



FIRST PARAMOUNT MODARABA

**(An Islamic Financial Institution)
Managed by: Paramount Investments Limited**

ANNUAL REPORT | 2020

**For Long Term 'BBB', For Short Term A-3
Out Look - 'Stable'
VIS Credit Rating Company**



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Mission & Vision

1. It is our firm commitment to operate the Modaraba activities in accordance with Islamic Shariah with its true spirit.
2. To employ the Modaraba funds in best possible way and to promote the human talents, to maximize the profit for certificate holders.
3. It is our mission to constantly endeavour for excellence in all spheres of business activity, maintain its eminent market position, promote lasting relationship with our customers and other stakeholders, and construct a durable and vibrant Pakistan.



STATEMENT OF ETHICS AND BUSINESS PRACTICES

We believe a complete code of ethics is a prerequisite for all Directors and employees of First Paramount Modaraba. We endeavour to the philosophy behind the code of ethics to carry out honestly activities assigned to them. Our aim is to have highest standard of excellence for the product and the betterment for all those involved directly or indirectly with our Modaraba.

CORPORATE INFORMATION
FIRST PARAMOUNT MODARABA
MANAGED BY: PARAMOUNT INVESTMENTS LIMITED

BOARD OF DIRECTORS

Mr. Tanveer Ahmed Magoon	Chairman
Mr. Syed Wajih Hassan	Chief Executive Officer
Mr. Nadeem Iqbal	Director
Mr. Pir Muhammad Kalia	Director
Mr. Abrar Ahmed	Director
Mr. Habib Ahmed Navaid	Independent Director
Mr. Humayun Mazhar Qureshi	Independent Director

AUDIT COMMITTEE

Mr. Habib Ahmed Navaid	Chairman
Mr. Pir Muhammad Kalia	Member
Mr. Nadeem Iqbal	Member

HUMAN RESOURCE COMMITTEE

Mr. Humayun Mazhar Qureshi	Chairman
Mr. Tanveer Ahmed Magoon	Member
Mr. Nadeem Iqbal	Member
Mr. Syed Wajih Hassan	Member

CHIEF FINANCIAL OFFICER / COMPANY SECRETARY

Mr. Ammad Jamal

SHARIAH ADVISOR

Mufti Muhammad Farhan Farooq

SHARIAH CONSULTANT

Mufti Muhammad Najeeb Khan

CREDIT RATING

Long term BBB

Short Term A-3

Out Look Stable

By **VIS Credit Rating Company**

AUDITORS OF THE MODARABA

M/s Riaz Ahmed & Co
Chartered Accountants

AUDITORS OF THE MODARABA MANAGEMENT COMPANY

M/s Rahim Jan & Co.
Chartered Accountants

LEGAL ADVISOR

M/s Raja Qasit Nawaz, Advocates

BANKERS

Meezan Bank Limited
Bank Islami Pakistan Limited
Al Baraka Bank (Pakistan) Limited
Habib Metropolitan Bank Limited -Islamic Banking
Habib Bank Limited
Faysal Bank Limited

REGISTERED OFFICE

Suit # 107, 108, 1st Floor, P.E.C.H.S. Community Office Complex,
Block-2 PECHS, Shahrah-e-Quaiden, Karachi.
Phone: 34381037-38-52 & 34381101. Fax: 34534410
E-mail: info@fpm.com.pk
Web: www.fpm.com.pk

SHARE REGISTRAR

THK ASSOCIATES (PVT) LTD.
1ST Floor, 40-C, Block-6, PECHS,
Karachi - 75400. P.O. Box No. 8533.
Tel: 111-000-322 Fax: 34168271
Web: www.thk.com.pk
Email: sfc@thk.com.pk

DIRECTORS REPORT TO THE CERTIFICATE-HOLDERS OF FIRST PARAMOUNT MODARABA

The Directors of Paramount Investment Limited, Management Company of First Paramount Modaraba, are pleased to present the duly audited financial statements for the financial year ended on 30th June 2020, along with Sharia Advisor's report and Report of External Auditors to the Certificate Holders.

The year will be remembered for an unprecedented halt in the Global economy due to the steps taken by the governments to arrest the spread of Pandemic COVID 19. Last four months of the financial year witnessed its brunt over businesses. As a matter of precaution, Modaraba had to take following measures to avoid potential damages to its business:

- Sighting the uncertainty relating to the continuity of businesses, Modaraba had to temporarily cease financing to the customers (however, from July onwards financing to the customers, resumed).
- In compliance to SECP's guidelines, certain customers were also given concessions in repayment (Re-scheduling) of their dues to the Modaraba.

These steps curbed the profits of the Modaraba in the last quarter. Modaraba's in-house business unit "FPM Petro Services", also suffered in the last quarter, due to minimal drilling activity in the Country, owing to excessive availability of Oil at an exceptionally cheap rates.

Alhamdulillah, Management of the Modaraba draws great strength from the facts that:

- Modaraba remained 'operative' during the lockdown period as well, and was very much accessible to its Depositors and Certificate holders.
- During the Pandemic no employee lost his job.
- There are no new Bad Debts in Modaraba's Portfolio of receivables, In post Pandemic economic crisis.

In spite of these difficult circumstances, the Modaraba, Alhamdulillah, has posted a net profit of Rs.6,497,384 /- for the period ended June 30th 2020 as compared to Rs. 12,085,098/-for the same period last year (net decrease of 46.3%). Earnings per Share' for the period is Rs. 0.47 while it was at Rs. 0.88 for the last year.

Management of Modaraba is constantly pursuing new venues and ventures that could improve the net returns of the Modaraba. Enhancement in Equity is still on the priority, however, this require some stability in the Stock Market.

Financial Results:

Financial results are summarized as under:

	Year ended 30 th June, 2020 (Amount in Rupees)	Year ended 30 th June, 2019 (Amount in Rupees)
Profit after Taxation	6,497,384	12,085,098
Add: Unappropriated profit/(loss) brought forward	15,821,702	19,942,043
Profit available for appropriation	22,319,086	32,027,141
APPROPRIATIONS		
Profit distribution @ 3.5 % (2019 @10%)	(4,825,947)	(13,788,419)
Statutory reserve 20% (2019 @20%)	(1,299,477)	(2,417,020)
Unappropriated profit carried forward	16,193,662	15,821,702
EPC	0.47	0.88

Dividend:

The Board, in its meeting held on October 01, 2020, has approved the distribution of profit of Rs. 0.35 (3.5%) per certificate (2018: Rs.1.00 i.e 10%)of Rs. 10 each, subject to deduction of zakat and tax at source where applicable, for the year ended June 30, 2020.

An amount of Rs. 1,299 million has been transferred to statutory reserve in compliance with the Prudential Regulations for Modarabas which require that not less than 20% of the Modaraba's after tax profit be transferred to such reserve till such time as the reserve equals 100% of the paid-up capital.

Compliance with Code of Corporate Governance:

As required by the Code of Corporate Governance, your Directors are pleased to report that:

- a) The financial statements prepared by the management of the Modaraba present fairly its true state of affairs, the results of its operations, cash flows and changes in equity.
- b) Proper books of account of the Modaraba have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards, as applicable in Pakistan have been followed in preparation of financial statements.
- e) The system of internal control is sound and has been effectively implemented and monitored.
- f) The Modaraba is financially sound and there is no reason whatsoever to doubt its ability to continue as a going concern.
- g) There has been no material departure from the best practices of corporate governance as detailed in the listing regulation of the Stock Exchange(s) and;
- h) Board of Directors has total 7 directors including CEO. The composition of the board is as follows:
 - Male: 7
 - Female: 0

Name of Director
Mr. Tanveer Ahmed Magoon, Chairman
Syed Wajih Hassan, Chief Executive
Mr. Pir Muhammad Kalia, Director
Mr. Abrar Ahmed, Director
Mr. Nadeem Iqbal, Director
Mr. Humayun Mazhar Qureshi, Independent Director
Mr. Habib Ahmed Navaid, Independent Director

- i) During the year under review, Eight (08) meetings of the Board of Directors were held. Attendance by each director was as follows:

	Meetings Eligibility	Meeting Attended
Mr. Tanveer Ahmed Magoon, Chairman	8	6
Syed Wajih Hassan, Chief Executive	8	8
Mr. Pir Muhammad Kalia, Director	8	3
Mr. Abrar Ahmed, Director	3	2
Mr. Nadeem Iqbal, Director	8	7
Mr. Humayun Mazhar Qureshi, Independent Director	8	7
Mr. Habib Ahmed Navaid, Independent Director	8	8

j) During the year, five (04) meetings of the Audit Committee were held. Attendance by each member was as follows:

Name of Director	Meetings Eligibility	Meeting Attended
Mr. Habib Ahmed Navaid, Chairperson	2	2
Mr. Pir Muhammad Kalia, Member	4	2
Syed Wajih Hassan, Member	4	4
Mr. Nadeem Iqbal, Member	4	3

k) During the year, one (01) HR meeting was held. Attendance by each member was as follows:

Name of Director	Meetings Eligibility	Meeting Attended
Mr. Humayun Qureshi, Chairperson	1	1
Mr. Tanweer Ahmed Magoan, Member	1	1
Syed Wajih Hassan, Member	1	1
Mr. Nadeem Iqbal, Member	1	1

Director Remuneration

The remuneration of the director for attending meetings of the board or any Committee of the Board is determined under the Director's Compensation Policy adopted by First Paramount Modaraba.

Shari'ah Advisor's Report

The Modaraba continues to seek guidance from its Shari'ah Advisor, Mufti Farhan Farooq as and when required to ensure full compliance to Shari'ah Audit mechanism developed in consultation with Registrar Modaraba.

External Auditors

On the recommendation of the Audit Committee, the Board has approved the appointment of the auditors M/s. Riaz Ahmed & Co, Chartered Accountants as auditors for the year ending June 30, 2021 subject to approval by the Registrar Modaraba Companies and Modarabas.

Acknowledgement

The Management and the Board of Directors hereby offer thanks of manifold of the continuance patronage and coordination especially of the Registrar Modarabas, Securities And Exchange Commission of Pakistan, Islamabad, and State Bank of Pakistan.

We also put to our staff members in the scale of appreciation who really showed their agility in the completion of the given task.

