



---

**FIRST**

---

**PAK**

---

**MODARABA**

---

**HALF YEARLY REPORT  
FOR THE PERIOD ENDED  
DECEMBER 31, 2011 (Un-audited)  
(Reviewed by External Auditors)**

*Managed by:*

---

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

---

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>	Burj Bank Limited Summit Bank Ltd. Askari Bank Limited Faysal Bank Limited MCB Bank Limited Bank Al-Fallah Limited Albaraka Bank (Pakistan) Ltd.	
<b>AUDITORS</b>	M. Yousuf Adil Saleem & Co. Chartered Accountants	
<b>LEGAL ADVISOR</b>	Mandviwalla & Zafar Advocates	
<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	

**TABLE OF CONTENTS**

<b>CORPORATE INFORMATION .....</b>	<b>1</b>
<b>CHAIRMANS' REVIEW .....</b>	<b>2</b>
<b>AUDITORS' REVIEW REPORT TO THE CERTIFICATE HOLDERS .....</b>	<b>4</b>
<b>BALANCE SHEET .....</b>	<b>6</b>
<b>PROFIT AND LOSS ACCOUNT .....</b>	<b>7</b>
<b>CASH FLOW STATEMENT .....</b>	<b>8</b>
<b>STATEMENT OF CHANGES IN EQUITY .....</b>	<b>10</b>
<b>NOTES TO THE FINANCIAL STATEMENTS .....</b>	<b>11</b>



## CHAIRMAN'S REVIEW

The Board of Directors of Royal Management Services (Pvt) Limited, Managers First Pak Modaraba are pleased to present herewith the Half Yearly Review of First Pak Modaraba together with Reviewed Accounts and Review Report thereon for the half year ended 31st December 2011.

## KEY OPERATING / FINANCIAL HIGHLIGHTS

Half Year ended	(Rupees in million)	
	31.12.2011	31.12.2010
Total Income from Operations	5.027	5.018
Operating Expenses	2.331	2.488
Profit from Operation	2.696	2.530
Unrealized Gain / (Loss) on Re-measurement of Investment	(2.628)	0.380
(Provision)/ Reversal against doubtful Receivables	(1.500)	0.496
Net Profit / (Loss)	(1.501)	3.406
(Loss)/ Earning per Certificate –Re	(0.12)	0.27

## REVIEW OF OPERATIONS:

During the half year ended on 31st December 2011, the Overall operating performance of the First Pak Modaraba reflects that Operating Income slightly increased to Rs.5.027 Million as against Rs.5.018 Million during the corresponding period last year. The Net Loss of the Modaraba stands to Rs.1.501 Million as against a profit of Rs.3.406 Million in the corresponding period last year. This loss is mainly due to Un-realized loss on re-measurement of investment in capital market of Rs.2.628 Million and Provision against deposit with an investment bank of Rs.1.5 Million. Modaraba has earned Rs.0.810 Million capital gain on sale of investment as against a gain of Rs.1.626 Million during the same period last year. Operating expenses has decreased to Rs.2.331 Million from Rs.2.488 Million as compared to corresponding period of last year FY 2010-11. The Macro Economic indicators of the country are still not showing healthy sign. The rising inflation, energy crises, bad law and order situation in the country, budget deficit and Government borrowings are continuously hampering country's growth. High Government borrowing and high interest rates have been crowding out private sector investment, especially for setting up new industrial ventures or reviving sick units, reflecting poor investment climate in the country.

Keeping in view of the adverse economic indicators, the management has adopted conservative approach for fresh disbursement. Trading in stock market are being done on a prudent manner and we are confident that the re-measurement loss incurred during the period will be recovered before the ending of the financial year. The management is also negotiating with the investment bank for the recovery of investment amount and to further secured our investment.

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.



## 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

During the period under report, we have taken a number of strategic measures primarily directed to consolidate and strengthen the operating and financial position of the Modaraba. With the self sufficiency in funds and better liquidity, we are looking forward to explore more profitable avenues for deployment of funds.

