

**CORPORATE INFORMATION**

| | |
|--|--|
| BOARD OF DIRECTORS | M r. AbdulHam eed Khan -Chaim an M r. M oham m ad M ushanafKhan -D iector /ChiefExecutive O ffer M r. Am irM ehm ood -D iector (Subjct to approvalfrom the RegistrarM odaraba) |
| AUDIT COMMITTEE | M r. Am irM ehm ood -Chaim an (Subjct to approvalfrom the RegistrarM odaraba) M r. AbdulHam eed Khan -M em ber |
| HUMAN RESOURCE AND REMUNERATION COMMITTEE | M r. AbdulHam eed Khan -Chaim an M r. M oham m ad M ushanafKhan -M em ber M r. Am irM ehm ood-M em ber (Subjct to approvalfrom the RegistrarM odaraba) |
| SHARIAH ADVISOR | M ufiM uham m ad Ibrahim Essa |
| COMPANY SECRETARY | M r. M oham m ad M ushanafKhan |
| CHIEF FINANCIAL OFFICER | M r. M ehfooz A . Shakoor |
| BANKERS | BurjBank Lim ited Habib Bank Ltd. (Islam ic Banking) A baraka Bank (Pakistan) Ltd. FaysalBank Lim ited |
| AUDITORS | Rahm an Sarfaraz Rahim IqbalRafiq Chartered Accountants |
| LEGAL ADVISOR | M uham m ad ZubairQ ureshy & Co. |
| MANAGEMENT COMPANY | M /s RoyalM anagem entServices (Pvt.) Lim ited |
| REGISTERED OFFICE | O ffice No. 54, Ground Floor, Beverby Centre, 56-G, B lie Area, Islam abad |
| KARACHI OFFICE | O ffice No. A-601-602, 6th Floor, Lakson Square Building No.3, SawarShaheed Road, Karachi- 74200, Tel: 92-21-35643086-87, Fax: 92-21-35643283 |
| SHARE REGISTRAR | Shares & Corporate Services (Pvt.) Lim ited, M ehersons Estate, 1st Floor, B bck-E, TajpurRoad, Karachi- 74000 Tel: 021 -32401634 |

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**DIRECTORS' REPORT**

The Board of Directors of Royal Management Services (Pvt.) Limited, the Management Company of First Pak Modaraba are pleased to present un-audited condensed Interim Financial Statements reviewed by External Auditor for the period ended December 31, 2013, as required under section 245 of the Companies Ordinance 1984, prepared in accordance with the requirements of the International Accounting Standard-34 "Interim Financial Reporting" as applicable in Pakistan.

KEY OPERATING FINANCIAL HIGHLIGHTS

| | (Rupees in million) | |
|---|---------------------|------------------|
| | Half Year ended | |
| | December 2013 | December 2012 |
| - Total income from operations | 2.946 | 3.358 |
| - Operating expenses | 2.089 | 2.174 |
| - Operating profit for the period | 0.857 | 1.185 |
| - Un-realized Loss on re-measurement of investments | (0.112) | (0.102) |
| - Other comprehensive income | - | - |
| - Net profit for the period | 0.745 | 1.001 |
| - Earning per certificate – Re. | 0.06 | 0.08 |

REVIEW OF OPERATIONS

During the six months period under review, the gross operating income decreases to Rs. 2.946 million as compared to Rs. 3.358 million in corresponding period last year, which resulted in reduction of profit for the period from Rs.1.001 million to Rs.0.745 million. Modaraba is planning to build a strong ijazah and diminishing musharka portfolio in the current financial year. During the period under review Modaraba has disbursed Rs.10.0 million against Diminishing Musharka. Modaraba has also structured an investment portfolio consisted of blue chip shares that has already started yielding returns. Management is now focused on curbing the operating expenses of the Modaraba by the end of the current financial year.