For and on behalf of Board of Directors
Paramount Investments Limited (P.I.L.)
Managers of First Paramount Modaraba

Syed Wajih Hassan
Chief Executive Officer

Karachi
Date: October 01st 2020

- دوران سال آڈٹ کمیٹی کے ۳ اجلاس ہوئے جن کے ممبران کی حاضری درج ذیل ہے۔

ڈائریکٹرز کے نام	اجلاسوں میں مطلوبہ شرکت	اجلاسوں میں شرکت
حبیب احمد نوید صاحب، چیئر پرسن	2	2
بیر محمد کالیہ صاحب، ممبر	4	2
سید وجہ حسن صاحب، ممبر	4	4
ندیم اقبال صاحب، ممبر	4	3

- دوران سال ایچ آر کمیٹی کا ۱ اجلاس ہوا جن کے ممبران کی حاضری درج ذیل ہے۔

ڈائریکٹرز کے نام	اجلاسوں میں مطلوبہ شرکت	اجلاسوں میں شرکت
تالیوں مظہر قریشی صاحب، چیئر پرسن	1	1
تویر احمد گل صاحب، ممبر	1	1
سید وجہ حسن صاحب، ممبر	1	1
ندیم اقبال صاحب، ممبر	1	1

ڈائریکٹرز کا مشاہرہ

ڈائریکٹرز کی بورڈ کے کسی بھی اجلاس میں شرکت سے اجازت انویسٹمنٹ لینڈ کی متعین کردہ ڈائریکٹرز زر تلافی پالیسی کے تحت مقرر کی جاتی ہے۔

شرعی ایلو وائٹرز رپورٹ

مضار بہ مستقل طور پر شرعی مشیر معتمدی فرحان فاروق کی زیر ہدایت کام کر رہا ہے اور حسب ضرورت اس بات کو یقینی بنا رہا ہے کہ تمام مالیاتی معاملات شریعہ آڈٹ مکینزم کے تحت انجام دیے جائیں جو رجسٹرڈ مضار بہ کی ہدایات کے مطابق ہوں۔

آڈٹ کمیٹی کی سفارشات کو مد نظر رکھتے ہوئے بورڈ نے آئندہ مالی سال، جو ۳ جون ۲۰۲۱ء کو اختتام پزیر ہوگا، کیلئے میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو آڈیٹر مقرر کیا ہے جو رجسٹرڈ مضار بینڈ مضار بہ کی منگوری سے مشروط ہوگا۔

مضار بہ کی انتظامیہ اور بورڈ آف ڈائریکٹرز ان تمام اداروں اور افراد جن کی مسلسل حمایت اور تعاون ہمیں حاصل رہا، کی شکر گزار ہے خصوصاً رجسٹرڈ مضار بہ، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان کا شکر یہ ادا کرتے ہیں۔

ہم تمام اسٹاک ارکان کی کارکردگی کے بھی معترف ہیں جنہوں نے واقعتاً ایسے اہم اہداف کو مکمل کرنے میں تندی کا مظاہرہ کیا۔

فرسٹ بی امانت مضار بہ کے مینجمنٹ اور بی امانت انویسٹمنٹ لینڈ کے بورڈ آف ڈائریکٹرز کی جانب سے

سید وجہ حسن

چیف ایگزیکٹو آفیسر

کراچی

۱، اکتوبر ۲۰۲۰

- اسٹاک ایکسچینج کی لسٹنگ ریگولیشنز میں مذکور کوڈ آف کارپوریٹ گورننس کی بہترین روایات سے مضامین نے کبھی ایسی کوئی روگردانی نہیں کی جو قابل محاسبہ ہو۔
- بورڈ آف ڈائریکٹرز کے کل ارکان کی تعداد ۷ ہے جس میں ۶ ڈائریکٹرز اور سی ای او شامل ہیں، بورڈ آف ڈائریکٹرز کی تنظیم درج ذیل ہے:

ڈائریکٹرز کے نام
شوہرا احمد گول صاحب، چیئر پرسن
سید وجیہ حسن صاحب، چیف ایگزیکٹو
محمد کالیہ صاحب، ڈائریکٹر
ابراہیم صاحب، ڈائریکٹر
ندیم اقبال صاحب، ڈائریکٹر
ہمایوں مظہر قریشی صاحب، آزاد ڈائریکٹر
صیب احمد نوید صاحب، آزاد ڈائریکٹر

- دوران سال بورڈ آف ڈائریکٹرز کے ۸ اجلاس ہوئے جن میں ڈائریکٹرز کی حاضری درج ذیل ہے۔

ڈائریکٹرز کے نام	اجلاسوں میں مطلوبہ شرکت	اجلاسوں میں شرکت
شوہرا احمد گول صاحب، ڈائریکٹر	8	6
سید وجیہ حسن صاحب، چیف ایگزیکٹو	8	8
محمد کالیہ صاحب، ڈائریکٹر	8	3
ابراہیم صاحب، ڈائریکٹر	3	2
ندیم اقبال صاحب، ڈائریکٹر	8	7
ہمایوں مظہر قریشی صاحب، آزاد ڈائریکٹر	8	7
صیب احمد نوید صاحب، آزاد ڈائریکٹر	8	8

مالی نتائج:

مالی نتائج مختصر اور برج ذیل ہیں:

۳۰ جون ۲۰۱۹ کو ختم ہونے والا سال (رقم روپوں میں)	۳۰ جون ۲۰۲۰ کو ختم ہونے والا سال (رقم روپوں میں)	
12,085,098	6,497,384	منافع بعد از ٹیکس
19,942,043	15,821,702	سال کے آغاز پر غیر منقسم شدہ منافع
31,027,141	22,319,086	منافع دستیاب برائے تقسیم
		اختصاصات
(13,788,419)	(4,825,947)	ڈیویڈنڈ برائے تقسیم
(2,417,020)	(1,299,477)	حفظی برائے قانونی ذخائر
15,821,702	16,193,662	سال کے اختتام پر غیر منقسم شدہ منافع
0.88	0.47	آمدن فی حصص

منافع مقررہ:

۱. اکتوبر ۲۰۲۰ کو منظور ہونے والی بورڈ میٹنگ میں بورڈ ممبران نے ۳۵ پیسہ فی حصص (ایک حصص کی قیمت دس روپے ہے) منافع کی تقسیم کی منظوری دی ہے۔ جس میں ۳۰ جون ۲۰۲۰ تک نافذ قوانین کے تحت ٹیکس اور ڈکوٹ کی کوٹنگ کی جائے گی۔
 پروڈنشل سٹریٹجی کی تقسیم میں ۱,۲۹۹ ملین روپے کی رقم کو قانونی ذخائر میں منتقل کیا گیا ہے۔ پروڈنشل سٹریٹجی کا تقاضہ ہے کہ کم از کم ۲۰ فیصد منافع بعد از ٹیکس کو ان قانونی ذخائر میں منتقل کیا جائے جب تک یہ ذخائر ادا شدہ سرمائے کے ۱۰۰ فیصد مساوی نہ ہو جائیں۔

کوڈ آف کارپوریٹ گورننس کی پاسداری:

جیسا کہ کوڈ آف کارپوریٹ گورننس کا تقاضہ ہے، آپ کی کمپنی کے ڈائریکٹرز بمسرت اس بات کی تصدیق کرتے ہیں کہ:

- مضاربہ کی انتظامیہ کی جانب سے تیار کی جانے والی مالی دستاویزات، شفاف انداز سے کمپنی کے معاملات، کاروباری نتائج، نقد رقم کی ترسیل، اور سرمائے پر مبنی حصص میں رد و بدل کی نمائندگی کرتی ہیں۔
- مضاربہ کی جانب سے محاسبی کے کھاتوں کو باقاعدہ محفوظ رکھا جا رہا ہے۔

ڈائریکٹرز رپورٹ برائے شہقلمیت ہولڈرز، فرسٹ پیرامانٹ مضارہ:

پیرامانٹ انویسٹمنٹ لمیٹڈ کے ڈائریکٹرز، فرسٹ پیرامانٹ مضارہ کی منجھٹ کمپنی، 30 جون 2020 کو ختم ہونے والے مالی سال کے لئے قانونی طور پر آڈٹ شدہ مالی نتائج بشمول شرعی مشیر کی رپورٹ اور آڈیٹرز رپورٹ پیش کرنے پر مسرت محسوس کرتے ہیں۔ موجودہ سال کو عالمی معیشت میں غیر معمولی تعطل کے لئے یاد رکھا جائے گا، جسکی وجہ حکومتوں کی طرف سے عالمی وبا، COVID-19 کے پھیلاؤ کی روک تھام کے لئے اٹھائے گئے اقدامات ہیں، اور اسکے اثرات مالی سال کے آخری چار مہینوں میں کاروبار پر دیکھے گئے۔

احتیاطی طور پر مضارہ کو اپنے کاروبار کو ممکنہ نقصانات سے بچانے کے لئے درج ذیل اقدامات اٹھانا پڑے:

- کاروبار کے تسلسل سے متعلق غیر یقینی صورت حال کو دیکھتے ہوئے۔ مضارہ کو عارضی طور پر کسٹمز کو فراہم کی جانے والی فنانسنگ روکنا پڑی (تاہم، نئے مالی سال کے جولائی سے ہی کسٹمز کو فراہم کی جانے والی فنانسنگ دوبارہ شروع کر دی گئی)۔
- SECP کے رہنما اصولوں کی تعمیل کرتے ہوئے مضارہ نے اپنے مخصوص کسٹمز کو اپنے واجبات کی ادائیگی میں بھی رعایت (ری شیڈ یولنگ) دی۔ ان دونوں اقدامات کی وجہ سے آخری سرمایہ کے منافع میں کمی واقع ہوئی۔

عالمی منڈی میں غیر معمولی سستے نرخوں پر تیل کی ضرورت سے زیادہ فراہمی کی وجہ سے، مضارہ کے اپنے بزنس یونٹ (ایف پی ایم پیٹرولیم سروسز) کے آخری سرمایہ کے کاروبار میں واضح کمی دیکھی گئی۔

الحمد للہ مضارہ کے لئے یہ بات قابل فخر ہے کہ:

- لاک ڈاؤن کی مدت کے دوران بھی مضارہ "آپریٹو" رہا، اور ڈپازٹ ہولڈرز اور سرٹیفیکٹ ہولڈرز کے لئے مسلسل قابل رسائی تھا۔
- وبائی بیماری کے دوران مضارہ کا کوئی بھی ملازم اپنی ملازمت سے محروم نہیں ہوا۔
- وبائی بیماری کے باوجود قابل وصول زر میں سے کوئی حصہ ڈوبا نہیں یا ناقابل وصول نہیں ہوا۔

ان مشکل حالات کے باوجود، الحمد للہ مضارہ نے 30 جون 2020 کو ختم ہونے والے مالی سال میں 6,497,384 روپے کا خالص منافع حاصل کیا، جبکہ اس کے مقابلے میں گزشتہ سال اسی عرصہ کا خالص منافع 12,085,098 روپے (46.3% کمی) تھا۔ اس سال کے لئے آمدنی فی شہقلمیت 0.47 روپے ہے (پچھلے سال کے لئے 0.88)۔

مضارہ مسلسل نئے مقامات اور منصوبوں کی تلاش میں ہے، جو مضارہ کے منافع کو بہتر بنا سکے۔ ایکویٹی میں اضافہ اب بھی ترجیح پر ہے، تاہم اس کے لئے اسٹاک مارکیٹ میں استحکام ضروری ہوگا۔