## Acknowledgement:

The Board of Directors express is thankful to its Certificate Holder for reposing their confidence in the Management of the Modaraba and also appreciates 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: 29 February, 2012

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, 2011 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 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 for the quarter ended December 31, 2011 and December 31, 2010 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2011.

### 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 made in these financial statements. 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 an unrealized loss on revaluation of Rs. 3.037 million is reflected in reserves. We are not been provided with the latest audited financial statements of PSL to determine the fair 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 carrying value resulting in an objective evidence of impairment; therefore, in our opinion this investment should be fully impaired, However, no impairment has been recorded in respect of carrying amount of Rs. 1.838 million, and unrealized loss on revaluation of Rs. 3.037 million has not been reclassified from equity to profit and loss account, which is in contravention to the requirement of 'International accounting standard 39 Financial Instruments: Recognition and Measurement'.

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 and unrealized loss on "Available for sale investment" by Rs. 3.037 million and loss for the period would increase by Rs. 16.351 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, 2011 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;

- a) The position of chief executive officer is vacant since October, 2008. After rejection of the proposed appointment second time by the SECP on October 29 2010, the Modaraba has applied again on June 28, 2011 to Registrar Modaraba for approval of appointment of chief executive officer which was declined by the Registrar Modaraba on September 08, 2011. 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. 5 million on fixed rate return basis in an investment bank.
- c) The Modaraba incurred expenditure of Rs. 1.29 million on behalf of the Management Company and disclosed as other receivable (refer note 9 to the interim financial information) which is in contravention of the Section 17 of Modaraba Companies and Modaraba (Floatation and Control) Ordinance.
- d) Towards note 6.4 to interim financial information regarding Modaraba's exposure in Invest Capital Investment Bank and the existence of uncertainty as to the recoverability of the unprovided balance amount.
- e) Towards note 1.2 to interim financial information regarding appointment of Administrator by Securities and Exchange Commission of Pakistan (SECP) which has been stayed by the Sindh High Court.

Our conclusion is not qualified in this respect.

### Chartered Accountants

**Engagement Partner:**  
Mushtaq Ali Hirani

Karachi  
Dated: 29 February, 2012



### CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2011

ASSETS	Note	Dec. 31 2011 (Unaudited)	June 30, 2011 (Audited)
.....Rupees.....			
<b>Current Assets</b>			
Cash and bank balances	5	3,261,051	19,292,322
Investments	6	52,009,287	43,369,403
Morabaha finance	7	-	-
Ijarah rentals receivable	8	36,420	-
Advances, prepayments and other receivables	9	13,582,027	12,439,224
Accrued profit	10	771,669	597,720
Tax refundable-considered good		4,512,654	4,272,055
<b>Total Current Assets</b>		74,173,108	79,970,724
<b>Non-current Assets</b>			
Property and equipment -Ijarah	11	1,300,978	1,691,018
Property and equipment - owned		103,931	135,154
Advances to staff		69,500	85,000
Long term deposits		45,000	45,000
<b>Total Non-Current Assets</b>		1,519,409	1,956,172
<b>TOTAL ASSETS</b>		75,692,517	81,926,896
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Current portion of ijarah deposits		433,990	366,990
Accrued and other liabilities		1,589,971	2,072,928
Unclaimed profit distribution		3,914,902	3,038,396
<b>Total Current Liabilities</b>		5,938,863	5,478,314
<b>Non-Current liabilities</b>			
Long term ijarah deposits		287,400	465,400
<b>TOTAL LIABILITIES</b>		6,226,263	5,943,714
<b>NET ASSETS</b>		69,466,254	75,983,182
<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		(76,844,697)	(70,327,769)
Unrealized loss on available for sale Investment		(3,037,125)	(3,037,125)
		69,466,254	75,983,182

Contingencies and commitments 12

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

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 a Chief Executive Officer.

