



CORPORATE INFORMATION

BOARD OF DIRECTORS	Mr. Abdul Hameed Khan Mr. Muhammad Akhtar I. Pathan Mr. Mohammad Musharraf Khan	(Chairman) (Director) (Director)
AUDIT COMMITTEE	Mr. Muhammad Akhtar I. Pathan Mr. Abdul Hameed Khan Mr. Mohammad Musharraf Khan	(Chairman) (Member) (Member)
HUMAN RESOURCE AND REMUNERATION COMMITTEE	Mr. Abdul Hameed Khan Mr. Muhammad Akhtar I. Pathan Mr. Mohammad Musharraf Khan	(Chairman) (Member) (Member)
SHARIAH ADVISOR	Mufti Muhammad Ibrahim Essa	
COMPANY SECRETARY	Mr. Mohammad Musharraf Khan	
BANKERS	Burj Bank Limited Habib Bank Ltd. (Islamic Banking) Albaraka Bank (Pakistan) Ltd. Faysal Bank Limited	
AUDITORS	M. Yousuf Adil Saleem & Co. Chartered Accountants	
LEGAL ADVISOR	Muhammad Zubair Quraishy & Co.	
MANAGEMENT COMPANY	M/s Royal Management Services (Pvt.) Limited	
REGISTERED OFFICE	Office No. 54, Ground Floor, Beverley Centre, 56-G, Blue Area, Islamabad	
KARACHI OFFICE	Office 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.) Limited, Mehersons Estate, 1st Floor, Block-E, Talpur Road, Karachi- 74000 Tel: 021 32401634	

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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 2012.

KEY OPERATING / FINANCIAL HIGHLIGHTS

Half Year ended	(Rupees in million)	
	31-12-2012	31-12-2011
Total Income from Operations	3.358	5.027
Operating Expenses	2.174	2.331
Profit from Operation	1.184	2.696
Realized Capital Gain	0.550	0.810
Unrealized Loss on Re-measurement of Investment	(0.102)	(2.628)
Provision against doubtful Receivables	-	(1.500)
Net Profit / (Loss)	1.001	(1.501)
Earning/ (Loss) per Certificate –Re	0.08	(0.12)

REVIEW OF OPERATIONS:

During the half year ended on 31st December 2012, the Overall operating performance of the First Pak Modaraba reflects that Operating Income decreased to Rs.3.358 Million as against Rs.5.027 Million during the corresponding period last year. The Net Profit of the Modaraba stands to Rs.1.001 Million as against a loss of Rs.1.501 Million in the corresponding period last year. Modaraba has earned Rs.0.550 Million capital gain on sale of investment as against a gain of Rs. 0.810 Million during the same period last year. Operating expenses has decreased to Rs.2.174 Million from Rs.2.331 Million as compared to corresponding period of last year FY 2011-12. The earnings per certificate is Re.0.08 against a loss per certificate of Re.0.12 corresponding period.

Keeping in view of the adverse economic condition, the management has adopted conservative approach for fresh disbursement. Trading in stock market is being done on a prudent manner and only on those shares which are shariah compliant.

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:

The Board of Directors attaching their emphasis for the recovery of overdue finances, to improve our funding portfolio for better utilization in different business and corporate sectors with higher profitability earnings, to improve the Net Profit.

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

Chairman

Karachi.
Dated: 28-02-2013



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, 2012 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, 2012 and December 31, 2011 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2012.

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 (refer note 9.2 to the interim financial information) receivable on account of stock market transactions and Rs. 1 million (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 million; however no provision has been made by the Modaraba for doubtful recoveries of these amounts.
- b) Investments (refer note 6.1 to the interim financial information) include investment of Rs. 4.875 million in shares of Prudential Securities Limited (PSL) - an unlisted public company; classified as available for sale carried at Rs. 1.838 million against which an unrealized loss on revaluation of Rs. 3.037 million 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 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 requirements of the International accounting standards.

In respect of matters stated in paragraphs (a) and (b), had the provision been made "advances, prepayments and other receivables" would have been reduced by Rs 11.476 million, investments by Rs 1.838 million, unrealized loss on 'Available for sale investment' by Rs. 3.037 million and profit for the period would have convert into loss amounting to Rs 15.35 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, 2012 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:

- i) The position of Chief Executive Officer is vacant since October, 2008 for the reasons mentioned in note 1.3 to the interim financial information.
- ii) The Modaraba incurred expenditure of Rs. 0.886 million on behalf of the Management Company and disclosed as other receivable which is in contravention of the Section 17 of Modaraba Companies and Modaraba (Floatation and Control) Ordinance.
- iii) 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 respect of paragraphs (i), (ii) and (iii) above.

