



F I R S T

PAK

M O D A R A B A

**QUARTERLY REPORT
FOR THE PERIOD ENDED
MARCH 31, 2014 (UN-AUDITED)**

Managed by:

Royal Management Services (Pvt.) Limited

BOOK - POST
Printed Matter

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First Pak Modaraba
Office No. A-601-602, 6th Floor, Lakson Square Building No. 3,
Sawar Shateed Road, Karachi-74200.
Tel: 021-35643086-87 Fax: 021-35643283
E-mail: info@firstpakmodaraba.com

**CORPORATE INFORMATION**

BOARD OF DIRECTORS	M r. AbdulHam eed Khan -Chairm an M r. M oham m ad M usharaafKhan -D irector /ChiefExecutive O fficer M r. Am irM ehmo od -D irector (Subject to approval from the RegistrarM odaraba)
AUDIT COMMITTEE	M r. Am irM ehmo od -Chairm an (Subject to approval from the RegistrarM odaraba) M r. AbdulH am eed Khan -M em ber
HUMAN RESOURCE AND REMUNERATION COMMITTEE	M r. AbdulH am eed Khan -Chairm an M r. M oham m ad M usharaafKhan -M em ber M r. Am irM ehmo od-M em ber (Subject to approval from the RegistrarM odaraba)
SHARIAH ADVISOR	M uftiM uham m ad Ibrahim Essa
COMPANY SECRETARY	M r. M oham m ad M usharaafKhan
CHIEF FINANCIAL OFFICER	M r. M ehfoz A. Shakoor
BANKERS	BurjBank Lim ited Habib Bank Ltd. (Islam ic Banking) Albaraka Bank (Pakistan) Ltd. FaysalBank Lim ited
AUDITORS	Rahm an Sarfaraz Rahim IqbalR afti Chartered Accountants
LEGAL ADVISOR	M uham m ad ZubairQ uwaishy & Co.
MANAGEMENT COMPANY	M /s RoyalM anagem entServices (Pvt.) Lim ited
REGISTERED OFFICE	O ffice No. 54 , G round Floor, Beverley Centre , 56-G , Blue Area , Islam abad
KARACHI OFFICE	O ffice No. A -601-602 , 6th Floor, Lakson Square Building No.3 , Sarwar Shaheed 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 lck-E , Talpur Road, Karachi- 74000 Tel: 021 -32401634

**DIRECTORS' REPORT**

The Board of Directors of Royal Management Services (Pvt.) Limited, the Management Company of First Pak Modaraba presents un-audited condensed Interim Financial statements for the period ended March 31, 2014, 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 millions)
Period ended March 31

	2014	2013
- Total income from operations	4.952	4.756
- Operating expenses	(2.860)	(3.056)
- Operating profit for the period	2.092	1.700
- Un-realized loss on re-measurement of investments	(0.380)	(0.091)
- Net profit for the period	1.712	1.609
- Earning per certificate – Re.	0.14	0.12

REVIEW OF OPERATIONS

During the nine months period under review, the gross operating income increases by 4.1% to Rs. 4.952 million as compared to Rs. 4.756 million in corresponding period last year, which resulted an increase of profit for the period from Rs. 1.609 million to Rs. 1.712 million. During the period under review Modaraba has disbursed Rs. 14.0 million against Diminishing Musharaka. Moreover, New Ijara and Diminishing Musharaka proposals are also in pipeline that would improve advances portfolio and profitability. Modaraba's equities portfolio also performed well and further room for improvement is available in the form of capital gain and dividend income. During the period Modaraba has also succeeded in arresting expenditure and focused on substantial reduction by the end of the current financial year.