DIRECTOR

DIRECTOR

DIRECTOR



### CONDENSED INTERIM PROFIT AND LOSS ACCOUNT(Un-Audited) FOR THE HALF YEAR ENDED DECEMBER 31, 2011

INCOME / (LOSS)	Note	Half year ended		Quarter ended	
		December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
..... Rupees.....					
<b>INCOME / (LOSS)</b>					
Return on term deposit receipts and PLS accounts		2,933,725	2,434,457	1,380,368	1,242,162
Gain on sale of investment		809,925	1,626,226	275,133	1,337,288
Ijarah rentals		408,252	358,588	204,126	204,126
Dividend income		874,781	563,046	339,187	302,420
Other income		-	35,396	-	33,396
		5,026,683	5,017,713	2,198,814	3,119,392
Unrealized (loss)/gain on remeasurement of held for trading investment		(2,628,456)	380,197	(2,521,162)	901,016
(Provision) / Reversal against doubtful receivables-net		(1,500,000)	496,377	(1,500,000)	476,377
		898,227	5,894,287	(1,822,348)	4,496,785
<b>EXPENDITURE</b>					
Amortization on ijarah assets		(279,040)	(241,784)	(139,520)	(158,148)
Administrative expenses		(2,052,052)	(2,177,202)	(1,268,454)	(1,513,852)
Workers welfare fund		-	(69,450)	-	(69,450)
		(2,331,092)	(2,488,436)	(1,407,974)	(1,741,450)
(Loss)/profit for the period		(1,432,865)	3,405,851	(3,230,322)	2,755,335
Modaraba company's management fee	13	-	-	-	-
(Loss)/profit before taxation		(1,432,865)	3,405,851	(3,230,322)	2,755,335
Provision for taxation	14	(68,063)	-	(68,063)	-
(Loss) / profit after taxation		(1,500,928)	3,405,851	(3,298,385)	2,755,335
<b>Other Comprehensive income</b>					
Surplus on revaluation of available for sale investments		-	-	-	-
Total comprehensive (loss) / income for the period		(1,500,928)	3,405,851	(3,298,385)	2,755,335
<b>(Loss)/Earnings per certificate</b>		(0.12)	0.27	(0.26)	0.22

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

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 CASH FLOW STATEMENT(Un-Audited)  
FOR THE HALF YEAR ENDED DECEMBER 31,2011**

Note	Half Year Ended	
	Dec. 31, 2011	Dec. 31, 2010
.....Rupees.....		
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/profit before taxation	(1,432,865)	3,405,851
Adjustments for non-cash changes and other items:		
Gain on sale of investments	(809,925)	(1,626,226)
Dividend income	(874,781)	(563,046)
Unrealized loss / (gain) on remeasurement of held for trading investments	2,628,456	(380,197)
Reversal against doubtful receivables-net	1,500,000	(496,377)
Amortization on ijarah assets	279,040	241,784
Depreciation-own assets	31,223	31,224
	<u>2,754,013</u>	<u>(2,792,838)</u>
	<u>1,321,148</u>	<u>613,013</u>
Cash flows before movements in working capital		
(Increase) /decrease in operating assets		
Musharika and morabaha finance	-	20,000
Ijarah rentals receivable	74,580	13,020
Accrued profit	(173,949)	201,931
Advances, prepayments and other receivables	(1,427,504)	66,446
	<u>(1,526,873)</u>	<u>301,397</u>
Increase/(decrease) in operating liabilities		
Ijarah deposits	(111,000)	66,550
Accrued and other liabilities	(482,957)	(823,695)
	<u>(593,957)</u>	<u>(757,145)</u>
Cash (used in) / generated from operations	(799,682)	157,265
Income tax paid	(8,461)	(221,882)
Net cash used in operating activities	<u>(808,143)</u>	<u>(64,617)</u>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividend received	874,781	569,009
Investment (made)/ encashed-net	(1,958,415)	5,823,763
Proceeds from disposal-ijarah assets	-	220,850
Purchase of ijarah assets	-	(958,000)
Net cash (used in)/ generated from investing activities	<u>(1,083,634)</u>	<u>5,655,622</u>