On January 6, 2014 the Registrar Modaraba, Securities & Exchange Commission of Pakistan, in order to ensure compliance of Section 199 of the Companies Ordinance 1984, has accorded his approval for appointment of Mr. Muhammad Musharaf Khan, Director as Chief Executive Officer of Royal Management Services (Pvt.) Limited, managers of First Pak Modaraba for a period of six months as a stop gap management.

Observations of External Auditors

- The amount outstanding on account of Prudential Securities Limited (PSL) is still recoverable. Modaraba has lodged claim with Karachi Stock Exchange (KSE). The management is confident to recover full amount as the Modaraba has also sign an agreement to purchase offered land at Narowal, the original title documents are in custody of the Modaraba.
- The amount under the head "Advances, prepayments and other receivables" include balance amounting to Rs.1.0 million against sale proceeds of various equity investments due from Pearl Capital Management Limited (PCML). PCML gave cheques for the settlement of above balance, but subsequently those were bounced. The Modaraba is preparing to file criminal complaint against the signatories of the cheques.
- The amount under the head "investment" includes an amount of 1.838 million in Prudential Securities Limited (PSL) an unlisted public company. The latest Audited Financial Statements of PSL is not available to determine the 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.

**Acknowledgement**

The Board of Directors expresses their special thanks for the continuous guidance and support extended by the Registrar Modaraba, other officials of Securities & Exchange Commission of Pakistan, The Karachi, Lahore and Islamabad Stock Exchanges. The Board is also thankful to its Certificate Holders for reposing their confidence in the Management of the Modaraba and appreciates the hard work and dedication of staff of the Modaraba.

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

Chief Executive Officer

Karachi
Dated: 27-02-2014



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

Introduction

We have reviewed the accompanying condensed interim balance sheet of **First Pak Modaraba** (the Modaraba) as at December 31, 2013 and the related condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year 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 for the quarter ended December 31, 2013 and December 31, 2012 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2013.

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 bng outstanding balance of Rs.10.476 m illbn (refer note 9.2 to the interim financial information) receivable on account of stock market transactions and Rs.1 m illbn (refer note 9.1 to the interim financial information) as deposit on account of security paid against trading in shares. These amounts are due from Prudential Securities Limited (PSL). Operations of PSL have been ceased by Karachi and Lahore Stock Exchanges and the Modaraba has filed claim with Karachi Stock Exchange for these amounts. In our opinion, there is very remote chance of recoverability of Rs.11.476 m illbn; however no provision has been made by the Modaraba for doubtful recoveries of these amounts.

b) Advances, deposits, prepayments and other receivables also include another balance from Pearl Capital Management Limited (PCML) - a broker, amounting to Rs.999,832 (refer note 9.3 to the financial statements). Operations of the broker have been ceased by the Karachi Stock Exchange Limited (KSE). Even though KSE invited claims against PCML, the Modaraba has not filed a claim for recovery. In our opinion there is a remote chance for the recovery of the said balance, however no provision has been made by the Modaraba for doubtful recovery of this advance.

c) Investments include investment of Rs.4.875 m illbn (refer note 6.1 to the interim financial information) in shares of Prudential Securities Limited (PSL) - an unlisted public company; classified as available for sale carried at Rs.1.838 m illbn against which an unrealized loss on revaluation of Rs.3.037 m illbn is reflected in reserves. The operations of PSL have been ceased which indicates a significant and prolonged decline in the fair value of this investment below its carrying value resulting in an objective evidence of impairment; therefore, in our opinion this investment should be fully impaired. However, no impairment has been made in respect of carrying amount of Rs.1.838 m illbn and unrealized loss on revaluation of Rs.3.037 m illbn 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), (b) and (c), had the provision been made "advances, prepayments and other receivables" would have been reduced by Rs.12.476 m illbn, investments by Rs.1.838 m illbn, unrealized loss on "Available for sale investment" by Rs.3.037 m illbn and profit for the period would have converted into a loss of Rs.16.606 m illbn.

