



FIRST

PAK

MODARABA

**HALF YEARLY REPORT
FOR THE PERIOD ENDED
DECEMBER 31, 2010 (Un-audited)
(Reviewed by External Auditors)**

Managed by:

Royal Management Services (Pvt.) Limited

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E-mail : first.pakmodaraba@hotmail.com



CORPORATE INFORMATION

BOARD OF DIRECTORS	Mr. Abdul Hameed Khan Mr. Muhammad Akhtar I. Pathan Mr. Mohammad Musharraf Khan	(Chairman) (Director) (Director)
AUDIT COMMITTEE	Mr. Muhammad Akhtar I. Pathan Mr. Abdul Hameed Khan Mr. Mohammad Musharraf Khan	(Chairman) (Member) (Member)
COMPANY SECRETARY	Mr. Mohammad Musharraf Khan	
BANKERS	Askari Bank Limited Faysal Bank Limited Muslim Commercial Bank Limited Bank Al-Fallah Limited Al Baraka Bank (Pak.) Ltd. Summit Bank Ltd.	
AUDITORS	M/s M. Yousuf Adil Saleem & Co. Chartered Accountants	
LEGAL ADVISOR	Syed Mazharul Haque Advocate Ghulam Ali & Co.	
MANAGEMENT COMPANY	M/s Royal Management Services (Pvt.) Limited	
REGISTERED OFFICE	Office No. 54, Ground Floor, Beverley Centre, 56-G, Blue Area, Islamabad	
SHARE REGISTRAR	Shares & Corporate Services (Pvt.) Limited, Mehersons Estate, 1st Floor, Block-E, Talpur Road, Karachi- 74000 Tel: 32429632-6 , Fax 32420015	



CHAIRMAN'S REVIEW

The Board of Directors of Royal Management Services (Pvt) Limited, Managers First Pak Modaraba pleased to present herewith the Half Yearly Review of First Pak Modaraba together with Reviewed Accounts, for the half year ended 31st December 2010

Key Operating / Financial Highlights	(Rupees in million)	
Half year ended	31.12.2010	31.12.2009
Total Income from Operations	5.018	5.697
Operating Expenses	2.177	1.811
Unrealized Gain / (Loss) on Re-measurement of Investment	0.380	(0.410)
Reversal of provision against doubtful Receivables	0.496	4.218
Net Profit / (Loss)	3.406	6.427
Earning per Certificate	0.27	0.51

REVIEW OF OPERATIONS:

During the half year ended on 31st December 2010, the Overall operating performance of the First Pak Modaraba reflects that Operating Income slightly decreased to Rs.5.018 Million as against Rs.5.697 Million during the corresponding period last year. Modaraba has earned Rs.1.626 Million capital gain on sale of investment. Operating expenses has increased to Rs.2.177 Million from Rs.1.811 Million as compared to corresponding period of last year FY 2009-10. Further, it recorded unrealized gain on re-measurement of Investment of Rs.0.380 Million as against a loss of Rs.0.410 Million in the corresponding period in 2009-10. The Net Profit of the Modaraba stands to Rs.3.406 Million as against a profit of Rs.6.429 Million in the corresponding period last year. The Earning per Certificate stands to Rs.0.27 during the period under review.

The Securities of Exchange and Commission of Pakistan (SECP) issued an order for the change of management of the Modaraba without giving right of an appeal. The Management of Modaraba has filed a suit in the Sindh High Court on the basis of Constitution of Pakistan under article 10-A, which states that a person shall be entitled to a fair trial and due process. High court has suspended SECP order and case is pending in the High Court.

