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**FIRST**

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**PAK**

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**MODARABA**

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**QUARTERLY ACCOUNTS  
FOR THE 1ST QUARTER ENDED  
September 30, 2011  
(UN-AUDITED)**

*Managed by:*

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**Royal Management Services (Pvt.) Limited**

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BOOK - POST  
Printed Matter

If undelivered please return to :  
First Pak Modaraba  
Registrar  
Mehersons Estate, 1st floor, Block-E,  
Talpur Road, Karachi.  
Tel : PABX 32429632-4  
Fax : 32420015  
E-mail : first.pakmodaraba@hotmail.com



## CORPORATE INFORMATION

<b>BOARD OF DIRECTORS</b>	Mr. Abdul Hameed Khan Mr. Muhammad Akhtar I. Pathan Mr. Mohammad Musharraf Khan	(Chairman) (Director) (Director)
<b>AUDIT COMMITTEE</b>	Mr. Muhammad Akhtar I. Pathan Mr. Abdul Hameed Khan Mr. Mohammad Musharraf Khan	(Chairman) (Member) (Member)
<b>COMPANY SECRETARY</b>	Mr. Mohammad Musharraf Khan	
<b>BANKERS</b>	Summit Bank Ltd. Askari Bank Limited Faysal Bank Limited MCB Bank Limited Bank Al-Fallah Limited Albaraka Bank (Pakistan) Ltd. Bank of Khyber	
<b>AUDITORS</b>	M. Yousuf Adil Saleem & Co. Chartered Accountants	
<b>LEGAL ADVISOR</b>	Syed Mazharul Haque Advocate Ghulam Ali & Co.	
<b>MANAGEMENT COMPANY</b>	M/s Royal Management Services (Pvt.) Limited	
<b>REGISTERED OFFICE</b>	Office No. 54, Ground Floor, Beverley Centre, 56-G, Blue Area, Islamabad	
<b>SHARE REGISTRAR</b>	Shares & Corporate Services (Pvt.) Limited, Mehersons Estate, 1st Floor, Block-E, Talpur Road, Karachi- 74000 Tel: 32429632-4 , Fax 32420015	



## CHAIRMAN'S REVIEW

The Board of Directors of Royal Management Services (Pvt) Limited, Managers First Pak Modaraba pleased to present herewith the 1st Quarterly Review of First Pak Modaraba together with Un-Audited Accounts, for the Quarter ended 30th September 2011.

KEY OPERATING / FINANCIAL HIGHLIGHTS:	(Rupees in millions)	
	<u>Quarter ended</u>	
	30.09.2011	30.09.2010
<b>Total Income from Operations</b>	<b>2.828</b>	<b>1.898</b>
<b>Operating Expenses</b>	<b>0.923</b>	<b>0.746</b>
<b>Unrealized Gain / (Loss) on re-measurement of Investment</b>	<b>(0.107)</b>	<b>(0.521)</b>
<b>Net Profit / (Loss)</b>	<b>1.797</b>	<b>0.651</b>
<b>Earning per Certificate</b>	<b>0.14</b>	<b>0.05</b>

## REVIEW OF OPERATIONS:

During the Quarter ended on 30th September 2011, the Overall operating performance of the First Pak Modaraba reflects Operating Income increased to Rs.2.828 Million as against Rs.1.898 Million, registering 49% increase over the corresponding period last year. Profit stands to Rs.1.797 Million as against a profit of Rs. 0.651 Million in the same period last year. Further, Modaraba has recorded unrealized loss on re-measurement of Investment at Rs. 0.107 Million as against a loss of Rs. 0.521 Million in the corresponding period in 2010. The Net Profit of the Modaraba stands to Rs.1.797 Million as against a profit of Rs. 0.651 Million in the corresponding period last year. The Earning per Certificate stands to Rs.0.14 as against Rs.0.05 corresponding period in 2010.

## Future Outlook:

The Board of Directors attaching their emphasis on the recovery of Overdue finances, to improve our funding portfolio for better utilization in different business and corporate sectors with higher profitability to further improve the Net Profit. We are looking forward to explore more profitable avenues for deployment of funds.

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.