Qualified Conclusion

Based on our review, with the exception of the matters described in the paragraphs (a) (b) and (c) 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, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matters

We draw attention to the following matters:

- ∕ The Modaraba incurred expenditure of Rs.0.886 m illbn on behalf of the Management Company and disclosed as other receivable which is in contravention of the Section 17 of Modaraba Companies and Modaraba (Fbatation and Control) Ordinance.
- ∕∕ Towards note 1.2 to interim financial information regarding appointment of Administrator in place of Modaraba Company in terms of Modaraba Ordinance by Securities and Exchange Commission of Pakistan (SECP) which is pending in the Sindh High Court and its outcome is not ascertainable at present. The High Court has granted stay in its order no C.P.3158 /2010 dated November 4, 2010.

Our conclusion is not qualified in respect of paragraphs (i) and (ii) above.

Other Matter

The financial statements of the Modaraba for the six months ended December 31, 2012 and for the year ended June 30, 2013 were reviewed and audited respectively by another firm of Chartered Accountants, whose review report dated February 28, 2013 and audit report dated October 10, 2013 expressed a modified conclusion and modified opinion on those statements respectively.

Karachi

Dated: 27.02.2014

Rahman Sarfaraz Rahim Iqbal Rafiq

Chartered Accountants

Engagement Partner: **Muhammad Waseem**



CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2013

| ASSETS | Note | (Unaudited) Dec. 31 2013 | (Audited) June 30, 2013 |
|--|------|--------------------------------|-------------------------------|
| | |Rupees..... | |
| Current Assets | | | |
| Cash and Bank Balances | 5 | 30,994,833 | 48,371,514 |
| Investments | 6 | 15,361,706 | 10,843,216 |
| Modaraba finance | 7 | - | - |
| Ijrah rentals receivable | 8 | 124,160 | 74,496 |
| Advances, prepayments and other receivables | 9 | 17,496,029 | 13,999,234 |
| Tax refundable-considered good | | 4,889,437 | 4,889,437 |
| Total Current Assets | | 68,866,165 | 78,177,897 |
| Non-current Assets | | | |
| Property and equipment-Ijrah | 10 | 287,400 | 324,659 |
| Property and equipment-owned | 11 | 125,513 | 123,107 |
| Dining M usharka | 12 | 9,000,000 | - |
| Advances and deposits | | 45,750 | 45,750 |
| Total Non-Current Assets | | 9,458,663 | 493,516 |
| TOTAL ASSETS | | 78,324,828 | 78,671,413 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Current portion of ijrah deposits | | 287,400 | 287,400 |
| Accrued and other liabilities | | 772,594 | 949,562 |
| Unclaimed profit distribution | | 4,719,335 | 4,129,447 |
| Total Current Liabilities | | 5,779,329 | 5,366,409 |
| Non-Current liabilities | | | |
| Long term ijrah deposits | | - | - |
| TOTAL LIABILITIES | | 5,779,329 | 5,366,409 |
| NET ASSETS | | 72,545,499 | 73,305,004 |
| REPRESENTED BY | | | |
| Certificate Capital | | | |
| 12,540,000 Modaraba Certificates of Rupees 10/- each | | 125,400,000 | 125,400,000 |
| Statutory reserve | | 24,865,660 | 24,716,601 |
| Accumulated loss | | (74,683,036) | (73,774,472) |
| Unrealized loss on available for sale investments | | (3,037,125) | (3,037,125) |
| | | 72,545,499 | 73,305,004 |

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

This condensed interim financial information has been signed by Chief Executive Officer and one director instead of two directors as appointment of other director is in process.