Note	Half Year Ended	
	Dec. 31, 2011	Dec. 31, 2010
.....Rupees.....		
<b>C CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Profit distribution	(4,139,494)	(2,813,660)
Net cash used in financing activities	<u>(4,139,494)</u>	<u>(2,813,660)</u>
Net (decrease)/ increase in cash and cash equivalents	(6,031,271)	2,777,345
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>43,261,051</u>	<u>40,536,025</u>
<b>CASH AND CASH EQUIVALENT</b>		
Cash and bank balances	3,261,051	10,536,025
Short term investment having maturity less than three months	5 6 <u>40,000,000</u>	<u>30,000,000</u>
	<u>43,261,051</u>	<u>40,536,025</u>

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

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 a Chief Executive Officer.

DIRECTOR

DIRECTOR

DIRECTOR



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2011**

	Reserves				Total
	Capital	Revenue	Sub total		
	Certificate capital	Unrealized loss on Available for sale investments	Accumulated loss	Statutory Reserve	
Balance at July 1, 2010	125,400,000	(3,037,125)	(77,311,763)	21,261,577	66,312,689
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	-	-	-	-	-
Distribution @ 3 % declared for the year ended June 30, 2010	-	-	(3,762,000)	-	(3,762,000)
Balance at December 31, 2010	125,400,000	(3,037,125)	(77,667,912)	21,261,577	65,956,540
Profit for the half year ended June 30, 2011	-	-	10,026,642	-	10,026,642
Other comprehensive income for the half year ended June 30, 2011	-	-	-	-	-
Transfer to statutory reserve	-	-	(2,686,499)	2,686,499	(2,686,499)
Balance at June 30, 2011	125,400,000	(3,037,125)	(70,327,769)	23,948,076	75,983,182
Loss for the half year ended December 31, 2011	-	-	(1,500,928)	-	(1,500,928)
Other comprehensive income for the half year ended December 31, 2011	-	-	-	-	-
Distribution @ 4 % declared for the year ended June 30, 2011	-	-	(5,016,000)	-	(5,016,000)
Balance at December 31, 2011	125,400,000	(3,037,125)	(76,844,697)	23,948,076	69,466,254

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

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 a Chief Executive Officer.

  
DIRECTOR

  
DIRECTOR

  
DIRECTOR



**SELECTED EXPLANATORY NOTES  
TO THE INTERIM FINANCIAL INFORMATION (Un-Audited)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2011**

**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 Modarabas' principal activity is to engage in various modes of Islamic fundings and businesses which include ijarah financings, deployment of fund in musharika, morabaha and investment in securities. Keeping in view the adverse economic indicators, the management has adopted strict credit policies and conservative approach for fresh disbursement and trading in the stock market was done in a very calculated manner and the surplus funds available with the modaraba are invested in the term deposits of financial institutions. Registered office of the Modaraba is situated at Office No. 54, Ground Floor, Beverly Centre, 56-G, Blue Area, Islamabad.

1.2 In pursuance of a show cause notice dated July 09, 2010 and July 27, 2010 issued to the Royal Management Services (Private) Limited (RMSL) and after taking approval from the Securities and Exchange Commission of Pakistan (SECP) under 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 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 till the decision of the case with the remarks that the order was passed without giving fair opportunity of fair trial in terms of Article 10-A of the Constitution of Pakistan. The matter is pending in the High Court.

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

1.4 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, 2011.

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 that are relevant to its operations and effective for Modaraba's accounting period beginning on July 01, 2011.