The Accumulated Losses have continuously been decreasing for the last 8 years, having been reduced from Rs.65.5 million in 2002 to Rs.44.19 million in 2008. The reserves of the Modaraba during the same period have increased from Rs.8.94 million to Rs.18.50 million, which illustrates the profitability of the Modaraba. It was only in 2009 that the losses of the Modaraba increased because of the worldwide financial crises, almost all financial institutions, including those in Pakistan suffered huge losses. However in 2010 the accumulated losses of the Modaraba once again decreased by over Rs.4.0 million compared to figures in 2009 and Reserves also increased to Rs.21.26 million.

Observations of External Auditors:

1. The amount under the head "Advances, prepayments and other receivables" include balance amounting to Rs.10.476 million against sale proceeds of various equity investments and Rs.1.00 million against cash margin deposit due from Prudential Securities Limited (PSL). The Modaraba besides lodgment of claim against their aggregate receivables amounting to Rs.11.476 Million from PSL with Karachi Stock Exchange (Guarantee) Limited on April 29, 2010 on call of claim due to suspension of operation of PSL at Karachi Stock Exchange (Guarantee) Limited. To cover this outstanding we have also signed an agreement with PSL to purchase offered land at Narowal, the original title documents are in custody of the Modaraba.



2. The amount under the head "investment" includes an amount of 1.838 million in Prudential Securities Limited (PSL) an unlisted public company. We have asked PSL to provide us the latest Audited Financial Statements to determine fair value of our investment. The operation of PSL has been ceased at Stock Exchange and we are trying to call back our invested amount as PSL has sufficient assets to set off our invested amount.

Future Outlook:

The Board of Directors keeping recovery of Overdue finances on their high priorities to improve our funding portfolio for better utilization in different business and corporate sectors with higher profitability earnings, to further improve the Net Profit. With the self sufficiency in funds and better liquidity, we are looking forward to explore more profitable avenues for deployment of funds.

The Management is cautiously monitoring its investment portfolio to maximize the returns and minimize the risks associated with stock market.

The Management of the Modaraba intends to deploy its funds in short term Leasing (Ijra), Musharakah and Murabaha financing to increase its profitability and to lesser the risk of stagnancy of Modaraba funds.

For & on behalf of the Board of Directors of
Royal Management Services (Pvt) Limited,
Managers First Pak Modaraba

Karachi.

Dated: 28-02-2011

Chairman



AUDITORS' REPORT TO THE CERTIFICATE HOLDERS' ON INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **First Pak Modaraba** (the Modaraba) as at December 31, 2010 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six-month period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and fair presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended December 31, 2010 and December 31, 2009 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2010.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information 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.

Basis for Qualified Conclusion

a) Advances, prepayments and other receivables include a long outstanding balance of Rs.10.476 million receivable from Prudential Securities Limited (PSL). This balance has been outstanding on account of stock market transactions. The Modaraba made efforts to obtain collateral from PSL against this balance which could not be materialized. In our opinion, the said balance is doubtful of recovery for which no provision has been recognized in this financial information. Further, a deposit of Rs.1 million included in Advances, prepayments and other receivables on account of security paid to PSL against trading in shares. Operations of PSL have been suspended by Karachi and Lahore Stock Exchanges and the recoverability of this amount is also doubtful for which no provision has been made. However, the Modaraba has filed claim with Karachi Stock Exchange for the recovery of these amounts.

b) Investments include investment in Prudential Securities Limited (PSL) - an unlisted public company; classified as available for sale of Rs. 4.875 million (487,500 shares of Rs.10/- each) carried at Rs. 1.838 million against which a provision of Rs. 3.037 million is held in fair value reserves. We are not provided with the latest audited financial statements of PSL to determine the value of this investment. Further, the operations of the investee company have been ceased which indicates a significant and prolonged decline in the fair value of this investment below its cost resulting in an objective evidence of impairment; therefore, in our opinion this investment is fully impaired. However, no impairment has been made in respect of carrying amount of Rs.1.838 million and the cumulative loss of Rs. 3.037 million that has been recognised in other comprehensive income has not been reclassified from equity to profit and loss account, which is in contravention to the requirements of the International accounting standards.