Chartered Accountants

Engagement Partner:
Mushtaq Ali Hirani

Karachi
Dated: 28-02-2013



SHARIAH ADVISOR'S REPORT

I have conducted the *Shari'ah* review of First Pak Modaraba managed by Royal Management Services (Private) Limited for the half year ended December 31, 2012 in accordance with the requirements of the **Shariah Compliance and Shariah Audit Mechanism for Modarabas**.

Based on my review I report that in my opinion:

The Modaraba has introduced a mechanism which has strengthened the *Shariah* compliance, in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the *Shariah* principles;

Following were the major developments in respect of Shariah that took place during this Half year:

1. Most of the Saving accounts in different conventional banks have been closed, however one saving account of conventional bank was not closed due to some operational issues, however profit on these saving accounts are being paid into charity and Modaraba is trying to close it as soon as possible. Similarly, some dividend accounts were opened in past in conventional banks with saving nature; however Modaraba has accepted to be closed these accounts as soon as possible.

I confirm that for investment and operational purpose, First Pak Modaraba is operating the Bank accounts only in Islamic Banks or current accounts in conventional banks.

2. For risk mitigation, the Modaraba effectively adopted to obtain Takaful of all the assets that have been adopted in place of conventional Insurance.

3. All the equity shares relating to companies having non shariah compliant business have been disposed off during the period under review. The remaining non compliant shares will be disposed off expeditiously.

4. Modaraba effectively purified the dividend received during the period as per Shariah guidelines and the amount required to be charited has been transferred to charity account for charity purposes.

To the best of my information and according to the explanations given to me, the business transactions undertaken by the Modaraba and all other matters incidental thereto are in conformity with the *Shariah* requirements as well as the requirements of the Prospectus, Islamic Financial Accounting Standards as applicable in Pakistan and the *Shariah* Compliance and *Shariah* Audit Regulations for Modarabas.

Observations:

1. Modaraba maintains one saving account in conventional Bank.
2. Modaraba maintains some non Shariah Shares having shariah based business.

Recommendations:

1. Modaraba should close Saving Account of conventional Bank as soon as possible.
2. Non shariah shares in line with shariah compliant list should be disposed off .
3. The management should maintain its endeavors to comply with rulings of Shariah in its business operations and future transactions.

Conclusion

Alhamdulillah, after introduction of Shari'ah Compliance and Shari'ah Audit Mechanism for Modarabas by Securities & Exchange Commission of Pakistan (SECP), the Management of First Pak Modaraba has effectively shown its sincerity to comply with Shariah Rulings in its true spirit, therefore I am of the view that the business operations of First Pak Modaraba are Shari'ah compliant up to the best of my knowledge.



Muhammad Ibrahim Essa
Shari'ah Advisor
First Pak Modaraba

Dated: February 22, 2013

CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2012

ASSETS	Note	(Unaudited)	(Audited)
		Dec. 31 2012	June 30, 2012
.....Rupees.....			
Current Assets			
Cash and bank balances	5	45,517,086	9,086,062
Investments	6	13,257,290	47,443,006
Morabaha finance	7	-	-
Ijarah rentals receivable	8	74,496	-
Advances, prepayments and other receivables	9	13,615,315	14,587,867
Accrued profit	10	154,940	907,265
Tax refundable-considered good		4,889,437	4,512,654
Total Current Assets		77,508,564	76,536,854
Non-current Assets			
Property and equipment -Ijarah	11	436,426	548,192
Property and equipment - owned	12	73,122	73,214
Long term Investment		-	1,350,000
Advances and deposits		45,750	58,250
Total Non-Current Assets		555,298	2,029,656
TOTAL ASSETS		78,063,862	78,566,510
LIABILITIES			
Current Liabilities			
Current portion of ijarah deposits		287,400	-
Accrued and other liabilities		999,045	1,677,626
Unclaimed profit distribution		4,427,682	3,748,284
Total Current Liabilities		5,714,127	5,425,910
Non-Current liabilities			
Long term ijarah deposits		-	287,400
TOTAL LIABILITIES		5,714,127	5,713,310
NET ASSETS		72,349,735	72,853,200
REPRESENTED BY			
Certificate Capital			
12,540,000 Modaraba Certificates of Rupees 10/- each		125,400,000	125,400,000
Statutory reserve		24,325,280	24,325,280
Accumulated loss		(74,338,420)	(73,834,955)
Unrealized loss on available for sale Investments		(3,037,125)	(3,037,125)
		72,349,735	72,853,200

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

This condensed interim financial information has been signed by three directors instead of Chief Executive Officer and two directors as no Chief Executive Officer has been appointed.