**Effective for accounting period beginning on or after**

- Amendment to IAS 1 - Presentation of Financial Statements	January 01, 2011
- Amendments to IAS 24 - Related Party Disclosures	January 01, 2011
- Amendment to IAS 27 (2008) - Consolidated and Separate Financial Statements	July 01, 2010
- Amendments to IAS 32 - Financial Instruments – Presentation	February 01, 2010
- Amendment to IAS 34 - Interim Financial Reporting	January 01, 2011
- Amendments to IFRS 7: Improving Disclosures about Financial Instruments	July 01, 2010
- Amendments to IFRS 3 (2008) - Business Combinations	July 01, 2010
- Amendments to IFRS 7 - Financial Instruments – Disclosures	January 01, 2011
- IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments	July 01, 2010
- Amendment to IFRIC 13 - Customer Loyalty Programmes	January 01, 2011
- Amendment to IFRIC 14 - Prepayments of a Minimum Funding Requirement	January 01, 2011

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**

- Amendments to IAS 1 - Presentation of Other Comprehensive Income	<b>July 01, 2012</b>
- Amendments to IAS 12 - Income Taxes	<b>January 01, 2012</b>
- Amendments to IAS 19 - Employee Benefits	<b>January 01, 2013</b>
- Amendment to IFRS 7 - Enhanced Derecognition Disclosure Requirements	<b>July 01, 2011</b>
- IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine	<b>January 01, 2013</b>

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been considered by the Company as the standards and their relevant amendments have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IFRS 13 – Fair Value Measurement
- IAS 27 (Revised 2011) – Separate Financial Statements due to not adoption of IFRS 10 and IFRS 11
- IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures due to not adoption of IFRS 10 and IFRS 11

The directors of the Management Company anticipate that these amendments will be adopted in the Modaraba's financial statements on the effective date after making detailed analysis of the impact of the application of the amendments which has not yet quantified.

**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, 2011.



Note	Half year ended Dec. 31, 2011 (Un-audited) (Rupees)	Year ended June 30, 2011 Audited (Rupees)
<b>5. CASH AND BANK BALANCES</b>		
Cash in hand	1,300	146
Cash at banks		
Current accounts	27,396	10,647,346
Saving accounts	3,232,355	8,644,830
5.1	3,259,751	19,292,176
	3,261,051	19,292,322

5.1 Effective mark-up rate in respect of PLS accounts ranges from 4% to 11% (June 2011: 4% to 11.5%) per annum.

**6. INVESTMENTS**

considered goods

Available for sale	6.1	1,837,875	1,837,875
Held for trading at fair value through profit and loss account	6.2	11,671,412	11,531,528
Term deposit receipts	6.3	35,000,000	30,000,000
		48,509,287	43,369,403

considered doubtful

Term deposit receipts	5,000,000	-
Less: Provision for doubtful term deposits	6.4	(1,500,000)
		3,500,000
		52,009,287
		43,369,403

**6.1 Available-for-sale**

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

Half year ended Dec. 31, 2011	Year ended June 30, 2011	Name of Company	Half year ended Dec. 31, 2011 (Un-audited) (Rupees)	Year ended June 30, 2011 Audited (Rupees)
		<b>Number of shares</b>		
		<b>Unquoted securities</b>		
		Prudential Securities Limited	4,875,000	4,875,000
487,500	487,500	Cost	(3,037,125)	(3,037,125)
		Less: Fair value adjustments	1,837,875	1,837,875



**FIRST PAK MODARABA****6.2 Held for trading at fair value through Profit & Loss Account**  
Unless stated otherwise, the holdings are in the fully paid ordinary shares/ certificates/ units of Rs. 10/- each.