In respect of matters stated in paragraphs (a) and (b) above, had the provisions been made advances, prepayments and other receivables would have been reduced by Rs. 11.476 million, investments by Rs. 1.838 million, 'Available for sale investment' reserve by Rs. 3.037 million and profit for the year would convert into loss amounting to Rs. 13.393 million.



Qualified Conclusion

Based on our review, with the exception of the matters described in the paragraphs (a) and (b) above, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended December 31, 2010 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Without further qualifying our conclusion, we draw attention to the following matters;

a) The position of chief executive officer is vacant since October, 2008. The Modaraba last applied on March 31, 2010 to Securities and Exchange Commission of Pakistan (SECP) for approval of appointment of a chief executive officer which was declined by the SECP on October 29, 2010. Since then, Modaraba is in the process of selection for a suitable person for the said position.

b) The prospectus of the Modaraba does not allow investing in any business against the injunctions of Islam. However, the Modaraba has made an investment of Rs. 25 million in interest bearing term deposit receipts (TDRs) of commercial banks and also have investment of Rs. 2.85 million in non shariah compliant equity securities.

The financial statements for the year ended June 30, 2010 were audited by another firm of Chartered Accountants whose report dated October 08, 2010 contained a qualified opinion based on the matters already covered in our report above except for the emphasis of a matter paragraph (a) to our report on which the predecessor auditor qualified their report. Moreover, the retiring auditors had also included emphasis of matter paragraph on the going concern assumption of the Modaraba under section 23(1) (II) of Modaraba ordinance, 1980. However, as the Modaraba has no long term exposure, have earned profit during the year, have declared dividend, its current ratio is favourable and have sufficient liquid assets to carry out business, we have not considered it appropriate to include a similar paragraph in our report.

Chartered Accountants

Engagement Partner
Mushtaq Ali Hirani

Karachi
Dated: 28-02-2011



**CONDENSED INTERIM BALANCE SHEET(Un-Audited)
AS AT DECEMBER 31,2010**

	Note	Dec. 31 2010 (Unaudited)	June 30, 2010 (Audited)
ASSETS			
Current Assets			
Cash and bank balances	5	40,536,025	37,758,680
Investments	6	10,027,454	13,844,794
Musharika and morabaha finance	7	-	-
Ijarah rentals receivable	8	-	13,020
Advances, prepayments and other receivables	9	14,219,813	13,789,529
Accrued profit	10	283,997	485,928
Tax refundable		4,272,055	4,076,489
Total Current Assets		69,339,344	69,968,440
Non-current assets			
Long term deposits		45,000	45,000
Property and equipment - owned	11	165,870	197,094
Property and equipment -Ijarah	12	1,970,057	1,474,691
TOTAL ASSETS		71,520,271	71,685,225
LIABILITIES			
Current liabilities			
Current portion of ijarah deposits		111,000	331,850
Accrued and other liabilities		1,193,411	2,017,106
Unclaimed dividend		3,537,930	2,589,590
Total Current Liabilities		4,842,341	4,938,546
Non-current liabilities			
Long term ijarah deposits		721,390	433,990
TOTAL LIABILITIES		5,563,731	5,372,536
NET ASSETS		65,956,540	66,312,689
REPRESENTED BY			
Certificate Capital			
12,540,000 Modaraba Certificates of Rupees 10/- each		125,400,000	125,400,000
Statutory reserve		21,261,577	21,261,577
Accumulated loss		(77,667,912)	(77,311,763)
Unrealized loss on available for sale investment		(3,037,125)	(3,037,125)
		(80,705,037)	(80,348,888)
		65,956,540	66,312,689

Contingencies and commitments 13

The annexed notes form an integral part of these condensed interim financial information.

Statement under rule 12 (2) of the Modaraba Companies Rules, 1981:

These condensed interim financial information has been signed by three directors instead of chief executive officer and two directors as the management company has not yet appointed Chief Executive Officer.

