

HALF YEARLY REPORT

For the period ended December 31, 2021
(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) 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
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 are pleased to present to its certificate holders the Directors' Report together with Unaudited Financial Statements of the Modaraba for the half year ended December 31, 2021, duly reviewed by the statutory auditors.

1. Key Financial Highlights

	(Rupees in million)	
	Six months ended	
	31-Dec-2021	31-Dec-2020
Sales	741.780	438.760
Gross profit	135.035	88.122
Operating expenses	52.367	30.615
Profit for the half year	50.346	29.503
Earnings per certificate - basic & diluted (Rupees)	16.78	9.83

2. Review of Operations

During the half year ended December 31, 2021, turnover increased to Rs. 741.780 million as compared to Rs. 438.760 million of the corresponding period. This is mainly triggered by rise in sales as the economy remained on a higher growth trajectory.

Similarly, gross profit has also increased to Rs. 135.035 million as compared to Rs. 88.122 of the corresponding period i.e. by 53.24%.

Resultantly, the Modaraba's profit increased to Rs. 50.346 million as compared to Rs. 29.503 million of the corresponding period.

The earnings per certificate of the Modaraba worked out to Rs. 16.78 as compared to Rs. 9.83 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 partners for their continued support and co-operation.

For and on behalf of the Board

Naveed Riaz
Chief Executive

Ameed Riaz
Director

February 24, 2022

ڈائریکٹرز کی رپورٹ

فرسٹ امروز مضاربہ کی انتظامی کمپنی اے آر مینجمنٹ سروسز (پرائیویٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز مسرت کے ساتھ ڈائریکٹرز رپورٹ بشمول مضاربہ کے غیر آڈٹ شدہ مالی حسابات ششماہی اختتام 31 دسمبر، 2021ء بعد از آڈیٹر کے جائزہ کے پیش کرتے ہیں۔

نمایاں مالیاتی نکات

ششماہی اختتام		
31-Dec-2020	31-Dec-2021	
(ملین روپوں میں)		
438.760	741.780	فروخت اشیاء
88.122	135.035	مجموعی منافع
30.615	52.367	انتظامی اخراجات
29.503	50.346	ششماہی منافع
9.83	16.78	فی کس سرٹیفکیٹ آمدنی / (بنیادی اور تحلیل شدہ) روپے

کارکردگی کا جائزہ

نصف سال، 31 دسمبر، 2021ء کو ختم ہونے والی مدت کے دوران میں اشیاء کی فروخت 741.780 ملین روپے تک بڑھ گئی جبکہ اسکے مقابلے میں پچھلے دورانیے میں یہ فروخت 438.760 ملین روپے تھی۔ اشیاء کی فروخت میں اضافے کی بنیادی وجہ معشیت کی بلند سطح پر قائم رہنا ہے۔

اسی طرح، مجموعی منافع بھی 53.24 فیصد کے اضافے سے 135.035 ملین روپے رہا، جب کہ اس کے مقابلے پچھلی مدت کے دوران مجموعی منافع 88.122 ملین روپے تھا۔

نتیجتاً ششماہی اختتام پہ مضاربہ کا منافع 50.346 ملین روپے رہا، جبکہ گزشتہ مقابل مدت پر یہ منافع 29.503 ملین روپے تھا۔

مضاربہ کی فی کس سرٹیفکیٹ آمدنی 16.78 روپے رہی جبکہ اسکے مقابلے میں پچھلے دورانیے میں فی کس سرٹیفکیٹ آمدنی 9.83 روپے تھی۔

اظہار 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، رفقاء کار، سرمایہ کاروں، بینکاروں اور کاروباری پارٹنرز کی رہنمائی کے لئے ان سب کا شکریہ ادا کرتا ہے۔

منجانب بورڈ

عمید ریاض

ڈائریکٹر

نوید ریاض

چیف ایگزیکٹو

24 فروری، 2022ء

INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE CERTIFICATE HOLDERS OF FIRST IMROOZ MODARABA

Introduction

We have reviewed the accompanying condensed interim balance sheet of **First Imrooz Modaraba** ("the Modaraba") as at December 31, 2021 and the related condensed Interim profit and loss account and other comprehensive Income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the half year then ended (here-in-after referred as the "condensed interim financial statements"). The Modaraba Management Company (A R Management Services (Private) Limited) is responsible for the preparation and presentation of these condensed 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 condensed interim financial statements 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 condensed interim financial statements 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 condensed interim financial statements as at and for the half year ended December 31, 2021 is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures for the quarter ended December 31, 2021 and December 31, 2020 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