Half year ended Dec. 31, 2011	Year ended June 30, 2011	Name of Company	Half year ended Dec. 31, 2011 (Un-audited) (Rupees)	Year ended June 30, 2011 (Audited) (Rupees)
<b>Number of Certificates/ Shares/units</b>				
<b>Open-end Mutual Funds</b>				
100,809	100,809	National Investment Trust Limited (Face value of certificate Rs.100/- each)	2,610,954	3,240,001
22,471	22,471	JS Aggressive Asset Allocation Fund	456,611	506,047
<b>Pharma And Bio Tech</b>				
2,313	2,012	GlaxoSmithKline Pakistan Limited	155,156	177,638
<b>Personal Goods</b>				
44,000	44,000	Azgard Nine Limited	125,400	242,880
5,000	5,000	Nishat (Chunian) Limited	89,300	111,450
1,650	1,650	Nishat (Chunian) Limited 15%NVCCP	42,075	44,550
2,337	5,837	Nishat Mills Limited	94,532	293,835
<b>Construction &amp; Materials</b>				
-	2,000	Lucky Cement Limited	-	141,680
30,000	15,000	D.G. Khan Cement Company Limited	570,900	344,850
<b>Electricity</b>				
18,200	18,200	Kot Addu Power Company Limited	752,024	775,502
17,500	17,500	The Hub Power Company Limited	598,500	656,250
<b>Oil And Gas</b>				
1,000	1,000	Pak Oilfields Limited	346,450	359,010
5,000	5,000	Byco Petroleum Pakistan Limited	32,850	45,350
2,000	-	Pakistan State Oil Limited	454,420	-
1,000	-	National Refinery Limited	242,690	-
3,000	-	Pakistan Petroleum Limited	504,960	-
4,000	-	Attock Refinery Limited	430,600	-
<b>Fixed Line Telecommunication</b>				
10,000	-	Pakistan Telecommunication Company Limited	103,900	-
<b>Chemicals</b>				
55,000	61,900	Fauji Fertilizer Bin Qasim Limited	2,333,650	2,609,085
6,400	6,400	Engro Corporation Limited	593,280	1,044,800
2,000	2,000	ICI Pakistan Limited	-	-
40,000	30,000	Lotte Pakistan PTA Limited	240,540	303,700
2,000	-	Fauji Fertilizer Company Limited	370,800	414,900
2,500	-	Fatima Fertilizer Limited	299,080	-
			57,300	-

**FIRST PAK MODARABA**

Half year ended Dec. 31, 2011	Year ended June 30, 2011	Name of Company	Half year ended Dec. 31, 2011 (Un-audited) (Rupees)	Year ended June 30, 2011 (Audited) (Rupees)
		<b>Number of Certificates/ Shares/units</b>		
		<b>Name of investee</b>		
<b>General Industrials</b>				
2,000	2,000	Packages Limited	165,540	220,000
<b>Suspended / Delisted Company</b>				
120,000	120,000	Prudential Investment Bank Limited	-	-
279,749	279,749	Pakistan Industrial & Commercial Leasing Limited	-	-
			<u>11,671,512</u>	<u>11,531,528</u>

**6.3** Effective mark-up rate in respect of term deposit accounts ranges from 13% to 14.25% (June 2011: 12.90% to 14.25%) per annum.

**6.4** It represent fixed rate term deposits of Invest Capital Investment Bank Limited (the bank). Modaraba has been receiving profits on fixed rate deposits @ 14.25% per annum where as principal amount have been rolled over from time to time since January 2010. Financial statements of the Bank for the year ended June 30, 2011 and credit quality rating of the bank are not available, whereas audit report on the financial statements for the year ended June 30, 2010 contains an adverse opinion due to creation of doubt on the ability of the Bank to continue as a going concern. The Management of the Modaraba is in the process of settlement with the Bank which has offered payment in instalments which is under consideration of the management. However as a matter of prudence, the management has made a provision of Rs.1.5 million.