DIRECTOR

DIRECTOR

DIRECTOR



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT(Un-Audited)
FOR THE HALF YEAR ENDED DECEMBER 31,2010**

Note	Half year ended		Quarter ended	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
INCOME				
Return on term deposit receipts and PLS accounts	2,434,457	424,573	1,242,162	404,338
Gain on sale of investments	1,626,226	3,590,441	1,337,288	3,160,413
Ijarah rentals	358,588	593,460	204,126	266,910
Dividend income	563,046	931,639	302,420	515,190
Other income	35,396	157,686	33,396	157,686
	5,017,713	5,697,799	3,119,392	4,504,537
Unrealized gain/(loss) on remeasurement of held for trading investments	380,197	(410,354)	901,016	(4,304,009)
Reversal / (provision) against doubtful receivables-net	496,377	4,217,884	476,377	(228,627)
	5,894,287	9,505,329	4,496,785	(28,099)
EXPENDITURE				
Amortization on ijarah assets	(241,784)	(411,158)	(158,148)	(185,614)
Administrative expenses	(2,177,202)	(1,810,789)	(1,513,852)	(1,341,676)
Workers welfare fund	(69,450)	(142,811)	(69,450)	(142,811)
	(2,488,436)	(2,364,758)	(1,741,450)	(1,670,101)
Profit/(loss) for the period Modaraba company's management fee	3,405,851	7,140,571	2,755,335	(1,698,200)
	-	(714,057)	-	-
Profit/(loss) before taxation	3,405,851	6,426,514	2,755,335	(1,698,200)
Provision for taxation	-	-	-	-
Profit/(loss) after taxation	3,405,851	6,426,514	2,755,335	(1,698,200)
Earnings per certificate	0.27	0.51	0.22	(0.14)

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CHAIRMAN

DIRECTOR

DIRECTOR



**CONDENSED INTERIM CASH FLOW STATEMENT(Un-Audited)
FOR THE HALF YEAR ENDED DECEMBER 31,2010**

	<u>Half Year Ended</u>	
	<u>Dec. 31,</u>	<u>Dec. 31,</u>
	<u>2010</u>	<u>2009</u>
Rupees.....	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,405,851	6,426,514
Adjustments for non-cash changes and other items:		
Dividend income	(563,046)	(931,639)
Unrealized (gain)/ loss on remeasurement of held for trading investments	(380,197)	410,354
Gain on sale of investments	(1,626,226)	(3,590,441)
Reversal of provision against doubtful receivables-net	(496,377)	(4,217,884)
Depreciation-owned	31,224	13,971
Amortization on ijarah assets	241,784	411,158
Gain on disposal- ijarah assets	-	(124,090)
Other income	-	(33,596)
	<u>(2,792,838)</u>	<u>(8,062,167)</u>
	613,013	(1,635,653)
 Cash flows before movements in working capital		
(Increase) / decrease in operating assets		
Musharika and morabaha finance	20,000	8,673,795
Ijarah rentals receivable	13,020	-
Advances, prepayments and other receivables	66,446	(1,884,246)
Accrued profit	201,931	1,969
Tax refundable	(195,566)	-
	<u>105,831</u>	<u>6,791,518</u>
 Increase/(decrease) in operating liabilities		
Ijarah deposits	66,550	(175,350)
Accrued and other liabilities	(823,695)	779,684
	<u>(757,145)</u>	<u>604,334</u>
Cash flows (used) in / generated from operations	(38,301)	5,760,199
Income tax paid	(26,316)	(79,662)
Dividend paid	(2,813,660)	(1,705)
Net cash (used) in / generated from operating activities	<u>(2,878,277)</u>	<u>5,678,832</u>



Half Year Ended
Dec. 31, **Dec. 31,**
2010 **2009**
.....Rupees.....