KARACHI

DATED: 24 FEB 2022

UDIN: RR2021100670wJP74UoW



CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ali Causer

**CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2021**

	Note	(Un-audited) December 31, 2021 (Rupees)	(Audited) June 30, 2021 (Rupees)
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	4	5,555,700	4,687,975
Intangible assets		472,790	551,588
Long term deposits		521,202	110,702
		<u>6,549,692</u>	<u>5,350,265</u>
CURRENT ASSETS			
Stock in trade		384,145,324	304,552,995
Trade debtors		188,824,323	269,762,090
Advances, deposits, prepayments and other receivables		18,819,666	2,900,808
Taxation		9,629,268	4,576,541
Cash and bank balances		82,977,665	11,718,112
		<u>684,396,246</u>	<u>593,510,546</u>
TOTAL ASSETS		<u><u>690,945,938</u></u>	<u><u>598,860,811</u></u>
EQUITY AND LIABILITIES			
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		117,514,820	117,514,820
Revenue reserve		58,713,120	54,867,344
		<u>206,227,940</u>	<u>202,382,164</u>
NON-CURRENT LIABILITIES			
Defined benefit plan - Staff gratuity		36,442,617	36,442,617
Deferred capital grant		-	27,953
Obligation under financing facilities - Secured	5	-	1,929,314
		<u>36,442,617</u>	<u>38,399,884</u>
CURRENT LIABILITIES			
Obligation under financing facilities - Secured	5	2,660,200	63,517,555
Current portion of Deferred capital grant		93,123	234,207
Creditors, accrued and other liabilities		445,522,058	294,327,001
		<u>448,275,381</u>	<u>358,078,763</u>
TOTAL EQUITY AND LIABILITIES		<u><u>690,945,938</u></u>	<u><u>598,860,811</u></u>
CONTINGENCIES AND COMMITMENTS	6		

The annexed notes from 1 to 10 form an integral part of this condensed interim financial information.

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

NAVEED RIAZ
CHIEF EXECUTIVE

AMEED RIAZ
DIRECTOR

MRS. SAADAT IKRAM
DIRECTOR

MUHAMMAD ALI BAIG
CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021**

Note	Half year ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	----- (Rupees) -----	----- (Rupees) -----	----- (Rupees) -----	----- (Rupees) -----
Sales	741,779,534	438,760,310	527,282,596	305,860,484
Cost of sales	(606,744,123)	(350,638,233)	(417,631,891)	(253,187,811)
Gross profit	135,035,411	88,122,077	109,650,705	52,672,673
Operating expenses	(52,366,560)	(30,615,474)	(29,052,439)	(17,366,954)
Operating profit	82,668,851	57,506,603	80,598,266	35,305,719
Financial charges	(3,305,554)	(3,516,227)	(1,417,684)	(1,622,935)
Other income	311,761	802,755	157,109	535,089
Reversal of provision for doubtful debts	10,471,621	-	-	-
	90,146,679	54,793,131	79,337,691	34,217,873
Provision for Modaraba Management Company's fee	(4,507,334)	(3,095,812)	(3,426,435)	(2,739,657)
Provision for Sindh Workers' Welfare Fund	(1,712,787)	(1,033,946)	(1,518,225)	(626,996)
Profit before taxation	83,926,558	50,663,373	74,393,031	30,851,220
Taxation	(33,580,782)	(21,159,996)	(24,338,699)	(15,446,213)
Profit for the period	50,345,776	29,503,377	50,054,332	15,405,007
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	50,345,776	29,503,377	50,054,332	15,405,007
Earnings per certificate - basic and diluted	16.78	9.83	16.68	5.14

The annexed notes from 1 to 10 form an integral part of this condensed interim financial information.