Note	Half year ended Dec. 31, 2011 (Un-audited) (Rupees)	Year ended June 30, 2011 (Audited) (Rupees)
<b>7. MORABAHA FINANCE</b>		
Morabaha finance - Unsecured	15,319,705	15,319,705
Less: Provision for doubtful morabaha finance 7.1	(15,319,705)	(15,319,705)
	<u>                    </u>	<u>                    </u>
<b>7.1 Movement of provision</b>		
Opening balance	15,319,705	24,339,705
Reversal during the period /year	-	(9,020,000)
Closing balance	<u>15,319,705</u>	<u>15,319,705</u>
<b>8. IJARAH RENTALS RECEIVABLE</b>		
Considered good	36,420	-
Considered doubtful	119,542	230,542
	<u>155,962</u>	<u>230,542</u>
Less: Provision for doubtful receivables 7.1	(119,542)	(230,542)
	<u>36,420</u>	<u>-</u>
<b>8.1 Movement of provision</b>		
Opening balance	230,542	230,542
Reversals during the period /year	111,000	-
Closing balance	<u>119,542</u>	<u>230,542</u>



	Note	Half year ended Dec. 31, 2011 (Un-audited) (Rupees)	Year ended June 30, 2011 Audited (Rupees)
<b>9. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES</b>			
Considered good			
Advance tax		449,463	749,665
Current portion of advance to staff		117,000	60,000
Deposit		1,000,000	1,000,000
Prepayments		233,498	139,435
Receivables			
Against sale of shares		10,476,377	10,476,377
Others	9.1	1,305,689	13,747
		13,582,027	12,439,224
Less: Provision for doubtful receivables	9.2	-	-
		<u>13,582,027</u>	<u>12,439,224</u>

**9.1** It includes Rs. 1,291,942/- receivable ( June 2011: Rs. Nil ) from the Royal Management services (Private) Limited (Management Company) against various expenses paid on their behalf.

**9.2 Movement of provision**

Opening balance	-	476,377
Reversal during the period	-	(476,377)
Closing balance	-	-

**10. ACCRUED PROFIT**

<b>Considered good</b>		
Term deposit receipts	771,670	597,720
<b>Considered doubtful</b>		
Morabaha finances	4,028,913	4,028,913
	4,800,583	4,626,633
Less: Provision for doubtful receivables	(4,028,913)	(4,028,913)
	<u>771,670</u>	<u>597,720</u>



**11. 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, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010
		.....Rupees.....		
Vehicles	-	958,000	-	(50,850)
Plant and machinery	-	-	-	(170,000)
	<u>-</u>	<u>958,000</u>	<u>-</u>	<u>(220,850)</u>

**12. CONTINGENCIES AND COMMITMENTS**

There are no changes in contingencies and commitments as disclosed in annual audited financial statements for the year ended June 30, 2011.

**13. MODARABA COMPANY'S MANAGEMENT FEE**

Since, the Modaraba incurred loss during the period and no profit is available for appropriation to the certificate holders. Management fee has not been charged for the period.

	Half year ended Dec. 31, 2011 (Un-audited) (Rupees)	Year ended June 30, 2011 Audited (Rupees)

**14. TAXATION**

Current year	75,842	50,942
Prior year	(7,779)	-
	<u>68,063</u>	<u>50,942</u>

**15. 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, 2011 Rupees	Audited June 30, 2011 Rupees
<b>Modaraba company</b>	Management fee paid	210,217	1,498,159
<b>Modaraba company</b>	Expenses paid on behalf of the Modaraba Company	1,291,942	582,876
<b>Modaraba company</b>	Expenses reimbursed by the Modaraba Company	-	1,287,942
<b>Modaraba company</b>	Dividend paid	501,600	376,200
<b>Provident Fund</b>	Contribution made	18,768	30,960
<b>Director</b>	Honorarium	-	120,000



**16. DATE OF AUTHORISATION OF ISSUE**

These condensed interim financial information has been authorized for issue on 29 February, 2012 by the Board of Directors of the Royal Management Services (Private) Limited.

**17. GENERAL**

17.1 Corresponding figures have been rearranged and reclassified to reflect more appropriate presentation of events and transactions for the purposes of comparison.

17.2 Figures have been rounded off to the nearest Rupee.

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 a Chief Executive Officer.

  
DIRECTOR

  
DIRECTOR

  
DIRECTOR