DIRECTOR

DIRECTOR

DIRECTOR



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT(Un-Audited)
FOR THE HALF YEAR ENDED DECEMBER 31,2012**

Note	Half year ended		Quarter ended		
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011	
 Rupees.....				
INCOME					
Return on term deposit receipts and PLS accounts	2,196,677	2,933,725	1,120,145	1,380,368	
Gain on sale of investments	550,100	809,925	310,771	275,133	
Ijarah rentals	148,992	408,252	74,496	204,126	
Dividend income	462,487	874,781	109,638	339,187	
	<u>3,358,256</u>	<u>5,026,683</u>	<u>1,615,050</u>	<u>2,198,814</u>	
Unrealized (loss)/gain on remeasurement of held for trading investments	(102,148)	(2,628,456)	110,252	(2,521,162)	
Provision against doubtful receivables-net	-	(1,500,000)	-	(1,500,000)	
	<u>3,256,108</u>	<u>898,227</u>	<u>110,252</u>	<u>(1,822,348)</u>	
EXPENDITURE					
Depreciation on ijarah assets	(111,767)	(279,040)	(55,884)	(139,520)	
Administrative expenses	(2,040,454)	(2,052,052)	(1,373,635)	(1,268,454)	
Workers welfare fund	(21,645)	-	(21,645)	-	
	<u>(2,173,866)</u>	<u>(2,331,092)</u>	<u>(1,451,164)</u>	<u>(1,407,974)</u>	
Profit/(loss) for the period	1,082,243	(1,432,865)	274,138	(3,230,322)	
Modaraba company's management fee	13	-	-	-	
Profit/(loss) before taxation	1,082,243	(1,432,865)	274,138	(3,230,322)	
Provision for taxation	(80,908)	(68,063)	(80,908)	(68,063)	
Profit/(loss) after taxation	14	1,001,335	(1,500,928)	193,230	(3,298,385)
Other Comprehensive income					
	-	-	-	-	
Total comprehensive income/(loss) for the period	<u>1,001,335</u>	<u>(1,500,928)</u>	<u>193,230</u>	<u>(3,298,385)</u>	
Earnings per certificate	<u>0.08</u>	<u>(0.12)</u>	<u>0.02</u>	<u>(0.26)</u>	

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 DIRECTOR


 DIRECTOR


 DIRECTOR


**CONDENSED INTERIM CASH FLOW STATEMENT(Un-Audited)
FOR THE HALF YEAR ENDED DECEMBER 31,2012**

Note	Half Year Ended	
	Dec. 31, 2012	Dec. 31, 2011
Rupees.....	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	1,082,243	(1,432,865)
Adjustments for non-cash changes and other items:		
Gain on sale of investments	(550,100)	(809,925)
Dividend income	(462,487)	(874,781)
Unrealized loss / (gain) on remeasurement of held for trading investments	102,148	2,628,456
Reversal against doubtful receivables-net	-	1,500,000
Amortization on ijarah assets	111,767	279,040
Depreciation-own assets	30,992	31,223
	<u>(767,680)</u>	<u>2,754,013</u>
	<u>314,563</u>	<u>1,321,148</u>
Cash flows before movements in working capital		
(Increase) /decrease in operating assets		
Ijarah rentals receivable	(74,496)	74,580
Accrued profit	752,326	(173,949)
Advances, prepayments and other receivables	562,556	(1,427,504)
	<u>1,240,386</u>	<u>(1,526,873)</u>
Increase/(decrease) in operating liabilities		
Ijarah deposits	-	(111,000)
Accrued and other liabilities	(678,581)	(482,957)
	<u>(678,581)</u>	<u>(593,957)</u>
Cash generated from/(used in) from operations	876,368	(799,682)
Income tax paid	(35,194)	(8,461)
Net cash generated from/(used in) operating activities	<u>841,174</u>	<u>(808,143)</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	462,483	874,781
Investments encashed/(made)-net	35,983,668	(1,958,415)
Purchase of own assets	(30,900)	-
Net cash generated from/(used in) investing activities	<u>36,415,251</u>	<u>(1,083,634)</u>



	Note	Half Year Ended	
		Dec. 31, 2012	Dec. 31, 2011
.....Rupees.....			
C CASH FLOWS FROM FINANCING ACTIVITIES			
Profit distribution		(825,401)	(4,139,494)
Net cash used in financing activities		<u>(825,401)</u>	<u>(4,139,494)</u>
Net increase/(decrease) in cash and cash equivalents (A+B+C)		36,431,024	(6,031,271)
Cash and cash equivalents at beginning of the period		9,086,062	49,292,322
Cash and cash equivalents at end of the period		<u>45,517,086</u>	<u>43,261,051</u>
CASH AND CASH EQUIVALENT			
Cash and bank balances	5	45,517,086	3,261,051
Short term investment having less than three months maturity		-	40,000,000
		<u>45,517,086</u>	<u>43,261,051</u>

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

This condensed interim financial information has been signed by three directors instead of Chief Executive Officer and two directors as no Chief Executive Officer has been appointed.