## Acknowledgement:

The Board of Directors expresses its thanks to the Certificate Holders for reposing their confidence in the Management of the Modaraba and also appreciate the hard work and dedication of the staff of the Modaraba.

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

Karachi  
Dated: October 29, 2011

Chairman



**BALANCE SHEET (UN-AUDITED)**  
AS AT SEPTEMBER 30, 2011

ASSETS	Note	30-Sep-11 Rupees	30-Jun-11 Rupees
<b>Current Assets</b>			
Cash and bank balances	4	47,603,712	49,292,322
Investments	5	13,765,787	13,369,403
Musharika and morabaha finance	6	-	-
Ijarah rentals receivable	7	-	-
Advances, prepayments and other receivables	8	13,773,592	12,439,224
Accrued profit	9	1,853,685	597,720
Tax refundable - considered good		4,272,055	4,272,055
<b>Total Current Assets</b>		<b>81,268,831</b>	<b>79,970,724</b>
<b>Non - Current Assets</b>			
Property, plant and equipment -Ijarah	10	1,551,498	1,691,018
Property and equipment - owned	11	119,542	135,154
Advance to staff	12	69,000	85,000
Long term deposits		45,000	45,000
<b>Total Non - Current Assets</b>		<b>1,785,040</b>	<b>1,956,172</b>
<b>TOTAL ASSETS</b>		<b>83,053,871</b>	<b>81,926,896</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Current portion of ijarah deposits		366,990	366,990
Accrued and other liabilities	13	1,436,986	2,072,928
Unclaimed profit distribution		8,019,856	3,038,396
Total Current Liabilities		9,823,832	5,478,314
<b>Non - Current liabilities</b>			
Long term ijarah deposits	14	465,400	465,400
<b>TOTAL LIABILITIES</b>		<b>10,289,232</b>	<b>5,943,714</b>
<b>NET ASSETS</b>		<b>72,764,639</b>	<b>75,983,182</b>
<b>REPRESENTED BY</b>			
Certificate Capital			
12,540,000 Modaraba Certificates of Rupees 10/- each		125,400,000	125,400,000
Statutory reserve		23,948,076	23,948,076
Accumulated loss		(73,546,312)	(70,327,769)
Unrealized loss on available for sale investment		(3,037,125)	(3,037,125)
		<b>72,764,639</b>	<b>75,983,182</b>
Contingencies and commitments	15		

The annexed notes form an integral part of these financial statements.

These financial statements have been signed by three directors instead of chief executive officer and two directors as the appointment of chief executive officer is pending.

DIRECTOR

DIRECTOR

DIRECTOR



**PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	30-Sep-11 Rupees	30-Sep-10 Rupees
<b>INCOME</b>		
Return on term deposit receipts and PLS accounts	1,553,357	1,192,295
Gain on sale of investments	534,792	288,938
Ijarah rentals	204,126	154,462
Dividend income	535,594	260,626
Other income	-	2,000
	<b>2,827,869</b>	<b>1,898,321</b>
Unrealized loss remeasurement of held for trading investments	(107,294)	(520,819)
Reversal against doubtful receivables-net	-	20,000
	<b>2,720,575</b>	<b>1,397,502</b>
<b>EXPENDITURE</b>		
Amortization on ijarah assets	(139,520)	(83,636)
Administrative expenses	(783,598)	(663,350)
	<b>(923,118)</b>	<b>(746,986)</b>
Profit for the period	1,797,457	650,516
Modaraba company's management fee	-	-
Profit before taxation	1,797,457	650,516
Provision for taxation	-	-
Profit after taxation	<b>1,797,457</b>	<b>650,516</b>
Earnings per certificate	<b>0.14</b>	<b>0.05</b>

The annexed notes form an integral part of these financial statements.

These financial statements have been signed by three directors instead of chief executive officer and two directors as the appointment of chief executive officer is pending.