Key Operating & Financial Data

Particulars	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited
Paid up Capital	58,633,330	58,633,330	76,273,330	83,845,663	119,999,296	137,884,193	137,884,193	137,884,193	137,884,193	137,884,193
Certificate holders Equity	144,085,902	153,904,949	175,671,354	179,492,026	206,414,825	215,768,010	232,906,944	233,140,985	215,574,162	208,283,126
Current liabilities	61,613,599	42,062,560	42,547,408	61,773,184	88,724,801	89,490,364	66,711,658	102,075,448	115,966,875	107,858,491
Total Liabilities	101,429,702	115,362,201	111,772,182	141,575,613	233,436,683	294,677,925	253,232,834	241,073,033	251,369,036	238,991,697
Fixed Assets	31,584,091	31,698,742	42,961,369	60,188,077	55,644,342	34,132,161	34,617,224	24,786,875	18,753,478	17,349,264
Current Assets	131,819,740	169,533,535	158,063,708	183,981,874	283,366,951	377,680,951	348,500,978	316,175,993	320,058,362	349,157,911
Total Assets	245,435,606	299,167,150	286,954,068	321,067,638	439,851,505	510,445,965	465,859,778	444,215,971	466,044,098	447,274,823
Operating Profit	30,884,267	26,506,919	18,564,957	14,013,133	11,472,070	14,734,586	8,113,241	12,545,568	13,656,108	7,342,015
Profit before Tax	27,795,800	23,575,487	16,411,422	12,387,610	10,153,667	13,040,109	7,180,218	11,064,928	12,085,088	6,497,284
Taxation	-	-	-	-	-	-	-	195,979	-	-
Profit after Tax	27,795,800	23,575,487	16,411,422	12,387,610	10,153,667	13,040,109	7,180,218	10,864,949	12,085,088	6,497,284
Dividend	23.50%	23.50%	11.00%	13.00%	8.00%	7.50%	7.00%	7.00%	10.00%	5.50%
Bonus Certificate	0.00%	0.00%	70.00%	10.00%	15.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Earning per Certificate	4.74	4.02	2.30	1.48	1.02	0.95	0.52	0.79	0.88	0.47
Break-up Value	24.56	26.25	23.05	21.41	17.22	15.65	15.42	15.46	15.63	15.11

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

First Paramount Modaraba ("the Modaraba") managed by the Paramount Investments Limited (the Management Company)
For The Year Ended 30 June 2020

The Management Company has complied with the requirements of the Regulations in the following manner:

1. The total number of Directors are seven (07) as per the following:
 - a. Male: 7
 - b. Female: -

2. The composition of the Board is as follows:

Category	Names
Independent Directors	Mr. Humayun Mazhar Qureshi Mr. Habib Ahmed Navaid
Non-Executive Directors	Mr. Tanveer Ahmed Magoon Mr. Nadeem Iqbal Mr. Pir Muhammad Kaliya Mr. Abrar Ahmed
Executive Director	Mr. Syed Wajih Hassan (Chief Executive Officer)

3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including the Management Company;
4. The Management Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures;
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Management Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Management Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;
9. Out of seven, four of them meet the exemption criteria of minimum of 14 years of education and 15 years of experience on the Boards of listed companies, hence are exempt from Directors' training program. However, remaining directors will attain the certification in due course;
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:

a) Audit Committee

Names	Designation held
Mr. Habib Ahmed Navaid	Chairperson
Mr. Nadeem Iqbal	Member
Mr. Pir Muhammad Kaliya	Member

b) HR and Remuneration Committee

Names	Designation held
Mr. Humayun Mazhar Qureshi	Chairperson
Mr. Tanveer Ahmed Magoon	Member
Mr. Nadeem Iqbal	Member
Mr. Syed Wajih Hasan	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings (quarterly / half yearly / yearly) of the committees were as per following:

a) Audit Committee

Four quarterly meetings were held during the financial year ended 30 June 2020.

b) HR and Remuneration Committee

One meeting of HR and Remuneration Committee was held during the financial year ended 30 June 2020.

15. The board has set up an effective internal audit function (outsourced to a firm of chartered accountants) who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Management Company.
16. The statutory auditors of the Management Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Management Company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 have been complied with except of the following:
- a) Regulation 7 requires that the Board shall have at least one female director when it is reconstituted after the expiry of its current term. However, no female director was elected at the time of election of directors held during the year.
- b) Regulation 27(1)(iv) requires that the Audit Committee of a company shall appoint a secretary of the committee who shall either be the company secretary or head of internal audit. However, the secretary of the Committee appointed by the Committee is none of these personnel.
19. Explanations for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

Sr. No.	Requirement	Explanation of Non-compliance	Regulation No.
1.	Representation of Minority shareholders The minority members as a class shall be facilitated by the Board to contest election of directors by proxy solicitation.	No one intended to contest election as director representing minority shareholders.	5
2.	Qualification of Company Secretary The same person shall not simultaneously hold office of Chief Financial Officer and the Company	Currently, the Chief Financial Officer is acting as Company Secretary of the Management Company till the position of Company Secretary is fulfilled. The Board shall consider appointing	24

	Secretary of a listed company.	Company Secretary on urgent basis and complying with the requirement of the Regulation.	
3.	Nomination Committee The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	Currently, the Board has not constituted a separate nomination committee and the functions are being performed by the human resource and remuneration committee. The Board shall consider constituting nomination committee after next election of directors.	29
4.	Risk Management Committee The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	Currently, the Board has not constituted a risk management committee and senior officers of the Company perform the requisite functions and apprise the Board accordingly. The Board shall consider constituting risk management committee after next election of directors.	30
5.	Composition of internal audit function The internal audit function, wholly or partially, may be outsourced by the company to a professional services firm or be performed by the internal audit staff of holding company and in lieu of outsourcing, the company shall appoint or designate a full time employee other than chief financial officer, as head of internal audit holding equivalent qualification prescribed under these regulations, to act as coordinator between firm providing internal audit services and the Board.	During the year, the head of internal audit resigned from his position, since then the Management Company is seeking a person with prescribed qualification for the position of head of internal audit in the Management Company. The Board shall consider appointing Head of internal audit on urgent basis and complying with the requirement of the Regulation.	31
6.	Disclosure of significant policies on website The Company may post key elements of its significant policies, brief synopsis of terms of reference of the Board's committees on its website and key elements of the directors' remuneration policy.	Although, these are well circulated among the relevant employees and directors, the Board shall consider posting such policies and synopsis on its website in near future.	35

20. The two elected independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently, as per applicable laws and regulations. As they fulfill the necessary requirements as per applicable laws and regulations, hence, appointment of a third independent director is not warranted.

TANVEER AHMED MAGOON
Chairman

October 1, 2020
Karachi

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF FIRST PARAMOUNT MODARABA

To the members of First Paramount Modaraba

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Paramount Investments Limited ("the Management Company") for the year ended 30 June 2020 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Management Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Management Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Regulations require the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Management Company for the year ended 30 June 2020.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where these are stated in the Statement of Compliance:

Sr. No.	Paragraph reference	Description
(i)	18	As per regulations 7 of the Regulations, the Board shall have at least one female director when it is reconstituted after the expiry of its current term. However, no female director was elected at the time of election of directors held during the year.
(ii)	18	As per regulation 27(1)(iv) of the Regulations, the Audit Committee of a company shall appoint a secretary of the committee who shall either be the company secretary or head of internal audit. However, the secretary of the Committee appointed by the Committee is none of these personnel.

RIAZ AHMAD & COMPANY
Chartered Accountants

KARACHI

Date: October 1, 2020

AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of FIRST PARAMOUNT MODARABA ("the Modaraba") as at 30 June 2020 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

These financial statements are the Modaraba Management Company's (Paramount Investments Limited) responsibility who is also responsible to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by the Modaraba Management Company, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of accounts have been kept by the Modaraba Management Company in respect of the Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of accounts and are further in agreement with accounting policies consistently applied;

- (ii) the expenditure incurred during the year was for the purpose of the Modaraba's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at 30 June 2020 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Modaraba and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Other Matter

The financial statements for the year ended 30 June 2019 of the Modaraba were audited by another firm of chartered accountants who expressed unmodified opinion thereon vide their report dated 01 October 2019.

The engagement partner on the engagement resulting in this independent auditor's report is Muhammad Waqas.

RIAZ AHMAD & COMPANY
Chartered Accountants

Date: October 01, 2020

KARACHI

Shariah Advisor's Report


I have conducted the Shariah review of First Paramount Modaraba managed by Paramount Investments Limited Modaraba Company for the financial year ended June 30th 2020, in accordance with the requirements as reported hereunder, in my opinion:

1. 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.
2. The agreement(s) entered into by the Modaraba are Shariah compliant and the financing agreement(s) have been executed on the formats as approved by the Religious Board and all the related conditions have been met.
3. 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 Modaraba's.
4. Profit sharing ratios, profits and charging of losses (if any) relating to any deposit raising product conforms to the basis and principles of Shariah.

Dated: September 1, 2020.



Mufti Muhammad Farhan Farooq
Shariah Advisor
of First Paramount Modaraba
Managed By Paramount Investments Limited



Mufti Muhammad Najeem Khan
Shariah Consultant
of First Paramount Modaraba
Managed By Paramount Investments Limited

**FIRST PARAMOUNT MODARABA
BALANCE SHEET
AS AT 30 JUNE 2020**

ASSETS	Note	2020 Rupees	2019 Rupees
NON-CURRENT ASSETS			
Fixed assets	5	17,349,264	18,753,478
Murabaha financing	6	54,390,989	68,893,341
Diminishing musharaka financing	7	13,180,790	12,147,223
Musharaka financing	8	12,000,000	12,000,000
Loan to employees	9	874,000	1,189,000
Long-term deposits		341,969	442,319
		98,137,012	113,425,361
CURRENT ASSETS			
Stores and spares		6,793,783	1,771,015
Trade debtors	10	48,406,541	101,354,322
Advances, prepayments and other receivables	11	39,614,254	24,837,532
Modaraba financing	12	10,594,532	10,994,532
Short-term murabaha financing	13	3,358,741	10,151,669
Current portion of murabaha financing	6	78,202,593	89,059,262
Current portion of diminishing musharaka financing	7	20,695,384	8,264,830
Current portion of musharaka financing	8	28,011,470	38,964,845
Current portion of loans to employees	9	350,000	585,338
Accrued profit	14	6,181,021	8,745,763
Tax refunds due from Government	15	31,077,237	35,367,276
Cash and bank balances	16	75,852,255	20,002,719
		349,137,811	350,099,103
		447,274,823	463,524,464
EQUITY AND LIABILITIES			
CERTIFICATE CAPITAL AND RESERVES			
Authorised certificate capital 25,000,000 certificates of Rupees 10 each		250,000,000	250,000,000
Issued, subscribed and paid-up certificate capital	17	137,884,193	137,884,193
Capital reserves	18	51,103,614	49,804,137
Revenue reserves		19,295,319	27,885,832
		208,283,126	215,574,162
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred income	19	13,098,206	11,901,231
Certificates of musharaka	20	118,035,000	117,775,000
		131,133,206	129,676,231
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	21	14,515,672	30,713,416
Current portion of deferred income	19	13,803,665	16,651,141
Current portion of certificates of musharaka	20	57,656,200	51,776,200
Accrued profit on certificates of musharaka	22	2,658,107	2,706,361
Unclaimed profit distributions		19,224,847	16,426,953
		107,858,491	118,274,071
TOTAL LIABILITIES		238,991,697	247,950,302
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	23	447,274,823	463,524,464

The annexed notes from 01 to 41 form an integral part of these financial statements.