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 of First Pak Modaraba

Chief Executive Officer

April 28, 2014
KARACHI



**CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2014**

	Note	Mar 31, 2014 (Unaudited) (Rupees)	June 30, 2013 (Audited) (Rupees)
ASSETS			
Current Assets			
Cash and Bank Balances	5	32,022,658	48,371,514
Investments	6	15,819,668	10,843,216
Morabaha finance	7	-	-
Current portion of D in inishing Musharka		838,188	-
Ijarah rentals receivable		-	74,496
Advances, prepayments and other receivables	8	14,509,746	13,999,234
Tax refundable-considered good		4,889,437	4,889,437
Total Current Assets		68,079,697	78,177,897
Non-current Assets			
Property and equipment -Ijarah		-	324,659
Property and equipment - owned		114,799	123,107
D in inishing Musharka	9	11,514,564	-
Advances and deposits		45,750	45,750
Total Non-Current Assets		11,675,113	493,516
TOTAL ASSETS		79,754,810	78,671,413
LIABILITIES			
Current Liabilities			
Current portion of ijarah deposits		-	287,400
Accrued and other liabilities		1,853,761	949,562
Unclaimed profit distribution		4,388,698	4,129,447
Total Current Liabilities		6,242,459	5,366,409
Non-Current liabilities			
Long term ijarah deposits		-	-
TOTAL LIABILITIES		6,242,459	5,366,409
NET ASSETS			
		73,512,351	73,305,004
REPRESENTED BY			
Certificate Capital			
12,540,000 Modaraba Certificates of Rupees 10/- each		125,400,000	125,400,000
Statutory reserve		25,059,030	24,716,601
Accumulated loss		(73,909,554)	(73,774,472)
Unrealized loss on available for sale Investments		(3,037,125)	(3,037,125)
		73,512,351	73,305,004

The annexed notes 1 to 11 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 PERIOD ENDED MARCH 31, 2014**

	Jul -13 to Mar -14	Jul -12 to Mar -13	Jan -14 to Mar -14	Jan -13 to Mar -13
..... Rupees.....				
INCOME				
Return on term deposit receipts and PLS accounts	2,424,183	3,051,580	688,460	854,903
Income on Diminishing Musharaka	482,226	-	452,265	-
Gain on sale of investments	1,616,056	796,380	669,678	246,280
Dividend income	375,321	223,488	195,462	74,496
Ijarah rentals	49,664	685,023	-	222,536
Other income	4,500	-	-	-
	<u>4,951,950</u>	<u>4,756,471</u>	<u>2,005,865</u>	<u>1,398,215</u>
Unrealised loss on remeasurement of held for trading investments	(379,653)	(90,763)	(267,794)	11,385
	<u>4,572,297</u>	<u>4,665,708</u>	<u>1,738,071</u>	<u>1,409,600</u>
EXPENDITURE				
Administrative expenses	(2,808,299)	(2,866,954)	(771,219)	(826,500)
Amortization on Ijarah assets	(37,259)	(167,650)	-	(55,883)
Workers welfare fund	(14,592)	(21,645)	-	-
	<u>(2,860,150)</u>	<u>(3,056,249)</u>	<u>(771,219)</u>	<u>(882,383)</u>
Modaraba company's management fee	-	-	-	-
Profit before taxation	<u>1,712,147</u>	<u>1,609,459</u>	<u>966,852</u>	<u>527,217</u>
Provision for taxation	-	(80,908)	-	-
Profit after taxation	<u>1,712,147</u>	<u>1,528,551</u>	<u>966,852</u>	<u>527,217</u>
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>1,712,147</u>	<u>1,528,551</u>	<u>966,852</u>	<u>527,217</u>
Earnings per certificate	<u>0.14</u>	<u>0.12</u>	<u>0.08</u>	<u>0.04</u>