DIRECTOR

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DIRECTOR



**CASH FLOW STATEMENT (UN-AUDITED)**  
FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	30-Sep-11 Rupees	30-Sep-10 Rupees
<b>A CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,797,457	650,516
Adjustments for non-cash changes and other items:		
Gain on sale of investments	(534,792)	(288,938)
Dividend income	(535,594)	(260,626)
Unrealized loss on remeasurement of held for trading investments	107,294	520,819
Reversal against doubtful receivables-net	-	(20,000)
Amortization on ijarah assets	139,520	83,636
Depreciation-owned	15,612	18,244
	<u>(807,960)</u>	<u>53,135</u>
	989,497	703,651
Cash flows before movements in working capital		
(Increase) / decrease in operating assets		
Musharika and morabaha finance	-	20,000
Advances, prepayments and other receivables	(1,305,296)	1,035,202
Accrued profit	(1,255,965)	185,601
	<u>(2,561,261)</u>	<u>1,240,803</u>
(Decrease) / increase in operating liabilities		
Long term ijarah deposits	-	287,400
Accrued and other liabilities	(635,942)	(22,107)
	<u>(635,942)</u>	<u>265,293</u>
Cash generated from operations	(2,207,706)	2,209,747
Income tax paid	(2,022)	(112,868)
Net cash generated from operating activities	<u>(2,209,728)</u>	<u>2,096,879</u>
<b>B CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividend received	524,544	227,868
Investments encashed -net	31,114	(1,485,573)
Purchase of own assets	-	(10,000)
Purchase of ijarah assets	-	(958,000)
Net cash generated from investing activities	<u>555,658</u>	<u>(2,225,705)</u>
<b>C CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Profit distribution	(34,540)	-
Net cash used in financing activities	<u>(34,540)</u>	<u>-</u>
Net increase in cash and cash equivalents	(1,688,610)	(128,826)
Cash and cash equivalents at beginning of the period	49,292,322	37,758,680
Cash and cash equivalents at end of the period	<u>47,603,712</u>	<u>37,629,854</u>

The annexed notes form an integral part of these financial statements.

These financial statements have been signed by three directors instead of chief executive officer and two directors as the appointment of chief executive officer is pending.

DIRECTOR

DIRECTOR

DIRECTOR



**STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	Reserves			Total
	Capital Certificate capital	Statutory Reserve*	Revenue Unrealized loss on available for sale investments	
Balance at July 1, 2009	125,400,000	18,502,915	(3,037,125)	59,416,034
Profit for the year ended June 30, 2010	-	-	(81,449,756)	(84,486,881)
Other comprehensive income for the year ended June 30, 2010	-	-	6,896,655	6,896,655
Transfer to statutory reserve	-	2,758,662	-	-
Balance at June 30, 2010	125,400,000	21,261,577	(77,311,763)	66,312,689
Profit for the year ended June 30, 2011	-	-	13,432,493	13,432,493
Other comprehensive income for the year ended June 30, 2011	-	-	-	-
Transfer to statutory reserve	-	2,686,499	-	-
Distribution @ 3 % declared for the year ended June 30, 2010	-	-	(3,762,000)	(3,762,000)
Balance at June 30, 2011	125,400,000	23,948,076	(70,327,769)	75,983,182
Profit for the period ended September 30, 2011	-	-	1,797,457	1,797,457
Distribution @ 4% declared for the year ended June 30, 2011	-	-	(5,016,000)	(5,016,000)
	125,400,000	23,948,076	(73,546,312)	72,764,639

These financial statements have been signed by three directors instead of chief executive officer and two directors as the appointment of chief executive officer is pending.

DIRECTOR

DIRECTOR

DIRECTOR



**NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2011**

**1. THE COMPANY AND ITS OPERATIONS**

First Pak Modaraba (the Modaraba) was formed on August 15, 1991 under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed there under, having its registered office at Office No. 54, Ground Floor, Beverley Centre, 56-G, Blue Area, Islamabad and is managed by Royal Management Services (Private) Limited, a company incorporated in Pakistan under the Companies Ordinance 1984, and registered with the Registrar of Modaraba Companies and Modaraba under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance 1980. The certificates of Modaraba are listed on the Karachi, Lahore and Islamabad Stock Exchanges.

The Modaraba is a multipurpose and perpetual Modaraba and is mainly engaged in the deployment of funds on murabaha and musharika arrangements, lease financing and is also involved in trading of listed marketable securities.