For Paramount Investments Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Director

**FIRST PARAMOUNT MODARABA
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 Rupees	2019 Rupees
Operating income	24	185,688,035	219,160,249
Operating cost			
Operating expenses	25	(163,173,688)	(192,214,884)
(Provision) / reversal of provision for doubtful recoveries	6.1	(336,374)	734,580
		(163,510,062)	(191,480,304)
		22,177,973	27,679,945
Gain on sale of fixed assets - net		-	145,343
Impairment loss on fixed assets	5.1	-	(1,982,495)
Other income	26	940,919	968,892
Financial charges	27	(15,644,277)	(12,908,942)
		7,474,615	13,902,743
Modaraba Company's management fee inclusive of sales tax	28	(844,631)	(1,571,010)
		6,629,984	12,331,733
Provision for Sindh Workers' Welfare Fund		(132,600)	(246,635)
Profit before taxation		6,497,384	12,085,098
Taxation	29	-	-
Profit after taxation		6,497,384	12,085,098
Earnings per certificate - basic and diluted	30	0.471	0.876

The annexed notes from 01 to 41 form an integral part of these financial statements.

For Paramount Investments Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Director

**FIRST PARAMOUNT MODARABA
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 Rupees	2019 Rupees
Profit after taxation		6,497,384	12,085,098
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit and loss account		-	-
Items that may be reclassified subsequently to profit and loss account		-	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>6,497,384</u>	<u>12,085,098</u>

The annexed notes from 01 to 41 form an integral part of these financial statements.

For Paramount Investments Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Director

**FIRST PARAMOUNT MODARABA
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 Rupees	2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		6,497,384	12,085,098
Adjustments for non-cash items:			
Depreciation and amortization		1,405,176	1,577,266
Provision for Sindh Workers' Welfare Fund		132,600	246,635
Financial charges		15,644,277	12,908,942
Provision / (reversal of provision) for doubtful recoveries		336,374	(734,580)
Gain on sale of fixed assets - net		-	(145,343)
Impairment loss on fixed assets		-	1,982,495
		17,518,427	15,835,415
Operating profit before working capital changes		24,015,811	27,920,513
(Increase) / decrease in current assets			
Murabaha financing - net		29,645,854	5,869,621
Diminishing Musharaka financing - net		(12,944,901)	(6,417,545)
Musharaka financing - net		10,953,375	(21,992,375)
Modaraba financing - net		400,000	4,616,980
Loans to employees		550,338	(506,004)
Long term deposits		100,350	-
Stores and spares		(5,010,818)	1,092,745
Trade debtors - net		52,947,781	(12,653,218)
Advances, prepayments and other receivables		(14,776,722)	8,738,411
Accrued profit		2,564,742	(4,209,095)
(Decrease) / increase in current liabilities			
Creditors, accrued and other liabilities		(16,295,344)	14,832,638
Net cash generated from operations		72,150,466	17,292,671
Financial charges paid		(56,377)	(69,706)
Tax refunded / (paid) - net		4,290,039	(8,324,316)
Net cash generated from operating activities		76,384,128	8,898,649
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(16,800)	(249,125)
Sale proceeds from sale of fixed assets		-	2,868,044
Addition in capital work-in progress		(31,112)	-
Net cash (used in) / generated from investing activities		(47,912)	2,618,919
CASH FLOWS FROM FINANCING ACTIVITIES			
Certificate of Musharaka - issuance		29,590,000	44,725,000
Certificate of Musharaka - redemptions		(23,450,000)	(42,040,000)
Profit paid to certificates of Musharaka (COM) holder		(15,636,154)	(12,136,264)
Profit distributed to certificate holders		(10,990,526)	(7,642,661)
Net cash used in financing activities		(20,486,680)	(17,093,925)
Net increase / (decrease) in cash and cash equivalents		55,849,536	(5,576,357)
Cash and cash equivalents at beginning of the year		20,002,719	25,579,076
Cash and cash equivalents at end of the year		75,852,255	20,002,719

The annexed notes from 01 to 41 form an integral part of these financial statements.

For Paramount Investments Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Director

FIRST PARAMOUNT MODARABA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Issued, subscribed and paid up certificate capital Rupees	Reserves				Total Rupees
		Capital		Revenue		
		Merger reserve Rupees	Statutory reserve Rupees	Unappropriated profit Rupees	Total Rupees	
Balance as at 01 July 2018	137,884,193	1,935,160	45,451,957	47,387,117	27,669,646	213,140,958
Transaction with owners:						
Profit distribution for the year ended 30 June 2018 @ Rupees 0.7 per certificate	-	-	-	-	(9,651,894)	(9,651,894)
Total comprehensive income:						
Profit after taxation	-	-	-	-	12,085,098	12,085,098
Other comprehensive income	-	-	-	-	12,085,098	12,085,098
Transferred to statutory reserve @ 20%	-	-	2,417,020	2,417,020	(2,417,020)	-
Balance as at 30 June 2019	137,884,193	1,935,160	47,868,977	49,804,137	27,885,832	215,574,162
Transaction with owners:						
Profit distribution for the year ended 30 June 2019 @ Rupees 1.0 per certificate	-	-	-	-	(13,788,420)	(13,788,420)
Total comprehensive income:						
Profit after taxation	-	-	-	-	6,497,384	6,497,384
Other comprehensive income	-	-	-	-	6,497,384	6,497,384
Transferred to statutory reserve @ 20%	-	-	1,299,477	1,299,477	(1,299,477)	-
Balance as at 30 June 2020	137,884,193	1,935,160	49,168,454	51,103,614	19,295,319	208,283,126

The annexed notes from 01 to 41 form an integral part of these financial statements.

For Paramount Investments Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Director

**FIRST PARAMOUNT MODARABA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

1. LEGAL STATUS AND OPERATIONS

- 1.1** First Paramount Modaraba ("the Modaraba") is a multipurpose, perpetual and multidimensional Modaraba floated under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the rules framed there under and is managed by Paramount Investments Limited (the Management Company), a company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) on 26 June 1994. The Modaraba is listed on the Pakistan Stock Exchange Limited.

The registered office is situated at Suit No. 107- 108, First Floor, P.E.C.H.S. Community Office Complex, Block 2, Shahrah-e-Quaideen, Karachi, in the province of Sindh. The Modaraba has a branch office situated in Islamabad, the Capital territory.

The Modaraba's principal activities include deployment of funds on murabaha, modaraba and musharaka arrangements and its in-house ventures are:

- (a) Generator rental and sale project under the name "AL-BURQ Associates";
- (b) Electrical maintenance and troubleshooting services under the name of "FPM Solutions";
- (c) Chemical business under the name of "FPM Petro Services";
- (d) Engineering products and solutions to upstream service companies under the name of "FPM Geo Dynamics International"; and
- (e) Consultancy business under the name of "FPM Consulting".

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements of the Modaraba have been prepared in accordance with approved accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards as applicable in Pakistan comprise of:

- The requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981;
- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB);
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP); and
- Directives issued by the Securities and Exchange Commission of Pakistan (SECP).

In case where requirements differ, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981 and directives issued by SECP shall prevail.

The SECP, Special Compliance Division, vide Circular no. 10 of 2004 dated February 13, 2004 deferred the application of IAS 17 'Leases' to Modarabas till further orders. IFRS 16 'Leases' replaced IAS 17 effective from 1 January 2019. Therefore, the application of IFRS 16 'Leases' is also deferred on Modaraba's till further order from SECP.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis.

Permissible Islamic financial products including murabaha, musharaka and modaraba have been used by the Modaraba. In line with the similar industry practices, the accounting and presentation of the same are in line with the substance of the transactions and their accounting is limited to the extent of actual amount of facility utilized and mutually agreed profit thereon. Accordingly, purchases, sales and musharaka profits / reserves are not reflected in these financial statements.

These financial statements have been prepared on accrual basis of accounting except for cash flow statement.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is the Modaraba's functional currency. All financial information presented in Pakistani Rupees has been rounded to the nearest rupees, except otherwise stated.

2.4 Significant accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Modaraba's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Modaraba's financial statements or where judgments were exercised in application of accounting policies are as follows:

(a) Useful lives, patterns of economic benefits and impairment

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Modaraba. Further, the Modaraba reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property and equipment with a corresponding effect on the depreciation charge and impairment.

(b) Stores and spares

Stores and spares write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made on each reporting date on stores and spares for excess inventories, obsolescence and declines in net realisable value and an allowance is recorded against the stores and spares balances for any such declines.

(c) Income tax

In making the estimates for income tax currently payable by the Modaraba, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

(d) Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgment. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

(e) Provisions

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognized, provision is recognised in the profit and loss account unless the provision was originally recognised as part of cost of an asset.

(f) Revenue from contracts with customers involving sale of goods

When recognizing revenue in relation to the sale of goods to customers, the key performance obligation of the Modaraba is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

3. NEW STANDARDS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 Standards, interpretations and amendments to published approved accounting standards that are effective in current year and are relevant to the Modaraba

Following standard, interpretation and amendments to published approved accounting standards are mandatory for the Modaraba's accounting periods beginning on or after 01 July 2019:

- IFRS 9 (Amendments) 'Financial Instruments'
- IAS 28 (Amendments) 'Investments in Associates and Joint Ventures'
- IFRIC 23 'Uncertainty over Income Tax Treatments'
- IASB's Annual Improvements to IFRSs: 2015 – 2017 Cycle

The above mentioned accounting standards did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

3.2 Standard and amendments to published approved accounting standards that are effective in current year but not relevant to the Modaraba

There are other standard and amendments to published standards that are mandatory for accounting period beginning on or after 01 July 2019 but are considered not to be relevant or do not have any significant impact on the Modaraba's financial statements and are therefore not detailed in these financial statements.

3.3 Amendments to published approved accounting standards that are not yet effective but relevant to the Modaraba

Following amendments to existing standards have been published and are mandatory for the Modaraba's accounting periods beginning on or after 01 July 2020 or later periods:

Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing general purpose financial statements in accordance with IFRS.

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework. The new Framework: reintroduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of economic benefits-this lowers the hurdle for identifying the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement; discusses historical cost and current value measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability; states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use other comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability; and discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS standard and does not override any standard, so nothing will change in the short term. The revised Framework will be used in future standard-setting decisions, but no changes will be made to current IFRS. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 1 January 2020 for preparers that develop an accounting policy based on the Framework.

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 1 January 2022 amends IAS 1 'Presentation of Financial Statements' by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 'Property, Plant and Equipment') effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022:

- IFRS 9 'Financial Instruments' – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 'Leases' – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 'Leases' by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

The above amendments and improvements do not have a material impact on the financial statements.

3.4 Standards and amendments to approved published standards that are not yet effective and not considered relevant to the Modaraba

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2020 but are considered not to be relevant or do not have any significant impact on the Modaraba's financial statements and are therefore not detailed in these financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all the periods presented in these financial statements.

4.1 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and its cost can be reliably measured. Cost incurred to replace a component of tangible fixed asset is capitalized and the asset so replaced is retired from use. Normal repairs and maintenance are charged to the profit and loss account as and when incurred. Major renewals and improvements are capitalized, if recognition criteria are met.