CHIEF EXECUTIVE OFFICER

DIRECTOR



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT(Un-Audited)
FOR THE HALF YEAR ENDED DECEMBER 31,2013**

| Note | Half year ended | | Quarter ended | |
|---|--------------------|--------------------|--------------------|--------------------|
| | December 31, 2013 | December 31, 2012 | December 31, 2013 | December 31, 2012 |
| | Rupees..... | | | |
| INCOME | | | | |
| Return on term deposit receipts and PLS accounts | 1,735,723 | 2,196,677 | 793,444 | 1,120,145 |
| Income on Dividends M usharka | 29,961 | - | 29,961 | - |
| Gain on sale of investments | 946,378 | 550,100 | 261,495 | 310,771 |
| Ijarah rentals | 49,664 | 148,992 | - | 74,496 |
| Dividend income | 179,859 | 462,487 | 132,714 | 109,638 |
| Other Income | 4,500 | - | 4,500 | - |
| | <u>2,946,085</u> | <u>3,358,256</u> | <u>1,222,114</u> | <u>1,615,050</u> |
| Unrealized (loss) / gain on rem easurement of investments carried at fair value through profit and loss | (111,859) | (102,148) | 928,349 | 110,252 |
| | <u>2,834,226</u> | <u>3,256,108</u> | <u>2,150,463</u> | <u>1,725,302</u> |
| EXPENDITURE | | | | |
| Depreciation on ijarah assets | (37,259) | (111,767) | - | (55,884) |
| Administrative expenses | (2,037,080) | (2,040,454) | (1,307,101) | (1,373,635) |
| Workers welfare fund | (14,592) | (21,645) | (14,592) | (21,645) |
| | <u>(2,088,931)</u> | <u>(2,173,866)</u> | <u>(1,321,693)</u> | <u>(1,451,164)</u> |
| | 745,295 | 1,082,242 | 828,770 | 274,138 |
| Modaraba company's management fee | 13 | - | - | - |
| Profit before taxation | 745,295 | 1,082,242 | 828,770 | 274,138 |
| Provision for taxation | - | (80,908) | - | (80,908) |
| Profit after taxation | <u>745,295</u> | <u>1,001,334</u> | <u>828,770</u> | <u>193,230</u> |
| Other Comprehensive income | - | - | - | - |
| Total comprehensive income for the period | <u>745,295</u> | <u>1,001,334</u> | <u>828,770</u> | <u>193,230</u> |
| Earnings per certificate | <u>0.06</u> | <u>0.08</u> | <u>0.07</u> | <u>0.02</u> |

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

This condensed interim financial information has been signed by Chief Executive Officer and one director instead of two directors as appointment of other director is in process.

CHIEF EXECUTIVE OFFICER

DIRECTOR



**CONDENSED INTERIM CASH FLOW STATEMENT(Un-Audited)
FOR THE HALF YEAR ENDED DECEMBER 31,2013**

| | Half Year Ended | |
|--|---------------------|-------------------|
| | Dec. 31, 2013 | Dec. 31, 2012 |
| |Rupees..... | |
| A. CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 745,295 | 1,082,243 |
| Adjustments for non-cash changes and other items: | | |
| Gain on sale of investments | (946,378) | (550,100) |
| Dividend income | (179,859) | (462,487) |
| Unrealized loss / (gain) on rem easurement of held for trading investments | 111,859 | 102,148 |
| Gain on disposal of own assets | (4,500) | - |
| Reversal against doubtful receivables-net | - | - |
| Amortization on ijarah assets | 37,259 | 111,767 |
| Depreciation-own assets | 26,609 | 30,992 |
| | <u>(955,010)</u> | <u>(767,680)</u> |
| | <u>(209,715)</u> | <u>314,563</u> |
| Cash flows before movements in working capital | | |
| (Increase) / decrease in operating assets | | |
| Dividends M usharka | (9,000,000) | - |
| Ijarah rentals receivable | (49,664) | (74,496) |
| Advances, prepayments and other receivables | <u>(3,496,480)</u> | <u>1,314,882</u> |
| | <u>(12,546,144)</u> | <u>1,240,386</u> |
| Increase / (decrease) in operating liabilities | | |
| Accrued and other liabilities | (176,968) | (678,581) |
| Cash generated from / (used in) from operations | <u>(12,932,827)</u> | <u>876,368</u> |
| Income tax paid | (315) | (35,194) |
| Net cash (used in) / generated from operating activities | <u>(12,933,142)</u> | <u>841,174</u> |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Dividend received | 179,859 | 462,483 |
| Investment proceeds -net | (3,683,971) | 35,983,668 |
| Proceed on disposal of own asset | 4,500 | - |
| Purchase of own assets | (29,015) | (30,900) |
| Net cash (used in) / generated from investing activities | <u>(3,528,627)</u> | <u>36,415,251</u> |