DIRECTOR


DIRECTOR


DIRECTOR



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2012**

	Certificate capital	Reserves			Total
		Capital Statutory Reserve	Unrealized loss on Available for sale investments	Revenue Accumulated loss	
..... Rupees.....					
Balance at July 1, 2011	125,400,000	23,948,076	(3,037,125)	(70,327,769)	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	23,948,076	(3,037,125)	(76,844,697)	69,466,254
Profit for the half year ended June 30, 2012	-	-	-	3,386,946	3,386,946
Other comprehensive income for the half year ended June 30, 2012	-	377,204	-	(377,204)	-
Transfer to statutory reserve	-	24,325,280	(3,037,125)	(76,872,080)	72,853,200
Balance at June 30, 2012	125,400,000	24,325,280	(3,037,125)	(76,872,080)	72,853,200
Profit for the half year ended December 31, 2012	-	-	-	1,001,335	1,001,335
Other comprehensive income for the half year ended December 31, 2012	-	-	-	-	-
Distribution @ 1.2 % declared for the year ended June 30, 2012	-	-	-	(1,504,800)	(1,504,800)
Balance at December 31, 2012	125,400,000	24,325,280	(3,037,125)	(74,338,420)	72,349,735

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

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DIRECTOR


DIRECTOR



**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL INFORMATION (Un-Audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2012**

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** 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 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 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 position of the Chief Executive Officer (CEO) is vacant since October, 2008. The application for the appointment of proposed CEO has been rejected twice by the Securities and Exchange Commission of Pakistan (SECP) on October 29, 2010 and again on September 08, 2011, in the absence of a CEO the board is directly managing the affairs of the Modaraba.
- 1.4** 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, 2012
- 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, 2012
- 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 2012.



- 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, 2012 (Un-audited) (Rupees)	June 30, 2012 Audited (Rupees)	
	Cash in hand	4,500	2,735
	Cash at banks		
	Current accounts	3,227,388	2,534,170
5.1	Saving accounts	42,285,198	6,549,157
		45,512,586	9,083,327
		<u>45,517,086</u>	<u>9,086,062</u>

5.1 Effective mark-up rate in respect of saving accounts ranges from 5% to 10.25% (June 2012: 4% to 11.5%) per annum.

6. INVESTMENTS

	Available for sale	6.1	1,837,875	1,837,875
	Held for trading at fair value through profit or loss	6.2	8,719,415	9,905,131
	Loan and receivables	6.3	2,700,000	35,700,000
			<u>13,257,290</u>	<u>47,443,006</u>

6.1 Available for sale

Fully paid ordinary shares of Rs. 10/- each

Half year ended Dec. 31, 2012	Year ended June 30, 2012	Name of Company	Half year ended Dec. 31, 2012 (Un-audited) (Rupees)	Year ended June 30, 2012 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	<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

Half year ended Dec. 31, 2012	Year ended June 30, 2012	Name of Company	Half year ended Dec. 31, 2012 (Un-audited) (Rupees)	Year ended June 30, 2012 Audited (Rupees)
Number of Shares / Units Quoted securities				
Open-end Mutual Funds				
30,148	-	MCB Islamic Income Fund (Face value of certificate Rs.100/- each)	3,023,583	-
-	100,809	National Investment Trust Limited	-	3,050,480
Oil & Gas				
2,000	-	Attock Refinery Limited	335,160	-
1,500	5,000	National Refinery Limited	317,550	1,156,950
-	1,000	Pakistan State Oil Company Limited	-	235,840
Chemicals				
-	9,700	Engro Corporation Limited	-	987,848
5,000	-	Fauji Fertilizer Company Limited	585,700	-
73,000	52,500	Fauji Fertilizer Bin Qasim Limited	2,817,070	2,143,050
700	4,000	ICI Pakistan Limited	121,723	524,280
-	40,000	Lotte Pakistan PTA Limited	-	281,200
Construction and materials				
2,500	-	Akzo Nobel Pakistan	216,275	-
5,000	3,000	D.G. Khan Cement Company Limited	272,900	118,140
40,000	-	Fauji Cement Company Limited	261,600	-
-	1,000	Lucky Cement Limited	-	115,390
General Industrials				
-	2,000	Packages Limited	-	199,400
Personal Goods				
-	6,650	Nishat (Chunian) Limited	-	115,644
Pharma And bio tech				
600	3,044	GlaxoSmithKline Pakistan Limited	44,014	192,504
Fixed Line Telecommunication				
-	2,500	Pakistan Telecommunication Company Limited	-	34,225
Electricity				
16,000	12,000	Hub Power Company Limited	723,840	502,680
-	5,500	Kot Addu Power Company Limited	-	247,500
Suspended / Delisted Companies				
120,000	120,000	Prudential Investment Bank Limited	-	-
279,749	279,749	Pakistan Industrial & Commercial Leasing Limited	-	-
			<u>8,719,415</u>	<u>9,905,131</u>