Depreciation is charged to profit and loss account applying the reducing balance method except for generators which are depreciated using units of production method on the basis of working hours of generators. In respect of additions and disposals during the year, depreciation is charged proportionately for the period of use.

The carrying values are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses arising on derecognition of the assets (calculated as difference between the net disposal proceeds and the carrying amount of the assets) is included in the profit and loss account.

The assets' useful lives, method of depreciation and residual value are reviewed, and adjusted if appropriate at each reporting date.

Capital work-in-progress is stated at cost less impairment losses, if any. Cost consists of expenditure incurred and advances made in the course of their acquisition, construction and installation. Transfers are made to relevant asset category as and when the assets are available for intended use.

4.2 Intangible assets

Intangible assets (comprising of computer softwares) are stated at cost less accumulated amortization and impairment losses, if any. Intangible assets are amortized under the reducing balance method at the rate of thirty percent per annum.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

4.3 Loan to employees

Loans to employees are granted by Modaraba for purchasing of vehicles or for other purposes, as approved by the management on a case to case basis. Loans granted are initially recorded at fair value.

4.4 Murabaha financing

Murabaha transactions are reflected as receivable at the invoiced amount. Actual sale and purchase are not reflected as the goods are purchased by the customer as agent of the Modaraba and all documents relating to purchase are in customer name. However the profit on that sale revenue not due for payment is deferred by recording a credit to "Deferred Murabaha Income" account.

4.5 Modaraba financing

Modaraba is a kind of partnership where one partner gives money to another for investing it in a commercial enterprise. The investment comes from the first partner who is called "rabb-ul-mal" (here FPM), while the management and work is an exclusive responsibility of the other, who is called "mudarib" and the profits generated are shared in a predetermined ratio. Modaraba receivable are reflected at principal amount.

4.6 Musharaka financing

Musharaka is an agreement between two or more parties to combine their assets, labour or liabilities for the purpose of making profit. Modaraba is dealing in the following forms of Musharaka.

a) Diminishing musharaka

In diminishing musharaka based financing, the Modaraba enters into a Musharaka based on Shirkat-ul-mulk (Joint arrangement) for financing an agreed share of fixed asset (e.g. house, land, plant or machinery) with its customers and enters into periodic profit payments agreement for the utilization of the Modaraba's Musharaka share by the customer. The customer with each rental payments also purchases Modaraba's Musharaka share by paying additional amount and therefore becomes the sole owner of the subject asset at the maturity of the diminishing musharaka.

b) Musharaka financing

Modaraba enters into financing with customers based on Shirkat-ul-aqd (contractual partnership) in customers' operating business. Under this mechanism, the customer can withdraw and return funds to the Modaraba subject to his running musharaka financing limit during the musharaka period. The customer pays the provisional profit which is subject to final settlement based on the actual results of the business / transaction.

4.7 Financial assets

a) Classification

The Modaraba classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost

The classification depends on the Modaraba's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit and loss account or other comprehensive income.

b) Measurement

At initial recognition, the Modaraba measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit and loss account.

4.8 Financial liabilities – classification and measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit and loss account. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit and loss account. Any gain or loss on de-recognition is also included in profit and loss account.

4.9 Impairment of financial assets

The Modaraba assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Modaraba applies the IFRS 9 simplified approach for measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets, except in the case of calculation of impairment provision on financial assets where the requirements of the Prudential Regulations for Modaraba prevails.

Loss allowance on advances and bank balances is measured at 12 months expected credit losses. Since these assets are short term in nature, therefore no credit loss is expected on these balances. The Modaraba is also not expecting a material impact on loan to employees and deposits.

4.10 De-recognition of financial assets and financial liabilities

a) Financial assets

The Modaraba derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Modaraba is recognized as a separate asset or liability.

b) Financial liabilities

The Modaraba derecognizes a financial liability (or a part of financial liability) from its balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

4.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set-off the recognized amount and the Modaraba intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

4.12 Cash and cash equivalents

Cash and cash equivalents are carried in balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents include cash and balances with banks in current and deposit accounts and investments with original maturity of less than 3 months.

4.13 Stores and spares

Stores and spares are valued at lower of net realizable value or cost. Cost of items of stores and spares is determined as invoice value plus other charges accrued thereon to the balance sheet date. Provision is made annually in the financial statements for slow moving and obsolete items if required.

4.14 Trade debtors and other receivables

Trade debtors and other receivables are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts as per expected credit losses model (ECL) as required by IFRS 9 as at year end date.

4.15 Joint Operations (Musharaka arrangements)

The Modaraba has certain contractual arrangements with other participants to engage in joint activities, where all significant operating and financial policies are predetermined by the participants, such that the Musharik has no significant independence to pursue its own strategies.

The financial statements of the Modaraba include its prorata share of assets, liabilities, revenues and expenses in joint operation and are accounted for on the basis of profit statements.

4.16 Statutory reserve

As per Regulation 2, Part III of the Prudential Regulations for Modarabas issued by SECP, vide Circular No. 4 of 2004 dated January 28, 2004 and subsequent amendments made therein requires a Modaraba to transfer not less than 20% and not more than 50% of its after tax profits till such time the reserve equals 100% of the paid up certificate capital. Thereafter, a sum not less than 5% of the after tax profits is to be transferred. The Modaraba transfers 20% of its after tax profits to statutory reserve.

4.17 Certificates of musharaka

Certificates of musharaka are recognized initially at cost, less attributable transaction costs. Subsequent to initial recognition, these are stated at cost / amortized cost.

Profit on these arrangements is recognized as expense in the period in which they are incurred and is accounted for on the basis of projected profit. The effect of adjustments, if any, between actual rate and projected rate of profit is accounted for at the end of each quarter after determination of actual profit.

4.18 Creditors and other liabilities

Creditors and other liabilities are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

4.19 Employee benefits

a) Defined contribution plan

The Modaraba operates approved funded contributory provident fund scheme for all its employees. Equal monthly contributions are made both by the Modaraba and the employees at the rate of 8.33% percent per annum of the basic salary.

b) Compensated absences

The Modaraba accounts for the liability in respect of employees' compensated absences in the period in which they are earned.

4.20 Impairment

Non financial assets

The Modaraba assesses at each reporting date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to lower of revised recoverable amount or initial cost of asset less accumulated depreciation (if any) to date. Reversal of impairment loss is recognized as income.

4.21 Revenue recognition

Revenue is recognized at an amount that reflects the consideration to which the Modaraba is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Modaraba follows the below steps.

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the Modaraba satisfies a performance obligation

For each sale transaction, purchase order forms a contract between the Modaraba and a customer and the goods to be delivered under that contract are the Modaraba's identified performance obligation, the contract contains determined and allocated transaction price. The Modaraba satisfies a performance obligation on delivery of goods to the customer and recognises the revenue.

- Profit / return on deposits / investments is recognized using tentative profit rates.
- Income from Murabaha is accounted for on finalization of Murabaha transaction. However, profit on that portion of revenue not due for payment (deferred murabaha income) is deferred and recognized on time proportionate basis.
- Musharaka management fee is recognized when related services are provided.
- Rental income from generators is recognized on time proportionate basis.
- Profit on diminishing musharaka financing is recognized using tentative profit rates.
- Profit on musharaka financing is recognized on declaration of profit by musharaka partners on accrual basis.
- Realized capital gains / (losses) arising on sale of investments are included in the profit and loss account on the date at which the transaction takes place.

4.22 Earnings per certificate (EPC)

The Modaraba presents basic and diluted earnings per certificate (EPC) data for its certificate. Basic EPC is calculated by dividing the profit or loss attributable to certificate holders of the Modaraba by the weighted average number of certificates outstanding during the year. Diluted EPC is determined by adjusting the profit or loss attributable to certificate holders and the weighted average number of certificates outstanding for the effects of all dilutive potential certificates.

4.23 Taxation

Current

Provision for current taxation is made on taxable income for the year at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any. The income of the Modarabas (other than income from trading activity) is exempt from tax provided that not less than ninety percent (90%) of their profits are distributed to the certificate holders. The income from trading activity is taxable at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any.

The Modaraba has decided to continue availing the tax exemption and hence no provision has been made in these financial statements for the current year.

Deferred

Deferred tax is recognized using the balance sheet liability method, on all temporary differences arising between the tax basis of asset and liabilities and carrying amount appearing in the financial statements. Deferred tax liability is recognized for all the taxable temporary differences. Deferred tax assets is recognized for all the deductible temporary differences to the extent that it is probable that temporary differences will reverse in future and taxable income will be available against which temporary differences will be utilized.

The carrying amount of the deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

4.24 Operating segments

An operating segment is a component of the Modaraba that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Modaraba's other components. All operating segments' operating results are reviewed regularly by the Management Company's Chief Executive Officer and Board of Directors to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. In review and evaluation performance process, the business is considered as a single operating segment and the Modaraba's business is evaluated on an overall basis other than musharaka arrangement with joint venture partner which is monitored separately.

Segment results that are reported for review and performance evaluation include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, administrative expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire tangible fixed assets and intangible assets other than goodwill.

4.25 Provisions

Provisions are recognized when the Modaraba has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

4.26 Profit distributions and appropriations

Profit distributions are recognized as a liability in the financial statements in the period in which these are approved. Transfers to statutory reserve and the mandatory appropriations as may be required by law are recognized in the period to which these relate.

4.27 Foreign currency transactions

Transactions in foreign currencies are translated into Rupees at rates of exchange on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the rates of exchange ruling on the balance sheet date. Exchange differences are charged to profit and loss account currently.

5. FIXED ASSETS	Note	2020		2019	
		Rupees	Rupees	Rupees	Rupees
Tangibles	5.1	16,460,498	17,493,259		
Capital work-in progress	5.2	31,112	-		
Intangibles	5.3	857,654	1,260,219		
		17,349,264	18,753,478		

5.1 Tangibles

	Generators - Project Generators*	Generators - Own use	Computers	Office and other equipments	Furnitures and fixtures	Vehicles	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
As at 01 July 2019							
Cost	16,777,171	331,718	1,750,485	3,038,087	3,387,248	6,596,776	31,881,485
Accumulated impairment	(1,982,495)	-	-	-	-	-	(1,982,495)
Accumulated depreciation	(3,672,571)	(219,688)	(1,533,224)	(1,284,707)	(1,812,020)	(3,883,521)	(12,405,731)
Net book value	11,122,105	112,030	217,261	1,753,380	1,575,228	2,713,255	17,493,259

Year ended 30 June 2020

Opening net book value	11,122,105	112,030	217,261	1,753,380	1,575,228	2,713,255	17,493,259
Transferred to stores and spares:							
Transferred - at cost	-	-	-	(12,150)	-	-	(12,150)
Transferred - at accumulated depreciation	-	-	-	200	-	-	200
Transferred - at net book value	-	-	-	(11,950)	-	-	(11,950)
Additions - at cost	-	-	-	16,800	-	-	16,800
Impairment charge	-	-	-	-	-	-	-
Depreciation charge	-	(11,203)	(61,880)	(264,352)	(157,523)	(542,653)	(1,037,611)
Net book value	11,122,105	100,827	155,381	1,493,878	1,417,705	2,170,602	16,460,498