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

NAVEED RIAZ
CHIEF EXECUTIVE

AMEED RIAZ
DIRECTOR

MRS. SAADAT IKRAM
DIRECTOR

MUHAMMAD ALI BAIG
CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

	Half year ended	
	December 31, 2021	December 31, 2020
	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	83,926,558	50,663,373
Adjustments for non-cash and other items:		
Depreciation	1,212,238	1,923,019
Amortisation on intangible assets	78,798	-
Amortisation of deferred capital grant	(169,037)	(227,770)
(Gain) on disposal of assets	-	(499,999)
Financial charges	3,305,554	3,516,227
Provision for staff retirement gratuity	-	2,188,452
Reversal of provision for doubtful debts	(10,471,621)	-
	<u>(6,044,068)</u>	<u>6,899,929</u>
Operating profit before working capital changes	77,882,490	57,563,302
Changes in operating assets and liabilities		
(Increase) in current assets		
Stock in trade	(79,592,329)	17,779,204
Trade debtors	91,409,388	(24,308,024)
Advances, deposits, prepayments and other receivables	(16,329,358)	(471,043)
	<u>(4,512,299)</u>	<u>(6,999,863)</u>
Decrease in current liabilities		
Creditors, accrued and other liabilities	149,842,313	146,536,562
Cash generated from operations	223,212,504	197,100,001
Financial charges paid	(3,581,372)	(4,825,198)
Income taxes paid	(38,633,509)	(20,591,051)
Net cash generated from operating activities	180,997,623	171,683,752
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(2,079,963)	(495,421)
Proceeds from disposal of property and equipment	-	500,000
Net cash (used in) / generated from investing activities	<u>(2,079,963)</u>	<u>4,579</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(44,702,401)	(21,543,025)
Receipts of Qard-e-Hasana from Modaraba Management Company	92,800,000	-
Repayment of Qard-e-Hasana to Modaraba Management Company	(92,800,000)	(15,800,000)
Receipts from Murabaha finances	-	42,337,716
Repayment of Murabaha finances	-	(58,225,063)
Receipts from Salam finances	-	5,506,517
Repayment of Salam finances	(4,711,537)	-
Repayment of Musharaka finances	(8,244,169)	(70,001,514)
Receipts from Musawamah finances	175,000,000	24,996,824
Repayment of Musawamah finances	(225,000,000)	-
Net cash used in financing activities	<u>(107,658,107)</u>	<u>(92,728,545)</u>
Net increase in cash and cash equivalents	71,259,553	78,959,786
Cash and cash equivalents at the beginning of the period	11,718,112	18,970,744
Cash and cash equivalents at the end of the period	<u>82,977,665</u>	<u>97,930,530</u>

The annexed notes from 1 to 10 form an integral part of this condensed interim financial information.

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

NAVEED RIAZ
CHIEF EXECUTIVE

AMEED RIAZ
DIRECTOR

MRS. SAADAT IKRAM
DIRECTOR

MUHAMMAD ALI BAIG
CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

	Paid-up certificate	Statutory reserve	Revenue reserve Unappropriated profit	Total
	----- (Rupees) -----			
Balance as at July 01, 2020 (Audited)	30,000,000	104,677,757	26,580,965	161,258,722
Profit for the period	-	-	29,503,377	29,503,377
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	29,503,377	29,503,377
Transaction with owners				
Profit distribution for the year ended June 30, 2020 @ Rs. 7.50 per certificate	-	-	(22,500,000)	(22,500,000)
Balance as at December 31, 2020 (Un-audited)	30,000,000	104,677,757	33,584,342	168,262,099
Balance as at July 01, 2021 (Audited)	30,000,000	117,514,820	54,867,344	202,382,164
Profit for the period	-	-	50,345,776	50,345,776
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	50,345,776	50,345,776
Transaction with owners				
Profit distribution for the year ended June 30, 2021 @ Rs. 15.50 per certificate	-	-	(46,500,000)	(46,500,000)
Balance as at December 31, 2021 (Un-audited)	30,000,000	117,514,820	58,713,120	206,227,940

The annexed notes from 1 to 10 form an integral part of this condensed interim financial information.