B. CASH FLOWS FROM INVESTING ACTIVITIES

Dividend received	569,009	963,283
Long term deposits paid	-	(7,500)
Investment encashed	5,823,763	16,275,719
Proceeds from disposal-ijarah assets	220,850	756,673
Purchase of own assets	-	(22,000)
Purchase of ijarah assets	(958,000)	-
Net cash generated from investing activities	<u>5,655,622</u>	<u>17,966,175</u>
 Net increase in cash and cash equivalents	2,777,345	23,645,007
 Cash and cash equivalents at beginning of the period	37,758,680	1,532,490
 Cash and cash equivalents at end of the period	<u><u>40,536,025</u></u>	<u><u>25,177,497</u></u>

The annexed notes form an integral part of these condensed interim financial information.

Statement under rule 12 (2) of the Modaraba Companies Rules, 1981:

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CHAIRMAN

DIRECTOR

DIRECTOR



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME(Un-Audited) FOR THE HALF YEAR ENDED DECEMBER 31,2010

	Half year ended		Quarter ended	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
 Rupees.....			
Profit/ (loss) for the period	3,405,851	6,426,514	2,755,335	(1,698,200)
Other comprehensive income for the half year ended December 31, 2010	-	-	-	-
Total comprehensive income / (loss) for the period	<u>3,405,851</u>	<u>6,426,514</u>	<u>2,755,335</u>	<u>(1,698,200)</u>

The annexed notes form an integral part of these condensed interim financial information.

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CHAIRMAN


DIRECTOR


DIRECTOR



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2010

	Certificate capital	Capital Statutory Reserve	Reserves		Total
			Unrealized loss on available for sale investments	Revenue Accumulated loss	
Balance at July 1, 2009	125,400,000	18,502,915	(3,037,125)	(81,449,756)	59,416,034
Profit for the half year ended December 31, 2009	-	-	-	6,426,514	6,426,514
Other comprehensive income for the half year ended December 31, 2009	-	-	-	-	-
Balance at December 31, 2009	125,400,000	18,502,915	(3,037,125)	(75,023,242)	65,842,548
Profit for the half year ended June 30, 2010	-	-	-	470,141	470,141
Other comprehensive income for the half year ended June 30, 2010	-	-	-	-	-
Transfer to statutory reserve	-	2,758,662	-	(2,758,662)	-
Balance at June 30, 2010	125,400,000	21,261,577	(3,037,125)	(77,311,763)	66,312,689
Distribution @ 3 % declared for the year ended June 30, 2010	-	-	-	(3,762,000)	(3,762,000)
Profit for the half year ended December 31, 2010	-	-	-	3,405,851	3,405,851
Other comprehensive income for the half year ended December 31, 2010	-	-	-	-	-
Balance at December 31, 2010	<u>125,400,000</u>	<u>21,261,577</u>	<u>(3,037,125)</u>	<u>(77,667,912)</u>	<u>65,956,540</u>

The annexed notes form an integral part of these condensed interim financial information.

Statement under rule 12 (2) of the Modaraba Companies Rules, 1981:

These condensed interim financial information has been signed by three directors instead of chief executive officer and two directors as the management company has not yet appointed Chief Executive Officer.


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DIRECTOR


DIRECTOR



**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL INFORMATION (Un-Audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2010**

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 First Pak Modaraba (the modaraba) is a multipurpose, perpetual Modaraba. The Modaraba is registered under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Modaraba Companies and Modaraba Rules, 1981 and is managed by Royal Management Services (Private) Limited, a company incorporated in Pakistan under the Companies Ordinance 1984. The Modaraba is listed on the Karachi, Lahore and Islamabad Stock Exchanges. The Modaraba is currently engaged in various modes of Islamic fundings and businesses which include leasing of assets, deployment of fund in musharika, morabaha and investment in securities. Its registered office is situated at Office No. 54, Ground Floor, Beverly Centre, 56-G, Blue Area, Islamabad.