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CHIEF EXECUTIVE OFFICER

DIRECTOR



**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2014**

	Mar 31, 2014 (Unaudited) (Rupees)	Mar 31, 2013 (Unaudited) (Rupees)
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,712,147	1,609,459
Adjustments for non-cash changes and other items:		
Gain on sale of investments	(1,616,056)	(796,380)
Dividend income	(375,321)	(685,023)
Unrealised loss on remeasurement of held for trading investments	379,653	90,763
Gain on disposal of own assets	(4,500)	-
Reversal against doubtful receivables-net	-	-
Amortization on Ijarah assets	37,323	167,650
Depreciation-own assets	37,259	46,937
	<u>(1,541,642)</u>	<u>(1,176,053)</u>
	<u>170,505</u>	<u>433,406</u>
Cash flows before movements in working capital		
(Increase) / decrease in operating assets		
Diminishing Musharaka	(12,352,752)	-
Ijarah rentals receivable	74,496	(74,496)
Dividend Receivable	118,750	-
Advances, prepayments and other receivables	(509,574)	1,236,052
	<u>(12,669,080)</u>	<u>1,161,556</u>
Increase / (decrease) in operating liabilities		
Ijarah Deposits	(287,400)	-
Accrued and other liabilities	904,199	(764,142)
	<u>616,799</u>	<u>(764,142)</u>
Cash generated from / (used in) from operations	<u>(11,881,776)</u>	<u>830,820</u>
Income tax paid	(938)	(37,922)
Net cash (used in) / generated from operating activities	<u>(11,882,714)</u>	<u>792,898</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	256,571	485,773
Investment proceeds - net	(3,740,049)	36,735,685
Proceed on disposal of Ijarah asset	287,400	-
Proceed on disposal of own asset	4,500	-
Purchase of own assets	(29,015)	(114,400)
Net cash (used in) / generated from investing activities	<u>(3,220,593)</u>	<u>37,107,058</u>




	Note	Mar 31, 2014 (Unaudited) (Rupees)	Mar 31, 2013 (Unaudited) (Rupees)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Profit distribution		(1,245,549)	(1,120,166)
Net cash used in financing activities		(1,245,549)	(1,120,166)
Net (decrease) / increase in cash and cash equivalents (A+B+C)		(16,348,856)	36,779,790
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>32,022,658</u>	<u>45,865,852</u>

The annexed notes 1 to 11 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 PERIOD ENDED MARCH 31, 2014

	Certificate capital	Reserves			Total
		Capital Statutory Reserve	Revenue Unrealized loss on available for sale investments	Accumulated loss	
Balance at July 1, 2012	125,400,000	24,325,280	(3,037,125)	(73,834,955)	72,853,200
Profit for the year ended June 30, 2013	-	-	-	1,956,604	1,956,604
Other comprehensive income for the year ended June 30, 2013	-	-	-	-	-
Transfer to Statutory Reserves	-	391,321	-	(391,321)	-
Distribution @ 1.2% declared for the year ended June 30, 2012	-	-	-	(1,504,800)	(1,504,800)
Balance at June 30, 2013	125,400,000	24,716,601	(3,037,125)	(73,774,472)	73,305,004
Profit for the period ended March 31, 2014	-	-	-	1,712,147	1,712,147
Other Comprehensive Income for the period ended March 31, 2014	-	-	-	-	-
Transfer to Statutory Reserves	-	342,429	-	(342,429)	-
Distribution @ 1.2% declared for the year ended June 30, 2013	-	-	-	(1,504,800)	(1,504,800)
Balance at March 31, 2014	125,400,000	25,059,030	(3,037,125)	(73,909,554)	73,512,351

The annexed notes 1 to 11 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 PERIOD ENDED MARCH 31, 2014**

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 ijarah financing, deployment of fund in musharika, morabaha and investment in securities. Registered office of the Modaraba is situated at 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.

2 STATEMENT OF COMPLIANCE

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.