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

NAVEED RIAZ
CHIEF EXECUTIVE

AMEED RIAZ
DIRECTOR

MRS. SAADAT IKRAM
DIRECTOR

MUHAMMAD ALI BAIG
CHIEF FINANCIAL OFFICER

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

1 NATURE AND STATUS 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 activities.

2 BASIS OF PREPARATION

2.1 Statement of compliance

- 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. 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 (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) ['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, 2021.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

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, 2021, 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 the half year ended December 31, 2020.

2.1.4 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.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for recognition of defined benefit plan - staff gratuity at present value. These financial statements 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 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENT AND CHANGES THEREIN

3.1 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, 2021.

3.2 The preparation of this condensed interim financial information in conformity with approved accounting standards 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.

3.3 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, 2021.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

3.4 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Modaraba's accounting period beginning on or after July 01, 2021. These standards, interpretations and amendments are either not relevant to the Modaraba's operations or are not expected to have a significant effect on this condensed interim financial information.

3.5 The Modaraba's financial risk management objectives and policies are consistent with that disclosed in annual audited financial statements of the Modaraba for the year ended June 30, 2021.

	December 31, 2021 (Rupees) Note (Un-audited)	June 30, 2021 (Rupees) (Audited)
4 PROPERTY AND EQUIPMENT		
Following additions and disposals, at cost, were made during the period / year :		
Opening fixed assets (Net book value)	4,687,975	6,413,376
Additions	2,079,963	1,831,771
Disposals	-	(1,675,348)
Depreciation charge for the period / year	(1,212,238)	(3,423,276)
Depreciation on disposals during the period / year	-	1,541,452
Closing fixed assets (Net book value)	<u>5,555,700</u>	<u>4,687,975</u>

5 OBLIGATION UNDER FINANCING

Musharaka Financing Facility	5.1	-	8,244,169
Musawamah Financing Facility	5.1	-	50,000,000
		-	58,244,169
Salam Financing Facility	5.2		
Non-current portion under Salam Financing Facility		-	(1,929,314)
Current portion under Salam Financing Facility		2,660,200	7,202,700
		<u>2,660,200</u>	<u>5,273,386</u>
		<u>2,660,200</u>	<u>63,517,555</u>

5.1 The Modaraba has availed Running Musharika and Musawamah financing facility from Bank AL Habib Limited with a combined sanctioned limit of Rs. 130 million (June 30, 2021 : Rs. 130 million) to finance its working capital requirements. Financing availed Rs. NIL (June 30, 2021 : Rs. 58.244 million).

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

- 5.2 The Modaraba has availed Salam Financing Facility from Soneri Bank Limited under a sanctioned limit of Rs. 11.05 million (June 30, 2021 : 11.05 million) for a period of nineteen months. The Modaraba has taken this facility offered by State Bank of Pakistan under the name of "Islamic SBP Refinance" for payment of wages and salaries for six months from April 2020 to September 2020 to cater the economic turmoil due to COVID-19.

All facilities are secured against hypothecation charge on current assets (stock in trade and trade debts) of the Modaraba.

6 CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

- 6.1.1 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, 2021.
- 6.1.2 The Modaraba has issued post dated cheques to Collector of Customs amounting to Rs. 64.72 million (June 30, 2021 : Rs.58.56 million) on account of custom dues and taxes on goods at bonded warehouse.

6.2 Commitments

Commitments in respect of outstanding letters of credit for trading stock amounted to NIL (June 30, 2021 : NIL).

7 TAXATION

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

8 FAIR VALUE OF FINANCIAL INSTRUMENTS

As at period ended December 31, 2021, 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.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

9 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:

	December 31, 2021 Rupees (Un-audited)	December 31, 2020 Rupees (Un-audited)
Dividend paid to Modaraba Management Company	9,300,000	4,500,000
Dividend paid to key management personnel	11,677,700	5,646,750
Share of common expenses to group companies	1,090,702	267,198
Warehouse / Office rent to group companies	3,471,800	1,840,500
Receipt of Qard-e-Hasana from Modaraba Management	92,800,000	-
Repayment of Qard-e-Hasana to Modaraba Management Company	92,800,000	15,800,000

10 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information was authorised for issue on 24 February 2022 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

AMEED RIAZ
DIRECTOR

MRS. SAADAT IKRAM
DIRECTOR

MUHAMMAD ALI BAIG
CHIEF FINANCIAL OFFICER