| | Half Year Ended | |
|--|------------------|---------------|
| | Dec. 31, 2013 | Dec. 31, 2012 |
| |Rupees..... | |

C CASH FLOWS FROM FINANCING ACTIVITIES

| | | |
|--|-------------------|-------------------|
| Profit distribution | (914,912) | (825,401) |
| Net cash used in financing activities | (914,912) | (825,401) |
| Net (decrease) / increase in cash and cash equivalents (A+B+C) | (17,376,681) | 36,431,024 |
| Cash and cash equivalents at beginning of the period | 48,371,514 | 9,086,062 |
| Cash and cash equivalents at end of the period | <u>30,994,833</u> | <u>45,517,086</u> |

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

This condensed interim financial information has been signed by Chief Executive Officer and one director instead of two directors as appointment of other director is in process.

CHIEF EXECUTIVE OFFICER

DIRECTOR

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

| | Certificate capital | Capital Statutory Reserve | Reserves | | | Total |
|---|---------------------|---------------------------|---|--------------------------|--------------|-------------|
| | | | Unrealized loss on Available for sale investments | Revenue Accumulated loss | Sub total | |
| Balance at July 1, 2012 | 125,400,000 | 24,325,280 | (3,037,125) | (73,834,955) | (76,872,080) | 72,853,200 |
| Profit for the half year ended Decem ber 31, 2012 | - | - | - | 1,001,334 | 1,001,334 | 1,001,334 |
| Other comprehensive income for the half year ended Decem ber 31, 2012 | - | - | - | - | - | - |
| Distribution @ 1.2 % declared for the year ended June 30, 2012 | - | - | - | (1,504,800) | (1,504,800) | (1,504,800) |
| Balance at Decem ber 31, 2012 | 125,400,000 | 24,325,280 | (3,037,125) | (73,834,955) | (76,872,080) | 72,853,200 |
| Balance at Decem ber 31, 2012 | 125,400,000 | 24,325,280 | (3,037,125) | (74,338,421) | (77,375,546) | 72,349,734 |
| Profit for the half year ended June 30, 2013 | - | - | - | 955,270 | 955,270 | 955,270 |
| Other comprehensive income for the half year ended June 30, 2013 | - | - | - | - | - | - |
| Transfer to statutory reserves | - | 391,321 | - | (391,321) | (391,321) | - |
| Balance at June 30, 2013 | 125,400,000 | 24,716,601 | (3,037,125) | (73,774,472) | (76,811,597) | 73,305,004 |
| Profit for the half year ended Decem ber 31, 2013 | - | - | - | 745,295 | 745,295 | 745,295 |
| Other comprehensive income for the half year ended Decem ber 31, 2013 | - | - | - | (149,059) | (149,059) | (149,059) |
| Transfer to Statutory Reserves | - | 149,059 | - | (149,059) | (149,059) | - |
| Distribution @ 1.2 % declared for the year ended June 30, 2013 | - | - | - | (1,504,800) | (1,504,800) | (1,504,800) |
| Balance at Decem ber 31, 2013 | 125,400,000 | 24,865,660 | (3,037,125) | (74,683,036) | (77,720,161) | 72,545,499 |

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

This condensed interim financial information has been signed by Chief Executive Officer and one director instead of two directors as appointment of other director is in process.

CHIEF EXECUTIVE OFFICER

DIRECTOR



NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013

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 (Formation 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 ijrah financing, deployment of fund in musharaka, morabaha and investment in securities. Registered office of the Modaraba is situated at Beverly Centre, 56-G, Blue Area, Islamabad.