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 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

	March 31, 2014 (Un-audited) (Rupees)	June 30, 2013 (Audited) (Rupees)
Cash in hand	1,277	940
Cash at banks		
Current accounts	730,534	3,904,172
Saving accounts	31,290,847	44,466,402
	<u>32,021,381</u>	<u>48,370,574</u>
	<u>32,022,658</u>	<u>48,371,514</u>



	Note	March 31, 2014 (Un-audited) (Rupees)	June 30, 2013 Audited (Rupees)
6 INVESTMENTS			
Available for sale	6.1	1,837,875	1,837,875
Investments carried at fair value through profit or loss	6.2	13,981,793	7,655,341
Loan and receivables	6.3	-	1,350,000
		<u>15,819,668</u>	<u>10,843,216</u>

6.1 Available for sale

Fully paid ordinary shares of Rs. 10/- each

March 31, 2014	June 30, 2013		March 31, 2014 (Un-audited) (Rupees)	June 30, 2013 Audited (Rupees)
		Number of shares		
		Unquoted securities		
		Name of Company		
		Prudential Securities Limited		
487,500	487,500	Cost	4,875,000	4,875,000
		Less: Fair value adjustments	<u>(3,037,125)</u>	<u>(3,037,125)</u>
			<u>1,837,875</u>	<u>1,837,875</u>

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

**Number of Shares / Units
quoted securities**

		Name of Investee		
		Open-end Mutual Funds		
-	30,621	MCB Islamic Income Fund (Face value of certificate Rs.100/- each)	-	3,118,901
		Oil & Gas		
5,200	-	Pakistan Petroleum Limited	1,163,552	-
-	1,000	Attock Refinery Limited	-	172,550
-	1,000	Mari Petroleum Company Limited	-	136,570
		Chemicals		
32,000	60,000	Fauji Fertilizer Bin Qasim Limited	1,377,280	2,252,400
4,000	3,000	Fauji Fertilizer Company Limited	443,360	322,290
		Construction and materials		
4,000	6,000	D.G. Khan Cement Company Limited	368,080	502,140
4,000	-	Cherat Cement Limited	297,040	-
170,000	-	Fauji Cement Limited	2,905,300	-
		Food Industries		
28,000	4,000	Engro Foods Limited	3,291,680	563,080
		Personal Goods		
-	1,000	Nishat Mills Limited	-	94,210
		Software and Computer services		
5,000	-	NetSol Technologies	172,350	-

**FIRST PAK MODARABA**

March 31, 2014	June 30, 2013		March 31, 2014 (Un-audited) (Rupees)	June 30, 2013 Audited (Rupees)
Number of Shares / Units quoted securities				
7,500	-	Household Goods Tariq Glass Industries	304,575	-
52,500	8,000	Electricity The Hub Power Company Limited	2,791,426	493,200
45,000	-	Pakgen Power	867,150	-
Suspended / Delisted Companies				
120,000	120,000	Prudential Investment Bank Limited	-	-
279,749	279,749	Pakistan Industrial & Commercial Leasing Limited	-	-
			<u>13,981,793</u>	<u>7,655,341</u>

March 31, 2014 (Un-audited) (Rupees)	June 30, 2013 Audited (Rupees)
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6.3 Loans and receivables

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

7 MORABAHA FINANCE

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

**FIRST PAK MODARABA**

	March 31, 2014 (Un-audited) (Rupees)	June 30, 2013 Audited (Rupees)
8 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES		
Considered good		
Diminishing musharika profit receivable	149,340	-
Advance sindh sales tax	13,000	-
Advance tax	41,355	40,417
Current portion of advance to staff	30,000	87,000
Deposit	1,000,000	1,000,000
Prepayments	284,678	175,367
Receivables against sale of shares	11,476,125	11,604,720
Dividend Receivable	118,750	-
Profit receivable on bank deposits	256,890	185,172
Others	1,139,608	906,558
	<u>14,509,746</u>	<u>13,999,234</u>
Considered doubtful		
Musharika and morabaha finance	4,028,913	4,028,913
	<u>18,538,659</u>	<u>18,028,147</u>
Less: Provision for doubtful receivables	(4,028,913)	(4,028,913)
	<u>14,509,746</u>	<u>13,999,234</u>
9 DIMINSHING MUSHARIKA		
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.		
10 DATE OF AUTHORISATION OF ISSUE		
These condensed interim financial information has been authorized for issue on 28-04-2014 by the Board of Directors of the Royal Management Services (Private) Limited.		
11 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