1.2 The condensed interim financial information is presented in Pak Rupees, which is the Modaraba's functional and presentation currency.

1.3 These condensed interim financial information comprise of condensed interim balance sheet, condensed interim profit and loss, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with selected explanatory notes forming part thereof. The disclosures made in these condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34, 'Interim Financial Reporting'. It does not include all the information and disclosures made in the annual published audited financial statements and should be read in conjunction with the annual audited financial statements of the Modaraba for the year ended June 30, 2010.

This condensed interim financial information is unaudited. However, limited scope review has been performed by the statutory auditors in accordance with the requirements of the provisions of the Code of Corporate Governance and these condensed interim financial information are being circulated to the certificate holders as required under the Modaraba Companies and Modaraba Rules, 1981.

2. Standards and Interpretations adopted with no effect on the financial statements

In the current period, the Modaraba has adopted all new Standards issued by the IASB and as notified by the Securities and Exchange Commission of Pakistan (SECP) that are effective for Moradaba's accounting period beginning on July 01, 2010.

	Effective for accounting period beginning on or after
- IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations	January 01, 2010
- IFRS 2 - Share based Payment	January 01, 2010
- IAS 7 - Statement of Cash Flows	January 01, 2010
- IAS 24 - Related Party Disclosures	January 01, 2010

Adoption of above mentioned new standards will have no material impact on the Modaraba's financial information.

New accounting standards and IFRS interpretations that are not yet effective

- IFRS 9 - Financial Instruments	January 01, 2013
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IFRS 9 specifies how an entity should classify and measure its financial assets. It requires all financial assets to be classified in their entirety on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are measured either at amortized cost or fair value. The adoption of this standard would affect the recognition and classification of existing financial assets.

The Modaraba anticipate that these amendments will be adopted in the modaraba's financial statements on the effective date.



3. BASIS OF PREPARATION

These condensed interim financial information have been prepared under the historical cost convention, except for certain investments which have been measured at fair value.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed in the preparation of these condensed interim financial information are the same as those applied in preparing the annual audited financial statements for the year ended June 30, 2010.

	Note	Half year ended Dec. 31, 2010 (Un-audited) (Rupees)	Year ended June 30, 2010 Audited (Rupees)
5. CASH AND BANK BALANCES			
Cash in hand		445	4,230
Cash at banks			
Current accounts		20,746	19,446
Saving accounts	5.1	10,514,834	4,735,004
Term deposits	5.2	30,000,000	33,000,000
		<u>40,535,580</u>	<u>37,754,450</u>
		<u>40,536,025</u>	<u>37,758,680</u>

5.1 Effective mark-up rate in respect of PLS accounts ranges from 4% to 11.5% (June 2010: 3% to 11.5%) per annum.

5.2 Effective mark-up rate in respect of term deposit accounts ranges from 12.90% to 14.25% (June 2010: 12.75% to 14.25%) per annum.

6. INVESTMENTS

Unless stated otherwise, the holdings are in the fully paid ordinary shares/ certificates/ units of Rs 10/- each.

Available for sale	6.1	1,837,875	1,837,875
Held for trading at fair value through profit or loss account	6.2	8,189,579	12,006,919
		<u>10,027,454</u>	<u>13,844,794</u>

**FIRST PAK MODARABA****6.1 Available-for-sale**

Half year ended Dec. 31, 2010	Year ended June 30, 2010	Name of Company	Half year ended Dec. 31, 2010 (Un-audited) (Rupees)	Year ended June 30, 2010 (Audited) (Rupees)
		Number of shares		
		Name of investee		
		Unquoted securities		
		Prudential Securities Limited	4,875,000	4,875,000
487,500	487,500	Cost	<u>(3,037,125)</u>	<u>(3,037,125)</u>
		Less: Fair value adjustments	<u>1,837,875</u>	<u>1,837,875</u>