1.2 In pursuance of a show cause notice dated July 09, 2010 and July 22, 2010 issued to the Royal Management Services (Private) Limited (RMSL) and after taking approval from the Securities and Exchange Commission of Pakistan (SECP) under section 20 (2) of the Modaraba Ordinance, 1980, the Registrar Modarabas passed an order dated October 28, 2010 under section 20 (1)(a)(iii) to remove the Modaraba Company, Royal Management Services (Private) Limited (RMSL) and appointed another Modaraba Management Company as Administrator to takeover and manage the affairs of Modaraba in place of RMSL. RMSL has challenged the order in the Sindh High Court (the Court) and the Court has suspended the said order of the Registrar Modarabas via its order no. C.P. 3158/2010 dated November 4, 2010 till the decision of the case with the remarks that the order was passed without giving opportunity of fair trial in terms of Article 10-A of the Constitution of Pakistan. The matter is pending in the High Court of Sindh.

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

2. STATEMENT OF COMPLIANCE

2.1 These condensed interim financial information comprise of condensed interim balance sheet, condensed interim profit and loss, 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, 2013.

2.2 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.

3. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

3.1 The accounting policies and the methods of computation adopted for the preparation of this condensed interim financial information are the same as those applied in preparing the financial statements of the Modaraba for the year ended June 30, 2013.

3.2 The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 30 June 2013.



3.3 Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Modaraba's operations and did not have any impact on the accounting policies of the Modaraba except where changes affected presentation and disclosures in this condensed interim financial information.

4. 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/equity method.

5 CASH AND BANK BALANCES

| Note | Dec. 31, 2013 (Un-audited) (Rupees) | June 30, 2013 Audited (Rupees) |
|------|--|---|
| | 2,660 | 940 |
| | 1,023,312 | 3,904,172 |
| 5.1 | 29,968,861 | 44,466,402 |
| | 30,992,173 | 48,370,574 |
| | 30,994,833 | 48,371,514 |

5.1 Effective mark-up rate in respect of saving accounts ranges from 5% to 8.85% (June 2013: 5% to 10.25%) per annum.

6 INVESTMENTS

| | | | |
|--|-----|------------|------------|
| Available for sale | 6.1 | 1,837,875 | 1,837,875 |
| Investments carried at fair value through profit or loss | 6.2 | 13,523,831 | 7,655,341 |
| Loan and receivables | 6.3 | - | 1,350,000 |
| | | 15,361,706 | 10,843,216 |

6.1 Available for sale

Fully paid ordinary shares of Rs. 10/- each

| Half year ended Dec. 31, 2013 | Year ended June 30, 2013 | Name of Company | Half year ended Dec. 31, 2013 (Un-audited) (Rupees) | Year ended June 30, 2013 Audited (Rupees) |
|-------------------------------------|--------------------------------|-------------------------------|---|---|
| | | Number of shares | | |
| | | Unquoted securities | | |
| | | Prudential Securities Limited | | |
| 487,500 | 487,500 | Cost | 4,875,000 | 4,875,000 |
| | | Less: Fair value adjustments | (3,037,125) | (3,037,125) |
| | | | 1,837,875 | 1,837,875 |