**2. BASIS OF PREPARATION**

These financial statements have been prepared in accordance with the requirements of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP) [The Modaraba Regulations] together with approved Accounting Standards as applicable in Pakistan to Modarabas. Approved Accounting Standards comprise of such International Accounting Standards (IASs) as notified under the provisions of the Companies Ordinance, 1984 and made applicable to Modarabas. Wherever, the requirements of the Modaraba Regulations differ from these standards, the requirements of the Modaraba Regulations take precedence.

These financial statements have been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan.

**3. ACCOUNTING POLICIES**

The accounting policies adopted and method of computation followed in the preparation of these financial statements are the same as those of the preceding annual financial statements for the year ended June 30, 2011.

**4. CASH AND BANK BALANCES**

	30-Sep-11 Rupees	30-Jun-11 Rupees
Cash in hand	2,580	146
Cash at banks		
Current accounts	44,825	10,647,346
Saving accounts	2,556,307	8,644,830
Term deposits	45,000,000	30,000,000
	47,601,132	49,292,176
	<u>47,603,712</u>	<u>49,292,322</u>



	Note	30-Sep-11 Rupees	30-Jun-11 Rupees
<b>5. INVESTMENTS</b>			
Unless stated otherwise, the holdings are in the fully paid ordinary shares/ certificates/ units of Rs 10 each.			
Available for sale	5.1	1,837,875	1,837,875
Held for trading at fair value through profit or loss account	5.2	11,927,912	11,531,528
		<u>13,765,787</u>	<u>13,369,403</u>

**5.1 Available for sale**

	30-Sep-11 Number of Shares Unquoted securities	30-Jun-11 Number of Shares Unquoted securities	30-Sep-11	30-Jun-10
<b>Name of company</b>				
Prudential Securities Limited				
Cost	487,500	487,500	4,875,000	4,875,000
Less: Fair value adjustments			(3,037,125)	(3,037,125)
			<u>1,837,875</u>	<u>1,837,875</u>

**5.1.1** The breakup value of shares of Prudential Securities Limited is Rs. 3.77 (2010: 3.77) per share based on last available audited financial statements for the year ended June 30, 2008.

**5.2 Held for trading at fair value through profit or loss account**

**Number of Certificates  
/Shares/Units  
Quoted securities**

	30-Sep-11 Number of Certificates /Shares/Units Quoted securities	30-Jun-11 Number of Certificates /Shares/Units Quoted securities	30-Sep-11	30-Jun-10
<b>Open-end Mutual Funds</b>				
100,809	100,809		2,806,523	3,240,001
22,471	22,471		510,541	506,047
<b>Oil and gas</b>				
3,960	-		439,956	-
5,000	5,000		35,700	45,350
4,000	-		758,280	-
2,000	1,000		736,720	359,010
<b>Chemicals</b>				
6,400	6,400		917,696	1,044,800
40,000	61,900		2,347,200	2,609,085
2,000	2,000		290,440	303,700
40,000	30,000		474,400	414,900
<b>Construction and materials</b>				
15,000	15,000		308,550	344,850
-	2,000		-	141,680
<b>General Industrials</b>				
2,000	2,000		204,000	220,000

**FIRST PAK MODARABA**

30-Sep-11 Number of Certificates /Shares/Units Quoted securities	30-Jun-11	Name of company	Note	30-Sep-11 Rupees	30-Jun-11 Rupees
<b>Personal Goods</b>					
44,000	44,000	Azgard Nine Limited		219,120	242,880
5,000	5,000	Nishat (Chunian) Limited		105,650	111,450
1,650	1,650	Nishat (Chunian) Limited 15% NVCCP		44,550	44,550
337	5,837	Nishat Mills Limited		16,206	293,835
<b>Pharma And bio tech</b>					
2,012	2,012	GlaxoSmithKline Pakistan Limited		165,310	177,638
<b>Electricity</b>					
17,500	17,500	The Hub Power Company Limited		726,250	656,250
18,200	18,200	Kot Addu Power Company Limited		820,820	775,502
<b>Suspended / Delisted Company</b>					
120,000	120,000	Prudential Investment Bank Limited		-	-
279,749	279,749	Pakistan Industrial & Commercial Leasing Limited		-	-
				<u>11,927,912</u>	<u>11,531,528</u>