6.2 Held for trading at fair value through Profit & Loss Account

Number of Certificates/ Shares/units				
Open-end Mutual Funds				
100,809	100,809	National Investment Trust Limited (Face value of certificate Rs.100/- each)	3,167,419	2,825,677
22,471	10,171	JS Aggressive Asset Allocation Fund	508,294	433,895
Financial Services				
17,500	20,000	Jahangir Siddiqui & Co.	190,750	252,800
10,000	10,000	JS Investments Limited	66,800	74,600
40,000	40,000	Invest Capital Investment Bank Limited	31,200	34,000
Banks				
905,318	905,318	Silkbank Limited	2,371,933	2,453,412
2,500	5,000	Bank of Punjab	24,525	50,400
-	1,500	National Bank of Pakistan	-	96,150
-	9,000	Bank Alfalah Limited	-	85,140
Non Life Insurance				
2,500	2,500	Pakistan Reinsurance Company Limited	40,625	42,800
Pharma And Bio Tech				
2,012	3,012	GlaxoSmithkline Pakistan Limited	177,438	244,394
Personal Goods				
5,447	20,447	Nishat Mills Limited	349,534	881,674
9,000	14,000	Azgard Nine Limited	86,940	156,240
1,650	1,650	Nishat (Chunian) Limited	34,650	28,479
Construction & Materials				
1,000	2,500	Lucky Cement Limited	75,790	155,350
-	8,000	D.G. Khan Cement Company Limited	-	188,960
-	5,000	Fauji Cement Company Limited	-	22,750
Electricity				
1,500	1,500	Kot Addu Power Company Limited	61,020	62,610
Oil And Gas				
1,306	9,500	National Refinery Limited	357,571	1,737,075
-	4,000	Attock Refinery Limited	-	322,240
5,000	-	Byco Petroleum Pakistan Limited	56,350	-

**FIRST PAK MODARABA**

Half year ended Dec. 31, 2010	Year ended June 30, 2010	Name of Company	Half year ended Dec. 31, 2010 (Un-audited) (Rupees)	Year ended June 30, 2010 (Audited) (Rupees)
		Name of investee		
		Fixed Line Telecommunication		
-	5,000	Pakistan Telecommunication Company Limited	-	89,000
Chemicals				
-	1,160	Fauji Fertilizer Bin Qasim Limited	-	30,207
1,000	6,000	Engro Corporation Limited	193,810	1,041,481
Beverages				
5,000	5,000	Shakarganj Foods Limited	9,100	5,600
General Industrials				
-	5,130	EcoPack Limited	-	12,261
3,000	5,500	Packages Limited	385,830	651,750
Suspended / Delisted Company				
120,000	120,000	Prudential Investment Bank Limited	-	-
279,749	279,749	Pakistan Industrial and Commercial Leasing Limited	-	27,975
			<u>8,189,579</u>	<u>12,006,919</u>

	Note	Half year ended Dec. 31, 2010 (Un-audited) (Rupees)	Year ended June 30, 2010 (Audited) (Rupees)
7. MUSHARAKA AND MURABAHA FINANCE			
Musharika finance - Unsecured		9,000,000	9,000,000
Morabaha finance - Unsecured		15,319,705	15,339,705
		<u>24,319,705</u>	<u>24,339,705</u>
Less: Provision for doubtful musharika and morabaha finance	7.1	(24,319,705)	(24,339,705)
		<u>-</u>	<u>-</u>

7.1 Movement of provision

Opening balance	24,339,705	30,372,530
Reversals during the year	(20,000)	(6,032,825)
Closing balance	<u>24,319,705</u>	<u>24,339,705</u>

**FIRST PAK MODARABA**

	Note	Half year ended Dec. 31, 2010 (Un-audited) (Rupees)	Year ended June 30, 2010 Audited (Rupees)
8. IJARAH RENTALS RECEIVABLE			
Considered good		-	13,020
Considered doubtful		230,542	230,542
		230,542	243,562
Less: Provision for doubtful receivables		(230,542)	(230,542)
		-	13,020

9. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES**Considered good**

Advance

Tax		669,669	640,566
Staff		29,000	55,000
Deposit		1,000,000	1,000,000
Prepayments		111,719	14,435
Receivables			
Against sale of shares		10,667,192	11,779,970
Others	9.1	1,742,233	775,935
		14,219,813	14,265,906

Less: Provision for doubtful receivables 9.2 - (476,377)

14,219,813 13,789,529

9.1 It includes Rs.1,663,438 receivable from the Management Company against various expenses paid on behalf of it.

9.2 Movement of provision

Opening balance		476,377	89,729
Charged during the period		-	476,377
Written off during the period		-	(89,729)
Reversals during the year		(476,377)	-
Closing balance		-	476,377

10. ACCRUED PROFIT**Considered good**

Term deposit receipts		283,997	485,928
Musharaka and murabaha finances		13,598,917	13,598,917
		13,882,914	14,084,845
Less: Provision for doubtful receivables		(13,598,917)	(13,598,917)
		283,997	485,928

**FIRST PAK MODARABA****11. PROPERTY AND EQUIPMENT****- Own**

Following addition in assets in own use was made during the period: -

	Additions	
	Half year ended Dec. 31, 2010 (Rupees)	Half Year ended Dec. 31, 2009 (Rupees)
Office equipment	-	22,000

There was no disposal during the period ended December 31, 2010 and December 31, 2009

12. PROPERTY, PLANT AND EQUIPMENT**- Leased / Ijarah**

Following additions and disposals in assets leased out, were made during the period: -

	Additions		Disposals (W.D.V)	
	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2010	Dec. 31, 2009
Rupees.....			
Vehicles	958,000	-	(50,850)	(916,815)
Plant and machinery	-	-	(170,000)	-
	958,000	-	(220,850)	(916,815)

13. CONTINGENCIES AND COMMITMENTS

There are no changes in contingencies and commitments as disclosed in annual audited financial statements for the year ended June 30, 2010

14. MODARABA COMPANY'S MANAGEMENT FEE

The provision of management fee is calculated @ 10% on profit before tax, management company currently intend to waive the management fee for the year ending June 30, 2011, therefore, no provision of management fee has been made during the period.

15. TAXATION

The income of the modaraba is exempt from tax, provided not less than 90% of their profits are distributed to the certificate holders. The Management Company intends to distribute 90% of the profit based on annual profit. The Modaraba is also exempt from the provisions of section 113 (minimum tax) under clause 11 of Part IV of the Second Schedule of the Income Tax Ordinance, 2001.



16. RELATED PARTY TRANSACTIONS

The related parties comprise of associated undertakings, directors of the Modaraba Management Company. The Modaraba, in the normal course of business carries out transactions with these related parties. Significant transactions with related parties are as follows: -

Relationship with the Company	Nature of Transactions	Unaudited December 31, 2010 Rupees	Unaudited December 31, 2009 Rupees
Modaraba company	Management fee	-	714,082
	Receivable against expenses paid on behalf of the management company	1,663,438	-
	Dividend paid	338,580	-
Associated company	Expenses incurred on common facility of utilities used	76,625	210,000
Other related party	Contribution to employees of providend fund	15,480	13,143

17. DATE OF AUTHORISATION OF ISSUE

These condensed interim financial information has been authorized for issue on 28-02-2011 by the Board of Directors of the Royal Management Services (Private) Limited.

18. GENERAL

Figures have been rounded off to the nearest Rupee.

Statement under rule 12 (2) of the Modaraba Companies Rules, 1981:

These condensed interim financial information has been signed by three directors instead of chief executive officer and two directors as the management company has not yet appointed Chief Executive Officer.


CHAIRMAN


DIRECTOR


DIRECTOR