**6.2 Held for trading at fair value through profit or loss**

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

| Half year ended Dec. 31, 2013 | Year ended June 30, 2013 | Name of Company | Half year ended Dec. 31, 2013 (Un-audited) (Rupees) | Year ended June 30, 2013 Audited (Rupees) |
|---|--------------------------------|---|---|---|
| Number of Shares / Units Quoted securities | | | | |
| Open-end Mutual Funds | | | | |
| - | 30,621 | MCB Islamic Income Fund Type-A (Face value of certificate Rs.100/- each) | - | 3,118,901 |
| Oil and gas | | | | |
| 3,200 | - | Pakistan Petroleum Limited | 684,672 | - |
| 2,000 | 1,000 | Attock Refinery Limited | 415,340 | 172,550 |
| - | 1,000 | Mari Petroleum Company Limited | - | 136,570 |
| Chemicals | | | | |
| 22,500 | 60,000 | Fauji Fertilizer Bin Qasim Limited | 1,204,775 | 2,252,400 |
| 4,000 | 3,000 | Fauji Fertilizer Company Limited | 447,840 | 322,290 |
| Construction and materials | | | | |
| 41,000 | 6,000 | D.G. Khan Cement Company Limited | 3,514,930 | 502,140 |
| 7,200 | - | Kohat Cement Limited | 703,944 | - |
| 20,000 | - | Maple Leaf Cement Factory Limited | 548,600 | - |
| 5,000 | - | Chehat Cement | 316,450 | - |
| Food Producers | | | | |
| 22,000 | 4,000 | Engro Foods Limited | 2,297,680 | 563,080 |
| Personal Goods | | | | |
| - | 1,000 | Nishat (Chunian) Limited | - | 94,210 |
| Software and Computer services | | | | |
| 5,000 | - | NetSol Technologies | 220,150 | - |
| Fixed Line Telecommunication | | | | |
| 10,000 | - | Pakistan Telecommunication Limited | 284,400 | - |
| Electricity | | | | |
| 35,000 | 8,000 | The Hub Power Company Limited | 2,125,200 | 493,200 |
| 35,000 | - | Pakgen Power | 759,850 | - |
| Suspended / Delisted Company | | | | |
| 120,000 | 120,000 | Prudential Investment Bank Limited | - | - |
| 279,749 | 279,749 | Pakistan Industrial & Commercial Leasing Limited | - | - |
| | | | <u>13,523,831</u> | <u>7,655,341</u> |



| Note | Half year ended Dec. 31, 2013 (Un-audited) (Rupees) | Year ended June 30, 2013 Audited (Rupees) |
|---|---|---|
| 6.2.1 Unrealized loss on changes in fair value of held for trading investments | | |
| | 13,635,690 | 7,719,250 |
| | (111,859) | (63,909) |
| | <u>13,523,831</u> | <u>7,655,341</u> |

6.3 Loans and receivables

| | | | |
|---------------------|-------|----------|------------------|
| - Other receivables | 6.3.1 | - | 1,350,000 |
| | | <u>-</u> | <u>1,350,000</u> |

6.3.1 The represent investments made in the term finance certificate of Invest Capital Investment Bank Limited (ICIBL). The management of the Modaraba on April 30, 2012 entered in to a settlement agreement with the ICIBL against total outstanding balance of Rs. 5,000,000. As per revised terms the ICIBL paid Rs. 500,000/- at the time of execution and signing the agreement and remaining investment to be paid in 20 equal installments; now as on balance sheet date all 20 installments have been received.

7 MORABAHA FINANCE

| | | | |
|---|-----|--------------|--------------|
| Morabaha finance - Unsecured | 7.1 | 15,319,705 | 15,319,705 |
| Less: Provision for doubtful morabaha finance | | (15,319,705) | (15,319,705) |
| | | <u>-</u> | <u>-</u> |

7.1 This include amount of Modaraba finance receivable from five different parties. These amounts are outstanding since many years. As per term of agreement, the profit against these finance ranged from 16.5% to 20%, however, based on the guidelines of prudential regulation for Modaraba, total profit against these finances are fully suspended.