As at 30 June 2020

Cost	16,777,171	331,718	1,750,485	3,042,737	3,387,248	6,596,776	31,886,135
Accumulated impairment	(1,982,495)	-	-	-	-	-	(1,982,495)
Accumulated depreciation	(3,672,571)	(230,891)	(1,595,104)	(1,548,859)	(1,969,543)	(4,426,174)	(13,443,142)
Net book value	11,122,105	100,827	155,381	1,493,878	1,417,705	2,170,602	16,460,498
Rate of depreciation (%)		10	30	10	10	20	

	Generators- Project Generators*	Generators- Own use	Computers	Office and other equipments	Furnitures and fixtures	Vehicles	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
As at 01 July 2018							
Cost	19,336,597	331,718	1,743,485	3,017,137	3,387,248	7,286,441	35,102,626
Accumulated impairment	-	-	-	-	-	-	-
Accumulated depreciation	(3,813,961)	(207,240)	(1,444,964)	(966,716)	(1,636,994)	(3,529,274)	(11,599,149)
Net book value	15,522,636	124,478	298,521	2,050,421	1,750,254	3,757,167	23,503,477
Year ended 30 June 2019							
Opening net book value	15,522,636	124,478	298,521	2,050,421	1,750,254	3,757,167	23,503,477
Additions - at cost	-	-	7,000	20,950	-	-	27,950
Transferred to disposal:							
Disposal - at cost	(2,559,426)	-	-	-	-	(689,665)	(3,249,091)
Disposal - at accumulated depreciation	141,390	-	-	-	-	385,000	526,390
Disposal - at net book value	(2,418,036)	-	-	-	-	(304,665)	(2,722,701)
Impairment charge	(1,982,495)	-	-	-	-	-	(1,982,495)
Depreciation charge	(12,448)	(12,448)	(68,260)	(317,991)	(175,026)	(719,247)	(1,332,972)
Net book value	11,122,105	112,030	217,261	1,753,380	1,575,228	2,713,255	17,493,259
As at 30 June 2019							
Cost	16,777,171	331,718	1,750,485	3,038,087	3,387,248	6,596,776	31,881,485
Accumulated impairment	(1,982,495)	-	-	-	-	-	(1,982,495)
Accumulated depreciation	(3,672,571)	(219,688)	(1,533,224)	(1,284,707)	(1,812,020)	(3,883,521)	(12,405,731)
Net book value	11,122,105	112,030	217,261	1,753,380	1,575,228	2,713,255	17,493,259
Rate of depreciation (%)	10	10	30	10	10	20	

* These are the generators available for ijarah. Depreciation is charged on working hours basis. The useful hours ranges from 21,600 to 50,000.

5.2. Capital work-in progress

	Note	2020 Rupees	2019 Rupees
Balance as at 01 July		-	650,000
Additions during the year		31,112	221,175
Transferred to intangibles during the year		-	(871,175)
Balance as at 30 June		31,112	-

	Note	2020 Rupees	2019 Rupees
5.3 Intangibles - Computer Software			
As at 01 July			
Cost		3,011,738	2,140,563
Accumulated amortization		(1,751,519)	(1,507,225)
Net book value		1,260,219	633,338
Year ended 30 June			
Opening net book value		1,260,219	633,338
Transferred from capital work-in progress - at cost		-	871,175
Reversal made during the year		(35,000)	-
Amortization charge		(367,565)	(244,294)
Net book value		857,654	1,260,219
As at 30 June			
Cost		2,976,738	3,011,738
Accumulated amortization		(2,119,084)	(1,751,519)
Net book value		857,654	1,260,219
Rate of amortization (%)		30	30
6. MURABAHA FINANCING - SECURED			
Considered good		132,593,582	157,952,603
Considered doubtful		2,627,529	2,291,155
		135,221,111	160,243,758
Less: Provision for doubtful recoveries	6.1	(2,627,529)	(2,291,155)
		132,593,582	157,952,603
Less: Current portion of murabaha financing		(78,202,593)	(89,059,262)
		54,390,989	68,893,341
6.1 Movement in provision for doubtful recoveries			
Balance as at 01 July		2,291,155	3,025,735
Charge for the year		406,387	241,998
Reversal made during the year		(70,013)	(976,578)
		336,374	(734,580)
Balance as at 30 June		2,627,529	2,291,155
6.2 The Modaraba has sold goods under Murabaha arrangements whereby payment is deferred alongwith specified profit margin. Murabaha sale is receivable in installements. These arrangements are secured by way of hypothecation / pledge of stocks, mortgage of properties, demand promissory notes, charge on assets and personal guarantees. The combined forced sales value (FSV) of the underlying assets as security amounts to Rupees 503.47 million (2019: Rupees 1,000.51 million) in aggregate.			
6.3 These facilities have various maturity dates up to 29 March 2024. Effective profit rate on these arrangements ranges from 9% to 21% (2019: 14% to 27%).			

6.4 Contractual installments receivable on Murabaha financing facilities:

	Principal Rupees	Profit Rupees	Total Rupees
2020			
Due within one year	67,389,784	10,812,809	78,202,593
Due after one year but within five years	44,049,934	12,968,584	57,018,518
Due after five years	-	-	-
	111,439,718	23,781,393	135,221,111
2019			
Due within one year	75,609,855	13,449,407	89,059,262
Due after one year but within five years	58,590,820	12,593,676	71,184,496
Due after five years	-	-	-
	134,200,675	26,043,083	160,243,758

6.5 The above represents installments receivable by the Modaraba in future years in respect of Murabaha financing facilities given under long-term arrangements.

7. DIMINISHING MUSHARAKA FINANCING	Note	2020 Rupees	2019 Rupees
Considered good - secured		33,876,174	20,412,053
Less: Current portion of diminishing musharaka financing		(20,695,384)	(8,264,830)
		13,180,790	12,147,223

7.1 This represents financing provided to individuals under diminishing musharaka arrangement for purchase of vehicles and buildings. The effective profit rates on these arrangements ranges from 16% to 20% (2019: 16% and 19%) per annum and is repayable on monthly basis over a maximum period of 5 years. These facilities have various maturity dates up to 05 February 2023. The financing is secured by mortgage of properties, hypothecation and personal guarantee of the borrower. The combined forced sales value (FSV) of the underlying assets as security amounts to Rupees 156.50 million (2019: Rupees 86.20 million) in aggregate.

7.2 Contractual rentals receivable on Diminishing Musharaka financing facilities:

	Principal Rupees	Profit Rupees	Total Rupees
2020			
Due within one year	18,092,817	2,602,567	20,695,384
Due after one year but within five years	10,914,457	2,266,333	13,180,790
Due after five years	-	-	-
	29,007,274	4,868,900	33,876,174
2019			
Due within one year	6,606,109	1,658,721	8,264,830
Due after one year but within five years	9,714,307	2,432,916	12,147,223
Due after five years	-	-	-
	16,320,416	4,091,637	20,412,053

7.3 The above represents rentals receivable by the Modaraba in future years in respect of Diminishing Musharaka financing facilities given under long-term arrangements.

B. MUSHARAKA FINANCING - secured & considered good	Note	2020 Rupees	2019 Rupees
Musharaka agreements for:			
Fabric		-	3,460,375
Garments	8.1	11,470	5,504,470
Food products	8.2	12,000,000	12,000,000
Books printing - I	8.3	8,000,000	30,000,000
Books printing - II	8.4	20,000,000	-
		<u>40,011,470</u>	<u>50,964,845</u>
Less: Current portion of musharaka financing		<u>(28,011,470)</u>	<u>(38,964,845)</u>
		<u>12,000,000</u>	<u>12,000,000</u>
8.1 The Modaraba entered into a Musharaka arrangement for the production of High Quality Wrinkle Free Trousers and other Apparel during 2014. The arrangement involved financing of working capital to the Musharaka partner for the purchase of raw material, stitching and processing, whereas the Musharaka partner was exclusively responsible for the production and distribution function on consignment basis and not to make any fund based investment. Profit sharing ratio between the Modaraba and the Musharaka partner was 40:60 respectively. The financing was secured by way of mortgage of property. In 2017, the agreement was terminated due to operational losses incurred by the Musharaka partner. The Modaraba is in process to recover the financing as per agreement, from the Musharaka partner.			
8.2 The Modaraba has entered into a Musharaka arrangement with Musharaka partner for distribution of food products like milk, biscuits etc. The Modaraba's share of investment is 30% of the total financing required by Musharaka partner and profit on investment is shared in the ratio of 35:65 (2019: 35:65) between Modaraba and Musharaka partner respectively. This financing is secured by way of mortgage of property.			
8.3 The Modaraba signed a Musharaka arrangement amounting to Rupees 30 million for printing of 355,000 books with a Musharaka partners. The profit on the investment is shared between Modaraba and the Musharaka partner in the ratio of 50:50 (2019: 50:50), respectively. During the year, this arrangement is fulfilled and the Modaraba is in process to recover the financing as per agreement, from the Musharaka partner.			
8.4 During the year, the Modaraba signed a Musharaka arrangement amounting to Rupees 20 million for printing of 272,766 books with a Musharaka partner. The profit on the investment is shared between Modaraba and the Musharaka partner in the ratio of 64.09:35.91 respectively. The financing is secured by way of mortgage of immoveable property.			
8.5 The combined forced sales value (FSV) of the underlying assets as security amounts to Rupees 96.67 million (2019: Rupees 106.67 million) in aggregate.			
8.6 Contractual installments receivable on Musharaka financing facilities:			
Due within one year		28,011,470	38,964,845
Due after one year but within five years		12,000,000	12,000,000
Due after five years		-	-
		<u>40,011,470</u>	<u>50,964,845</u>
9. LOAN TO EMPLOYEES - Secured			
Loan to employees		1,224,000	1,774,338
Less: Current portion of loan to employees		(350,000)	(585,338)
		<u>874,000</u>	<u>1,189,000</u>
9.1 This represents profit free personal loans provided to employees of Modaraba ranging from Rupees 50,000 to Rupees 500,000. These are repayable over a maximum period of 5 years and secured against their provident fund balance.			