Note	Half year ended Dec. 31, 2012 (Un-audited) (Rupees)	Year ended June 30, 2012 Audited (Rupees)
6.2.1 Unrealized loss on changes in fair value of held for trading investments		
	8,821,563	11,425,940
	(102,148)	(1,520,809)
	<u>8,719,415</u>	<u>9,905,131</u>
6.3 Loans and receivables		
- Term deposit receipts	6.3.1 -	33,000,000
- Other receivables	6.3.2 2,700,000	4,050,000
Less: Long term portion	-	(1,350,000)
	<u>2,700,000</u>	<u>2,700,000</u>
	<u>2,700,000</u>	<u>35,700,000</u>
6.3.1 Effective mark-up rate in respect of term deposit ranged from 10.5% to 10.85% (June 2012: 10.50% to 14.25%) per annum.		
6.3.2 This 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 out of which total 8 installments have been received as of December 31, 2012.		
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>
8. IJARAH RENTALS RECEIVABLE		
Considered good	74,496	-
Considered doubtful	119,542	119,542
	<u>194,038</u>	<u>119,542</u>
Less: Provision for doubtful receivables	(119,542)	(119,542)
	<u>74,496</u>	<u>-</u>
9. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES		
Considered good		
Advance tax	35,194	457,691
Current portion of advance to staff	81,500	117,000
Advance	9.1 1,000,000	1,000,000
Prepayments	97,206	140,830
Receivables against sale of shares	9.2 11,475,794	11,969,938
Others	9.3 925,621	902,408
	<u>13,615,315</u>	<u>14,587,867</u>



FIRST PAK MODARABA

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 (2011: 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. 886,442/- receivable (June 2012: Rs. 886,442) from the Royal Management services (Private) Limited (Management Company) against various expenses paid on their behalf.

	Note	Half year ended Dec. 31, 2012 (Un-audited) (Rupees)	Year ended June 30, 2012 Audited (Rupees)
10. ACCRUED PROFIT			
Considered good			
Loans and receivable - term deposit receipts		154,940	907,265
Considered doubtful			
Musharika and morabaha finance		4,028,913	4,028,913
		4,183,853	4,936,178
Less: Provision for doubtful receivables		(4,028,913)	(4,028,913)
		154,940	907,265

11. PROPERTY AND EQUIPMENT -IJARAH

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

12. PROPERTY AND EQUIPMENT - OWN

During the period office equipment of Rs. 30,900 (Dec 31, 2011 : NIL) is purchased.

13. MODARABA COMPANY'S MANAGEMENT FEE

Management Company intended to waive management fee for the financial year ended June 30, 2013.

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:



FIRST PAK MODARABA

Relationship with the Company	Nature of Transactions	Unaudited December 31, 2012 Rupees	Unaudited December 31, 2011 Rupees
Modaraba company	Expenses paid on behalf of the Modaraba Company	-	1,291,942
Modaraba company	Management fee paid	-	210,217
Modaraba company	Dividend paid	150,480	501,600
Provident Fund	Contribution made	19,284	18,768
Group Company	Expenses incurred on common facility of utilities used	100,337	80,132

15. DATE OF AUTHORISATION OF ISSUE

These condensed interim financial information has been authorized for issue on 28-02-2013 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 three directors instead of Chief Executive Officer and two directors as no Chief Executive Officer has been appointed.


DIRECTOR


DIRECTOR


DIRECTOR



FIRST

PAK

MODARABA

**HALF YEARLY REPORT
FOR THE PERIOD ENDED
DECEMBER 31, 2012 (Un-audited)
(Reviewed by External Auditors)**

Managed by:

Royal Management Services (Pvt.) Limited

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Printed Matter

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