8 IJARAH RENTALS RECEIVABLE

| | | |
|--|------------------|------------------|
| Considered good | 124,160 | 74,496 |
| Considered doubtful | <u>119,542</u> | <u>119,542</u> |
| | 243,702 | 194,038 |
| Less: Provision for doubtful receivables | <u>(119,542)</u> | <u>(119,542)</u> |
| | <u>124,160</u> | <u>74,496</u> |



| | Note | Half year ended Dec. 31, 2013 (Un-audited) (Rupees) | Year ended June 30, 2013 Audited (Rupees) |
|--|------|---|---|
|--|------|---|---|

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

| | | | |
|---|-----------|-------------------|-------------------|
| Advance for diminishing musharka vehicles | | 3,492,450 | - |
| Diminishing musharka profit receivable | | 29,961 | - |
| Advance sindh sales tax | | 12,400 | - |
| Advance tax | | 40,732 | 40,417 |
| Contribution of advance to staff | | 54,000 | 87,000 |
| Deposit | 9.1 | 1,000,000 | 1,000,000 |
| Prepayments | | 154,661 | 175,367 |
| Receivables against sale of shares | 9.2 & 9.3 | 11,476,211 | 11,604,720 |
| Profit receivable on bank deposits | | 306,059 | 185,172 |
| Others | 9.4 | 929,555 | 906,558 |
| | | <u>17,496,029</u> | <u>13,999,234</u> |

Considered doubtful

| | | | |
|--|--|-------------------|-------------------|
| Musharka and modaraba finance | | 4,028,913 | 4,028,913 |
| | | 21,524,942 | 18,028,147 |
| Less: Provision for doubtful receivables | | (4,028,913) | (4,028,913) |
| | | <u>17,496,029</u> | <u>13,999,234</u> |

9.1 The amount was paid to Prudential Securities Limited (PSL) as advance for purchase of securities. Operations of PSL have been ceased by Karachi and Lahore Stock Exchanges and the Modaraba has filed claim with Karachi Stock Exchange for these amounts.

9.2 These amount include claim of Rs.10,476 million (June 2013: Rs.10,476 million) from PSL. As mentioned in note 9.1 operations of PSL have been ceased by Karachi and Lahore Stock Exchanges and the Modaraba has filed claim with Karachi Stock Exchange for these amounts.

9.3 It includes Rs. 999,832/- receivable from Pearl Capital Management Limited (PCML). The operations of PCML has been ceased by Karachi Stock Exchange.

9.4 It includes Rs. 886,442/- receivable (June 2013: Rs. 886,442) from the Royal Management Services (Private) Limited (Management Company) against various expenses paid on their behalf.

10 PROPERTY AND EQUIPMENT -IJARAH

There is no addition and disposal of Ijarah assets during the period.

11 PROPERTY AND EQUIPMENT - OWN

During the period office equipment of Rs. 29,015 (Dec 31, 2012 : Rs. 30,900) is purchased.

12 DIMINSHING MUSHARIKA

12.1 These carry profit rate at 14.59% per annum and are repayable on monthly basis over a period of 3 years with a grace period of 1 year.

13 MODARABA COMPANY'S MANAGEMENT FEE

Management Company intended to waive management fee for the financial year ended June 30, 2014.

**14 RELATED PARTY TRANSACTIONS**

The related parties comprise of associated undertakings and 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, 2013 Rupees | Unaudited December 31, 2012 Rupees |
|----------------------------------|--|---|---|
| Modaraba company | Dividend paid | 150,480 | 150,480 |
| Provident Fund | Contribution made | 22,512 | 19,284 |
| Group Company | Expenses incurred on common facility of utilities used | 50,480 | 100,337 |

15. DATE OF AUTHORISATION OF ISSUE

These condensed interim financial information has been authorized for issue on 27th February, 2014 by the Board of Directors of the Royal Management Services (Private) Limited.

16. GENERAL

Figures have been rounded off to the nearest Rupee.

This condensed interim financial information has been signed by Chief Executive Officer and one director instead of two directors as appointment of other director is in process.

CHIEF EXECUTIVE OFFICER

DIRECTOR



+

F I R S T

P A K

M O D A R A B A

**HALF YEARLY REPORT
FOR THE PERIOD ENDED
DECEMBER 31, 2013 (Un-audited)
(Reviewed by External Auditors)**

Managed by:

Royal Management Services (Pvt.) Limited

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