	Note	2020 Rupees	2019 Rupees
10. TRADE DEBTORS - Unsecured			
Considered good		48,406,541	101,354,322
Considered doubtful		3,289,466	3,289,466
		<u>51,696,007</u>	<u>104,643,788</u>
Less: Allowances for expected credit loss			
Balance as at 01 July		3,289,466	3,289,466
Recognized during the year		-	-
Balance as at 30 June		<u>3,289,466</u>	<u>3,289,466</u>
		<u>48,406,541</u>	<u>101,354,322</u>
10.1 Ageing analysis of trade debtors are as follows:			
Not yet due		38,367,347	77,193,913
Upto 30 days		468,474	12,054,277
31 to 90 days		2,043,171	5,630,629
91 days to 180 days		4,674,877	3,451,336
More than 180 days		6,142,138	6,313,633
		<u>51,696,007</u>	<u>104,643,788</u>
11. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Due from associated undertakings	11.1	1,102,793	2,101,853
Advance against purchase of stock		33,150,163	16,905,638
Advance against expenses		2,815,337	1,610,337
Advance against salaries	11.2	4,802	12,302
Short-term prepayments		478,236	482,786
Receivable against sale of weaving unit		495,000	1,245,000
Other receivables	11.3	1,567,923	2,480,116
		<u>39,614,254</u>	<u>24,837,532</u>
11.1			
The maximum aggregate amount due from Paramount Investments Limited at the end of any month during the year was Rupees 1,583,169 (2019: Rupees 2,101,853).			
11.2			
The maximum aggregate amount due from officers and employees at the end of any month during the year was Rupees 6,302 (2019: Rupees 12,302).			
11.3			
This includes Rupees 1.2 million deducted directly from the bank account of the Modaraba on the instruction of the Federal Board of Revenue (FBR) vide letter no. CIR/Zone-1/CRTO/KHI/2016/2544 dated 15 December 2016 on account of non deduction of withholding tax. (refer Note 23).			
12. MODARABA FINANCING - Secured & Considered good			
Balance as at 01 July		10,994,532	15,611,512
Less: Recovered during the year		(400,000)	(4,616,980)
Balance as at 30 June		<u>10,594,532</u>	<u>10,994,532</u>
12.1			
The Modaraba has signed an arrangement with Advanced Power Solutions and Technologies (APS) for installation of new UPS systems and upgrading of existing UPS systems of a bank, at its branches all over Pakistan. The profit on the investment is shared between Modaraba and APS in the ratio of 50:50. The financing is secured by way of mortgage of property. The combined forced sales value (FSV) of the underlying assets as security amounts to Rupees 34.23 million (2019: Rupees 34.23 million) in aggregate.			
13. SHORT-TERM MURABAHA FINANCING - Secured	Note	2020 Rupees	2019 Rupees
Considered good		3,358,741	10,151,669
Considered doubtful		-	-
		<u>3,358,741</u>	<u>10,151,669</u>
Less: Provision for doubtful recoveries		-	-
		<u>3,358,741</u>	<u>10,151,669</u>

13.1 Murabaha sale price is receivable in installments. Effective profit rate on these arrangements ranges from 7% to 12% (2019: from 13% to 20%) per annum receivable on agreed terms. These financing are secured by way of mortgage of properties, hypothecation of goods and demand promissory notes. The combined forced sales value (FSV) of the underlying assets as security amounts to Rupees 56.09 million (2019: Rupees 66.82 million) in aggregate.

14. ACCRUED PROFIT

Profit receivable on musharaka financing	6,019,997	6,360,045
Profit receivable on modaraba financing	60,230	2,332,230
Profit receivable on bank deposits	100,794	53,488
	6,181,021	8,745,763

15. TAX REFUNDS DUE FROM GOVERNMENT

Income tax refundable	15.1	27,356,235	35,367,276
Sales tax refundable - net		3,721,002	-
		31,077,237	35,367,276

15.1 This includes income tax refundable on account of net advance tax paid / withheld aggregating to Rupees 2,808,171 (2019: Rupees 2,808,171) and Rupees 3,096,879 (2019: Rupees 3,096,879) relating to its CNG business for tax years 2009 and 2010, respectively which were expensed out in the respective financial periods. These amounts were recorded as refundable as the management filed an application for the refund of the same under Section 170 of the Income Tax Ordinance, 2001.

16. CASH AND BANK BALANCES

Cash in hand		61,903	38,036
Cash at banks			
- Current accounts		26,657,989	6,646,650
- Deposit accounts	16.1 & 16.2	49,132,363	13,318,033
		75,852,255	20,002,719

16.1 This includes Rupees 8,755,755 (2019: Rupees 6,461,131) in respect of Redemption Reserve Fund established on account of Certificate of Musharaka.

16.2 Effective profit rate in respect of deposit accounts ranges from 3.25% to 7.06% (2019: 2.40% to 6.26%) per annum.

17. ISSUED, SUBSCRIBED AND PAID-UP CERTIFICATE CAPITAL		Note	2020 Rupees	2019 Rupees
2020 (Number of certificates)	2019			
11,989,930	11,989,930	Certificates of Rupees 10 each fully paid in cash.	119,899,298	119,899,298
1,798,490	1,798,490	Bonus certificates issued of Rupees 10 each.	17,984,895	17,984,895
13,788,420	13,788,420		137,884,193	137,884,193
17.1 As at 30 June 2020, Paramount Investments Limited (the Management Company) holds 14.26% (2019: 14.26%) representing 1,965,768 certificates (2019: 1,965,768 certificates) of the Modaraba.				
18. CAPITAL RESERVES				
Statutory reserve		18.1	49,168,454	47,868,977
Merger reserve		18.2	1,935,160	1,935,160
			51,103,614	49,804,137
18.1 Statutory reserve represents profit set aside to comply with the Prudential Regulations for Modarabas issued by the SECP vide Circular No. 4 of 2004 dated January 28, 2004 and subsequent amendments made therein. These Regulations require Modaraba to transfer not less than 20% and not more than 50% of its after tax profit till such time that the reserve equals 100% of the paid-up capital. Thereafter, a sum not less than 5% of the after tax profit is to be transferred. During the year, the Modaraba transferred 20% of its after tax profits amounting to Rupees 1,299,477 (2019: Rupees 2,417,020).				
18.2 In accordance with decision of the Honourable High Court of Sindh as on December 08, 2004, the First National Modaraba (FNM) was merged with the Modaraba. The Modaraba received a sum of Rupees 10,568,490 from FNM, including Rupees 8,663,330 as a certificate capital and Rupees 1,935,160 as capital reserve.				
19. DEFERRED INCOME				
Deferred murabaha income		19.1	22,364,740	24,534,461
Deferred diminishing musharaka income		19.2	4,537,131	4,017,911
			26,901,871	28,552,372
Less: Current portion of deferred income			(13,803,665)	(16,651,141)
			13,098,206	11,901,231
19.1 Deferred murabaha income				
Balance as at 01 July			24,534,461	28,236,875
Add: Deferred income for the year			19,364,083	20,936,932
Less: Income for the year			(21,533,804)	(24,639,346)
Balance as at 30 June			22,364,740	24,534,461
19.2 Deferred diminishing musharaka income				
Balance as at 01 July			4,017,911	3,517,521
Add: Deferred income for the year			5,500,000	3,428,080
Less: Income for the year			(4,980,780)	(2,927,690)
Balance as at 30 June			4,537,131	4,017,911

20. CERTIFICATES OF MUSHARAKA	Note	2020 Rupees	2019 Rupees
Balance as at 01 July		169,551,200	166,866,200
Issued during the year		29,590,000	44,725,000
Redemptions made during the year		<u>(23,450,000)</u>	<u>(42,040,000)</u>
		175,691,200	169,551,200
Less: current portion of certificates of musharaka		<u>(57,656,200)</u>	<u>(51,776,200)</u>
Balance as at 30 June		<u>118,035,000</u>	<u>117,775,000</u>

20.1 These certificates have different denominations and are repayable within three months to five years. The expected share of profit on these certificates ranges from 6.5% to 10% (2019: 6% to 8.5%) per annum.

20.2 A Redemption Reserve Fund is established on account of Certificate of Musharaka (refer Note 16.1).

21. CREDITORS, ACCRUED AND OTHER LIABILITIES

Due to associated undertakings	21.1	1,119,454	110,397
Creditors		2,493,503	23,903,349
Accrued expenses		1,524,113	1,366,315
Sindh Workers' Welfare Fund	21.2	974,272	841,672
Withholding income tax		251,418	264,547
Sales tax payable		-	573,102
Management fee payable to:			
- FPM petro		29,169	1,597,211
- FPM solutions		436,568	-
- FPM Geo Dynamics International		-	465,366
Others		7,687,175	1,591,457
		<u>14,515,672</u>	<u>30,713,416</u>

21.1 The maximum aggregate amount due to associated undertakings at the end of any month during the year was Rupees 1,119,454 (2019: Rupees 506,413)

21.2 The Sindh Assembly, on 04 June 2015, passed The Sindh Workers Welfare Fund Act, 2014 (Sindh WWF Act). As per Section 5(1) of the Sindh WWF Act, contributions are payable with effect from the date of closing of account on or after 31 December 2013, that corresponds to Modaraba's accounting year ended on 30 June 2014. As per definitions Section 2(g) of the WWF Act, the Modarabas were considered to be an industrial establishment, despite the fact that even remotely they could not be considered as industrial establishment due to their nature of business. Further, the issue of apportionment of income relevant to the province of Sindh also needs to be clarified. The NBF1 & Modaraba Association of Pakistan is contemplating to file petition against such levy, as Sindh High Court has granted stay to various Banks and Financial Institutions in Suit No. 610 of 2017. However, the management of the Modaraba in consultation with the legal advisor has decided to record a provision on prudent basis, but payments are not being made.

22. ACCRUED PROFIT ON CERTIFICATES OF MUSHARAKA	Note	2020 Rupees	2019 Rupees
Balance as at 01 July		2,706,361	2,003,389
Add: Accrued during the year		15,587,900	12,839,236
Less: Paid during the year		<u>(15,636,154)</u>	<u>(12,136,264)</u>
Balance as at 30 June		<u>2,658,107</u>	<u>2,706,361</u>

23. CONTINGENCIES AND COMMITMENTS

a) Contingencies

- i. The Government of Sindh levied Sindh sales tax on services at the rate of 13% (2019: 13%) on the remuneration of Management Company through Sindh Sales Tax on Services Act, 2011 effective from 01 November 2011 against which the NBF and Modaraba Association of Pakistan (including the Management Company) filed an appeal before the Appellate Tribunal Sindh Revenue Board, (SRB). Subsequently, the Sindh High Court (SHC) restrained the SRB from taking any action to collect any alleged amount of sales tax in this regard till the final decision of the SHC. The matter is currently pending adjudication, however, the Modaraba is accruing sales tax on management fee on prudent basis. (refer Note 28).
- ii. An amount of Rupees 1.2 million has been deducted from the bank account of the Modaraba on the instructions of the FBR vide letter # CIR/Zone-1/CRTO/Khi/2016/2544 dated 15 December 2016 on account of non deduction of withholding tax. The matter was taken to Commissioner Inland Revenue (Appeal III), Karachi who remanded back the case to the officer with directions to provide an opportunity of being heard to the Appellant. The worthy Commissioner in its Order vide no. 26/2017 dated 26 January 2017 has remanded the matter to the revenue. Management is confident that the deducted amount will be refunded, therefore, no expense has been booked in this regard. (refer Note 11.3).
- iii. During the year, the Sindh Revenue Board (SRB) has raised accumulated demand of Rupees 7,064,107 vide orders 629 of 2019, 632 of 2019, 635 of 2019 and 636 of 2019 dated 19 July 2019, 23 July 2019, 25 July 2019 and 29 July 2019, on the grounds that the Modaraba's activities fall under tariffs 9809, 9822, 9822.2 and 9822.3 of Second Schedule of the Sindh Sales Tax on Services Act, 2011 (the Act). However, the Modaraba has filed an appeal against the above orders on the grounds that all service taxes as per the Act have already been charged and all the sales tax returns in relevant tax periods have been filed appropriately. The decision is pending in the court and the Management is confident that the orders will be withdrawn, therefore, no liability has been recorded in this regard.

b) Commitments

There were no commitments as at the reporting date. (2019: Nil)

24. OPERATING INCOME	Note	2020 Rupees	2019 Rupees
Profit on:			
- murabaha financing	19.1	21,533,804	24,639,346
- diminishing musharaka financing	19.2	4,980,780	2,927,690
- musharaka financing		6,049,620	6,959,311
- modaraba financing		-	60,950
		32,564,204	34,587,297
Income from:			
- dry batteries modaraba		-	280,310
- FPM Solution	24.1	11,513,066	8,118,233
- FPM Petro	24.2	141,610,765	172,440,407
- FPM Geo-Dynamics International		-	3,734,002
		153,123,831	184,572,952
	24.3	185,688,035	219,160,249

24.1 This represents income generated from Project Power solution business of FPM Solutions. This includes income from Service Level Agreements (SLA) entered into by FPM Solutions with various clients to provide services in respect of stand by generators, UPS and other power back up solutions.

