quarter, resultantly, the gross profit also increased to Rs. 26.633 million as compared to Rs. 17.917 million of the corresponding quarter.

Other income for this quarter is Rs. 0.121 million as against Rs. 0.251 million of the corresponding quarter.

As a result, the Modaraba recorded a profit of Rs. 6.272 million as against loss of Rs. 0.521 million of the corresponding quarter. The Management is hopeful that better economic conditions would 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 26, 2015

FIRST IMROOZ MODARABA

CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2015

	Note	Sept. 30, 2015 Rupees (Un-audited)	June 30, 2015 Rupees (Audited)
NON CURRENT ASSETS			
Property and equipment		6,328,358	6,703,667
Intangible assets		238,898	275,738
		6,567,256	6,979,405
CURRENT ASSETS			
Stock in trade		166,722,362	162,806,656
Trade debtors		77,236,196	107,237,065
Advances, deposits, prepayments and other receivables		1,610,760	466,886
Taxation		5,327,237	4,783,931
Cash & bank balances		19,640,628	9,969,276
		270,537,183	285,263,814
		277,104,439	292,243,219
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		69,298,719	69,298,719
Revenue reserve		9,601,198	30,329,434
		108,899,917	129,628,153
NON CURRENT LIABILITY			
Staff gratuity		17,147,541	16,376,541
CURRENT LIABILITIES			
Obligation under murabaha finances		35,399,875	26,885,708
Qard-e-Hasana from modaraba mangement company		12,500,000	-
Creditors, accrued and other liabilities		76,157,106	119,352,817
Profit distribution payable		27,000,000	-
		151,056,981	146,238,525
CONTINGENCIES AND COMMITMENTS	4		
		277,104,439	292,243,219

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, 2015

	Jul. to Sep. 2015 Rupees	Jul. to Sep. 2014 Rupees
Sales	169,761,332	138,894,705
Cost of sales	143,128,321	120,978,001
Gross profit	26,633,011	17,916,704
Operating expenses	12,020,154	11,697,938
Operating profit	14,612,857	6,218,766
Murabaha charges	(646,541)	(949,623)
Other income	120,554	251,548
Profit before taxation	14,086,870	5,520,691
Taxation	7,815,108	6,041,822
Profit / (Loss) for the period	6,271,762	(521,131)
Other Comprehensive Income	-	-
Total comprehensive Income / (Loss)	6,271,762	(521,131)
Earnings per certificate - basic & diluted	2.09	(0.17)

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, 2015

	Issued, subscribed and paid up certificate capital	Statutory reserve	Revenue reserve (un-appropriated profit)	Total
	Rupees			
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)
Comperehensive income for the period July 14 to Sept 14				
Loss for the period	-	-	(521,131)	(521,131)
Balance at September 30, 2014	30,000,000	67,941,076	4,013,096	101,954,172
Comperehensive income for the period Oct 14 to Jun 15				
Profit for the period	-	-	27,673,983	27,673,983
	30,000,000	67,941,076	31,687,079	129,628,155
Transfer to statutory reserve	-	1,357,643	(1,357,643)	-
Balance at June 30, 2015	30,000,000	69,298,719	30,329,436	129,628,155
Profit distribution for the year ended June 30, 2015 @ Rs. 9.00 per certificate	-	-	(27,000,000)	(27,000,000)
Comperehensive income for the period July 15 to Sept 15				
Profit for the period	-	-	6,271,762	6,271,762
Balance as at September 30, 2015	30,000,000	69,298,719	9,601,198	108,899,917

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, 2015

	Sept. 30, 2015 Rupees	Sept. 30, 2014 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	14,086,870	5,520,691
Adjustments:		
Depreciation on property and equipment	554,610	500,565
Amortization of intangible assets	36,840	36,840
Murabaha charges	646,541	949,623
Provision for staff gratuity	771,000	768,543
	2,008,991	2,255,571
	16,095,861	7,776,262
Changes in operating assets and liabilities		
(Increase) / Decrease in current assets		
Stock in trade	(3,915,706)	(44,945,794)
Trade debtors	30,000,869	18,009,212
Advances, deposits, prepayments and other receivables	(1,143,874)	155,841
	24,941,289	(26,780,741)
Decrease in current liabilities		
Creditors, accrued and other liabilities	(43,262,477)	(62,936,788)
Cash used in operations	(2,225,327)	(81,941,267)
Murabaha charges paid	(579,775)	(810,807)
Taxes paid	(8,358,413)	(5,591,571)
Gratuity paid	-	(2,059,380)
Net cash used in operating activities	(11,163,515)	(90,403,025)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(179,300)	(90,250)
Net cash used in investing activities	(179,300)	(90,250)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Qard-e-Hasana from modaraba management company-net	12,500,000	72,800,000
Proceeds from murabaha finances	35,399,875	43,170,810
Repayment of murabaha finances	(26,885,708)	(35,134,807)
Net cash generated from financing activities	21,014,167	80,836,003
Net increase / (decrease) in cash and bank balances A+B+C	9,671,352	(9,657,272)
Cash and bank balances at the beginning of the period	9,969,276	19,768,400
Cash and bank balances at the end of the period	19,640,628	10,111,128

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, 2015

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, 2015.

4. CONTINGENCIES AND COMMITMENTS

4.1 Post dated cheques to Collector of Customs amounting to Rs.49,743,862. (June 30, 2015 : Rs. 48,095,083).

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

During the year, the Sindh Assembly, on June 04, 2015, passed The Sindh Workers Welfare Fund Act, 2014 (the WWF Act). 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. Moreover, as per definitions Section 2(g) of the WWF Act, the Modaraba does not fall within the meaning of 'Industrial Establishment'. Therefore, the Modaraba has not disclosed contingency in respect of WWF for the year ended June 30, 2015. Further, since the Modaraba does not fall within the meaning of 'Industrial Establishment', therefore, the contingency in respect of WWF for the year ended June 30, 2014 amounting to Rs. 0.861 million has not been disclosed in the financial statements as the same is no longer a contingency after the applicability and enforcement of WWF Act. However, contingency in respect of WWF under the repealed WWF Ordinance for the period from July 01, 2010 till June 30, 2013 has been disclosed in the condensed interim financial information amounting to Rs. 3.344 million.

4.3 Commitments in respect of outstanding letters of credit for trading stock amounting to Rs. 8,108,644. (June 30, 2015 : Rs. 8,902,123).

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 26, 2015.

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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