**6. MUSHARIKA AND MORABAHA FINANCE**

Morabaha finance - Unsecured		15,319,705	15,319,705
Musharika finance - Unsecured		-	-
		15,319,705	15,319,705
Less: Provision for doubtful morabaha and musharika finance - net	6.1	(15,319,705)	(15,319,705)
		-	-
<b>6.1 Movement of provision</b>			
Opening balance		15,319,705	24,339,705
Charge for the year		-	-
Reversal during the year		-	(9,020,000)
		<u>15,319,705</u>	<u>15,319,705</u>

**7. IJARAH RENTALS RECEIVABLE**

Considered good		-	-
Considered doubtful		230,542	230,542
		<u>230,542</u>	<u>230,542</u>
Less: Provision for doubtful receivables		(230,542)	(230,542)
		<u>-</u>	<u>-</u>

**FIRST PAK MODARABA**

	Note	30-Sep-11 Rupees	30-Jun-11 Rupees
<b>8. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES</b>			
Considered good			
Advance tax		751,687	749,665
Current portion of advance to staff	12	66,000	60,000
Deposit		1,000,000	1,000,000
Prepayments		148,888	139,435
Receivables :			
Dividend		19,800	-
Against sale of shares		10,484,528	10,476,377
Others		1,302,689	13,747
		<u>13,773,592</u>	<u>12,439,224</u>
<b>9. ACCRUED PROFIT</b>			
Considered good			
Term deposit receipts		1,853,685	597,720
<b>Considered doubtful</b>			
Musharika and morabaha finance		4,028,913	4,028,913
		<u>5,882,598</u>	<u>4,626,633</u>
Less: Provision for doubtful receivables		(4,028,913)	(4,028,913)
		<u>1,853,685</u>	<u>597,720</u>



10. PROPERTY, PLANT AND EQUIPMENT - IJARAH	Cost		Amortisation		Carrying value at September 30, 2011	Rate%
	at July 1, 2011	Additions/ (Disposals) at Sep. 30, 2010	Accumulated at July 1, 2011 (on disposals)	For the year / Accumulated at September 30, 2011		
Vehicles	3,434,715	-	1,743,697	139,520	1,551,498	20-33.33
	3,434,715	-	1,743,697	139,520	1,551,498	
<b>11. PROPERTY AND EQUIPMENT - OWN</b>						
	Cost		Depreciation		Carrying value at September 30, 2011	Rate%
	at July 1, 2011	Additions/ (Disposals) at Sep. 30, 2010	Accumulated at July 1, 2011 (on disposals)	For the year / Accumulated at September 30, 2011		
Office equipment	360,794	-	296,458	9,031	55,305	33.33
Furniture & Fixtures	96,295	-	67,287	2,427	26,581	10
Motor vehicles	82,400	-	40,590	4,154	37,656	20
	539,489	-	404,335	15,612	119,542	



	30-Sep-11 Rupees	30-Jun-11 Rupees
<b>12. ADVANCE TO STAFF</b>		
Considered good	135,000	145,000
Current portion	(66,000)	(60,000)
	<u>69,000</u>	<u>85,000</u>
<b>13. ACCRUED AND OTHER LIABILITIES</b>		
<b>Related parties</b>		
Management fees payable	-	210,217
<b>Others</b>		
Workers welfare fund	412,823	412,823
Auditors' remuneration	10,000	340,000
Charity fund payable	267,523	367,523
Provision for taxation	50,942	50,942
Other payables	695,698	691,423
	<u>1,436,986</u>	<u>2,072,928</u>
<b>14. LONG TERM IJARAH DEPOSITS</b>		
Ijarah deposits	832,390	832,390
Current portion	(366,990)	(366,990)
	<u>465,400</u>	<u>465,400</u>
<b>15. CONTINGENCIES AND COMMITMENTS</b>		
No contingencies and commitments exist at balance sheet date.		
<b>16. DATE OF AUTHORISATION OF ISSUE</b>		
These financial statements has been authorised for issue on 29-10-2011 by the Board of Directors of the Royal Management Services (Private) Limited.		
<b>17. FIGURES</b>		
Figures have been rounded off to the nearest Rupee.		

These financial statements have been signed by three directors instead of chief executive officer and two directors as the appointment of chief executive officer is pending.

DIRECTOR

DIRECTOR

DIRECTOR