

## **REVIEW REPORT TO THE CERTIFICATE HOLDERS**

We have reviewed the annexed balance sheet of **First Paramount Modaraba** (the Modaraba) as at December 31, 2006 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "financial statements") for the half year then ended. These financial statements are the responsibility of the Modaraba's management (Paramount Investments Limited). Our responsibility is to issue a report on these financial statements based on our review. The figures of the profit and loss account, cash flow statement and statement of changes in equity for the quarter ended December 31, 2006 and 2005 have not been reviewed as we are required to review only the cumulative figures for the half year ended December 31, 2006.

We conducted our review in accordance with the International Standards on Review Engagement ISRE-2400 applicable to review engagement. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of Modaraba personnel and analytical procedures applied to the financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the annexed financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

**Chartered Accountants**

**Karachi**

**Date : Feb 27 2007**

**FIRST PARAMOUNT MODARABA  
BALANCE SHEET  
AS AT DECEMBER 31, 2006**

	<i>(Un-audited)</i> <i>December 31,</i> <i>2006</i> <i>Rupees</i>	<i>(Audited)</i> <i>June 30,</i> <i>2006</i> <i>Rupees</i>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and bank balances	13,045,189	22,901,676
Current portion of long term morabaha finance	19,752,505	31,482,654
Short term morabaha finance	6,905,000	2,954,829
Stock in trade	814,484	1,090,050
Trade debtors	2,027,117	2,824,373
Accrued profit	712,791	818,782
Advances, prepayments and other receivables	5,014,412	4,712,950
<b>Total current assets</b>	<u>48,271,498</u>	<u>66,785,314</u>
Morabaha finance	17,250,851	6,783,603
Long term deposits	3,028,157	3,063,157
Property, plant and equipments	29,372,243	29,347,504
Capital work in progress	4,823,736	-
<b>TOTAL ASSETS</b>	<u>102,746,485</u>	<u>105,979,578</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Creditors, accrued and other liabilities	2,275,345	5,507,886
Current portion of long term morabaha obligation	4,970,911	8,763,489
Short term morabaha obligation	8,953,951	-
Profit payable on morabaha obligation	935,794	1,140,047
Payable to modaraba management company	421,473	1,119,617
Sales tax payable	299,417	316,308
Provision for taxation	30,000	30,000
Unclaimed dividend	4,345,438	2,652,950
<b>Total current liabilities</b>	<u>22,232,330</u>	<u>19,530,297</u>
Long term morabaha obligation	725,563	1,930,021
Security deposits	359,496	356,246
Deferred liabilities	414,174	416,351
<b>TOTAL LIABILITIES</b>	<u>23,731,562</u>	<u>22,232,916</u>
<b>NET ASSETS</b>	<u>79,014,924</u>	<u>83,746,663</u>
<b>REPRESENTED BY:</b>		
Certificate capital	58,633,330	58,633,330
Capital reserves	16,140,204	16,140,204
Unappropriated profit	4,241,390	8,973,129
	<u>79,014,924</u>	<u>83,746,663</u>

The annexed notes from 1 to 9 form an integral part of these financial statements

**Chief Executive Officer**  
Paramount Investments  
Limited

**Director**  
Paramount Investments  
Limited

**Director**  
Paramount Investments  
Limited

**FIRST PARAMOUT MODARABA**  
**PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2006**

<i>Half Year Ended</i>		<i>Quarter Ended</i>	
<i>December 31,</i>	<i>December 31,</i>	<i>December 31,</i>	<i>December 31,</i>
<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>

**REVENUE**

Profit on morabaha finance	3,643,341	4,059,275	2,019,137	1,840,787
Profit on CNG project musharika	3,315,210	6,107,937	1,327,488	3,101,777
Profit on bank deposits	287,518	351,760	270,948	344,484
Musharika management fee	157,742	290,623	63,164	147,586
Gain on trading	-	120,000	-	-
Other income	26,639	25,777	18,339	18,177
	7,430,450	10,955,372	3,699,076	5,452,811

**EXPENSES**

Operating expenses	(2,584,998)	(2,602,958)	(1,412,141)	(1,266,819)
Profit to morabaha investors	(275,645)	(82,524)	(101,756)	217,414
Provision for doubtful recoveries	(55,072)	-	-	-
	(2,915,715)	(2,685,482)	(1,513,897)	(1,049,405)
Operating profit	4,514,735	8,269,890	2,185,179	4,403,406
Modaraba company's management fee	(451,474)	(826,989)	(218,518)	(440,341)
Profit before taxation	4,063,262	7,442,901	1,966,661	3,963,065
Taxation	-	-	-	-
Profit for the period	4,063,262	7,442,901	1,966,661	3,963,065
Earnings per certificate (Basic and Diluted)	0.69	1.27	0.34	0.68

The annexed notes from 1 to 9 form  
an integral part of these financial statements

**Chief Executive Officer**  
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Limited

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**FIRST PARAMOUT MODARABA**  
**CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2006**

	<i>Half Year Ended</i>		<i>Quarter Ended</i>	
	<i>December 31,</i>	<i>December 31,</i>	<i>December 31,</i>	<i>December 31,</i>
	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
<b>A. INFLOW DUE TO MERGER OF FIRST NATIONAL MODARABA</b>		-	-	-
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	4,063,261	7,442,901	1,966,661	3,963,066
Adjustments for:				
- Profit on morabaha finance	-	-	-	-
Depreciation	1,466,449	1,068,949	856,058	592,673
Provision for gratuity	88,298	79,987	88,298	79,987
- Gain on sale of investments	-	-	-	-
Gain on sale of property, plant and equipment	-	(127,296)	-	-
Provision for bad and doubtful debts	55,072	-	55,072	-
- Bad debts written off	-	-	-	-
	<u>5,673,080</u>	<u>8,464,541</u>	<u>2,966,089</u>	<u>4,635,726</u>
(Increase) / decrease in current assets				
Stock in trade	275,566	(46,569)	118,505	(362,989)
Trade debtors	797,256	(130,686)	670,950	(497,286)
Accrued profit	105,991	-	(273,365)	-
Advances, prepayments and other receivables	(301,461)	879,783	(428,074)	562,198
	<u>877,351</u>	<u>702,528</u>	<u>88,015</u>	<u>(298,077)</u>
(Decrease) / increase in current liabilities				
Creditors, accrued and other liabilities	(3,249,432)	(303,083)	(3,401,773)	(7,723,985)
Payable to Modaraba management company	(698,144)	(262,439)	188,517	440,341
	<u>(3,947,576)</u>	<u>(565,522)</u>	<u>(3,213,256)</u>	<u>(7,283,644)</u>
Cash generated from / (used in) operations	<u>2,602,856</u>	<u>8,601,547</u>	<u>(159,151)</u>	<u>(2,945,995)</u>
Income taxes paid	-	-	-	-
Gratuity paid	(90,475)	(162,613)	(33,752)	(162,613)
Net cash flow from / (used in) operating activities	<u>2,512,381</u>	<u>8,438,934</u>	<u>(192,903)</u>	<u>(3,108,608)</u>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	(6,315,078)	(3,506,565)	(4,953,271)	(1,904,243)
Proceeds from sale of property, plant and equipment	-	21,824	-	19,824
Long term morabaha finance	1,262,901	11,704,176	4,965,374	878,254
Short-term morabaha finance	(3,950,171)	1,312,992	(2,767,487)	2,693,757
Long-term deposits	35,000	(435,232)	-	26,225
Profit received from Morabaha financing	-	-	-	-
Net cash flow (used in) / from investing activities	<u>(8,967,348)</u>	<u>9,097,195</u>	<u>(2,755,384)</u>	<u>1,713,817</u>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Profit paid on morabaha obligation	(204,253)	-	93,373	-
Long term morabaha obligation	(5,051,956)	(2,214,221)	(2,518,938)	(3,381,440)
Short-term morabaha obligation	8,953,951	(3,718,830)	8,953,951	4,712,651
Security deposits	3,250	-	6,500	-
Dividend paid	(7,102,512)	(6,002,385)	(6,945,366)	(5,972,233)
Net cash flow used in financing activities	<u>(3,401,519)</u>	<u>(11,935,436)</u>	<u>(410,479)</u>	<u>(4,641,022)</u>
Net (decrease) / increase in cash and cash				

equivalents (A+B+C)	(9,856,487)	5,600,693	(3,358,767)	(6,087,297)
Cash and cash equivalents at the beginning of the period	22,901,676	13,580,660	16,403,956	25,268,650
Cash and cash equivalents at the end of the period	<u>13,045,189</u>	<u>19,181,353</u>	<u>13,045,189</u>	<u>19,181,353</u>

The annexed notes from 1 to 9 form an integral part of these financial statements

**Chief Executive Officer**  
Paramount Investments  
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**FIRST PARAMOUNT MODARABA**  
**STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2006**

	<b>RESERVES</b>				<b>Total</b>
	<b>Certificate Capital</b>	<b>CAPITAL</b>		<b>REVENUE</b>	
		<b>Merger Reserve</b>	<b>Statutory Reserve</b>	<b>Unappropriated Profit</b>	
<b>&lt; ----- Rupees ----- &gt;</b>					
<b>Balance as at July 01,2005</b>	58,633,330	1,935,160	11,272,185	8,090,052	79,930,727
Profit for the quarter ended September 30, 2005	-	-	-	3,479,835	3,479,835
Profit distribution declared for the year	-	-	-	(7,915,500)	(7,915,500)
<b>Balance as at September 30, 2005</b>	<b>58,633,330</b>	<b>1,935,160</b>	<b>11,272,185</b>	<b>3,654,387</b>	<b>75,495,062</b>
Profit for the quarter ended December 31, 2005	-	-	-	3,963,066	3,963,066
<b>Balance as at December 31, 2005</b>	<b>58,633,330</b>	<b>1,935,160</b>	<b>11,272,185</b>	<b>7,617,453</b>	<b>79,458,128</b>
Profit for the half year ended June 30, 2006	-	-	-	4,288,535	4,288,535
Transferred to statutory reserve	-	-	2,932,859	(2,932,859)	-
<b>Balance as at June 30,2006</b>	<b>58,633,330</b>	<b>1,935,160</b>	<b>14,205,044</b>	<b>8,973,129</b>	<b>83,746,663</b>
Profit for the quarter ended	-	-	-	2,096,600	2,096,600
Profit distribution declared for the year	-	-	-	(8,795,000)	(8,795,000)
<b>Balance as at September 30, 2006</b>	<b>58,633,330</b>	<b>1,935,160</b>	<b>14,205,044</b>	<b>2,274,729</b>	<b>77,048,263</b>
Profit for the quarter ended December 31, 2006	-	-	-	1,966,661	1,966,661
<b>Balance as at December 31, 2006</b>	<b>58,633,330</b>	<b>1,935,160</b>	<b>14,205,044</b>	<b>4,241,390</b>	<b>79,014,924</b>

#REF!

**Chief Executive Officer**  
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