24.2 This represents income generated from chemical business of FPM Petro Services.

24.3 Sales tax charged on sales tax invoices in aggregate amounting to Rupees 25,368,640 (2019: Rupees 30,941,395).

25. OPERATING EXPENSES	Note	2020 Rupees	2019 Rupees
Direct cost related to			
- FPM Solutions		4,244,221	3,060,539
- dry batteries modaraba		-	181,717
- FPM Petro		124,651,020	149,520,274
- FPM Geo Dynamics International		-	2,611,100
Salaries, allowances and benefits	25.1	14,483,617	15,072,920
Utilities		514,631	471,959
Repairs and maintenance		486,386	612,903
Insurance		284,578	343,411
Rent, rates and taxes	25.2	962,526	1,311,373
Travelling and conveyance		1,393,950	1,466,670
Communications		717,700	755,043
Printing and stationery		385,062	481,001
Auditors' remuneration	25.3	635,000	698,500
Legal and professional		826,300	668,150
Fees and subscription		3,932,011	3,317,071
News papers and periodicals		28,380	27,955
Advertisement and publicity		704,200	94,451
Depreciation and amortization		1,405,176	1,577,266
Contractual management fee			
- FPM Petro		6,588,150	8,377,766
- FPM Solutions		591,269	368,765
- FPM Geo Dynamics International		-	465,366
Others		339,511	730,684
		163,173,688	192,214,884

25.1 Salaries, allowances and benefits include Rupees 589,931 (2019: Rupees 598,996) on account of the Modaraba's contribution to the staff provident fund.

25.2 This includes Rupees 527,076 paid to a director (2019: Rupees 527,076) in respect of rent for FPM Solutions premises.

25.3 Auditors' remuneration

Statutory audit fee	450,000	495,000
Half yearly review fee	100,000	110,000
Certification fee	85,000	93,500
	635,000	698,500

26. OTHER INCOME	Note	2020 Rupees	2019 Rupees
Financial assets			
Profit on bank deposits		775,005	849,999
Non-financial assets			
Others		165,914	118,893
		<u>940,919</u>	<u>968,892</u>
27. FINANCIAL CHARGES			
Profit on certificates of musharaka		15,587,900	12,839,236
Bank charges		56,377	69,706
		<u>15,644,277</u>	<u>12,908,942</u>
28. MODARABA COMPANY'S MANAGEMENT FEE			
The Management Company is entitled to a remuneration for services rendered to the Modaraba under the provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 upto a maximum of 10% per annum of the net annual profits of the Modaraba. The fee for the year ended 30 June 2020 has been recognized at 10% (2019: 10%) of profit for the year.			
29. TAXATION			
Current	29.1	-	-
Deferred	29.2	-	-
		<u>-</u>	<u>-</u>
29.1 Current			
Clause 100 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 provides exemption from tax of any income, not being income of trading activity derived by a Modaraba, if not less than ninety percent of its total profits in a year, as reduced by the amount transferred to mandatory reserve under the provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 is distributed to the certificate holders. The Management Company has distributed sufficient accounting income of the Modaraba (subsequent to reporting date, see note 40) for the year ended 30 June 2020 which meets the requirement of above stated clause. Further, taxable income from trading activity is taxable under Clause 18, Part II of Second Schedule of the Income Tax Ordinance, 2001, however, considering the taxable loss from the trading activity, no provision has been made in these financial statements. Further, the Modaraba is also exempt from minimum tax under section 113 of the Income Tax Ordinance, 2001.			
29.2 Deferred			
Income of Modaraba enjoys tax exemption subject to distribution of 90% its profits in the year, therefore no deferred tax has been booked in these financial statements.			
30. EARNINGS PER CERTIFICATE - BASIC AND DILUTED			
Profit after taxation (RUPEES)		6,497,384	12,085,098
Weighted average number of certificates (NUMBERS)		13,788,420	13,788,420
Earnings per certificate - basic and diluted (RUPEE)		<u>0.471</u>	<u>0.876</u>
30.1 There is no dilutive effect on the basic earnings per share of the Modaraba, since there are no convertible instruments in issue as at 30 June 2020 (2019: Nil) which would have any effect on the earnings per certificate if the option to convert is exercised.			

31. CHANGES ARISING FROM FINANCING ACTIVITIES

2020	01 July 2019	Financing	Financing cash	Non Cash	30 June 2020
	Rupees	cash inflows	outflows	changes	
	Rupees	Rupees	Rupees	Rupees	Rupees
Unclaimed profit distributions	16,426,953	-	(10,990,526)	13,788,420	19,224,847
Accrued profit on certificates of musharaka	2,706,361	-	(15,636,154)	15,587,900	2,658,107
Certificates of musharaka	169,551,200	29,590,000	(23,450,000)	-	175,691,200
2019	01 July 2018	Financing	Financing cash	Non Cash	30 June 2019
	Rupees	cash inflows	outflows	changes	
	Rupees	Rupees	Rupees	Rupees	Rupees
Unclaimed profit distributions	14,417,720	-	(7,642,661)	9,651,894	16,426,953
Accrued profit on certificates of musharaka	2,003,389	-	(12,136,264)	12,839,236	2,706,361
Certificates of musharaka	166,866,200	44,725,000	(42,040,000)	-	169,551,200

32. REMUNERATION OF OFFICERS AND OTHER EMPLOYEES

	2020		2019	
	Officers Rupees	Other employees Rupees	Officers Rupees	Other employees Rupees
Managerial remuneration	5,240,400	6,663,953	5,242,400	7,155,600
Allowances	233,100	311,127	467,908	1,015,920
Provident fund	262,020	327,911	262,120	336,876
EOBI	3,250	136,791	34,450	115,513
Others	72,634	232,431	131,104	311,029
	5,811,404	7,672,213	6,137,982	8,934,938
Number of person	5	12	5	16

32.1 In addition to the above, Some of the officers have been provided with vehicle maintained by the Modaraba.

33. TRANSACTION WITH RELATED PARTIES

The related parties comprise of management company, associated undertakings and key management personnel. The Modaraba in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

Relationship with Modaraba	Name of Related Party	Basis of relationship	Nature of transaction	2020 Rupees	2019 Rupees
i.	Management Company	Paramount Investments Limited	14.26% certificate holdings		
			Management fee including sale tax on fee	844,631	1,571,010
			Payments made during the year	886,961	1,268,146
			Expenses allocated	220,860	-
			Profit distribution	1,965,768	1,376,037
ii.	Musharaka Investors - Generator Project	Al-Burq Associates	52.09% share of Modaraba	1,448	253,888
			Modaraba's share of loss in joint operation		
iii.	Directors and their spouse		Rent paid	527,076	527,076
			Profit distribution	852,456	450,298
iv.	Staff retirement funds	Paramount Investments Limited - Employees' Provident Fund	Funded provident fund	589,931	588,996
			Contribution to the Fund		
			Profit paid on certificates of musharaka	131,831	105,041
			Receivable / (payable) closing balance		
i.	Management Company	Paramount Investments Limited	14.26% certificate holdings	1,102,793	(110,397)
			Other receivable		
ii.	Musharaka Investors - Generator Project	Al-Burq Associates	52.09% share of Modaraba	(1,119,454)	2,101,853
			Other payable		
iii.	Directors		Security deposit	217,800	217,800
iv.	Staff retirement funds	Paramount Investments Limited - Employees' Provident Fund	Funded provident fund	(1,400,000)	(1,400,000)
			Certificates of musharaka		
			Accrued profit on certificate of musharaka	(2,424)	(2,643)

33.1 Detail of compensation to key management personnel comprising of officers is disclosed in Note 32.

34.3 Segment revenue and results

Following is an analysis of the Modaraba's revenue and results by receivable segment:

Note	2020													
	Financing		Generator's project			FPM Petro			FPM Solutions			FPM Geo		
	Rupees	Total	Rupees	Modaraba's share	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Total
Operating income	34,867,607	32,564,204	-	-	141,610,765	11,513,066	-	-	-	-	-	-	185,688,035	
Operating expenses	(21,161,463)	(21,927,808)	-	-	(131,781,624)	(9,216,243)	-	-	-	-	-	-	(163,173,688)	
Provision for doubtful recoveries	-	(336,374)	-	-	-	-	-	-	-	-	-	-	(336,374)	
Other income	10,300,022	669,460	-	-	9,829,141	2,296,823	-	-	-	-	-	-	22,177,973	
Financial charges	(15,637,243)	(4,667,761)	(3,199)	(1,666)	(2,712)	(1,356)	(450)	(450)	(450)	(99,884)	(1,300)	(101,184)	23,118,892	
Modaraba management fee inclusive of sales tax	-	-	361	188	(1,116,695)	(267,066)	-	-	-	-	-	-	7,474,615	
Provision for South Workers' Welfare Fund	82,806	(4,057,498)	57	30	(175,311)	(41,928)	-	-	-	-	-	-	(844,631)	
Profit before taxation	(4,057,498)	(2,781)	(2,781)	(1,448)	8,590,255	2,054,421	(391)	(391)	(391)	(87,955)	-	-	6,487,384	
Profit after taxation	(4,057,498)	(2,781)	(2,781)	(1,448)	8,590,255	2,054,421	(391)	(391)	(391)	(87,955)	-	-	6,487,384	

Note	2019													
	Financing		Generator's project			FPM Petro			FPM Solutions			FPM Geo		
	Rupees	Total	Rupees	Modaraba's share	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Total	
Operating income	34,867,607	(3,805,903)	-	-	172,440,407	8,118,233	-	-	-	-	-	-	219,150,249	
Operating expenses	(21,161,463)	(4,592,997)	(487,094)	(253,728)	(160,264,555)	(7,299,694)	-	-	-	-	-	-	(182,214,884)	
Reversal of provision for doubtful recoveries	734,580	-	-	-	-	-	-	-	-	-	-	-	734,580	
Gain on sale of fixed assets - net	-	-	-	-	-	-	-	-	-	-	-	-	145,343	
Impairment loss on fixed assets	-	-	-	-	-	-	-	-	-	-	-	-	(1,982,495)	
Other income	34,440,724	889,657	-	-	12,175,852	963,880	-	-	-	-	-	-	25,842,792	
Financial charges	(12,902,861)	(2,427,520)	(308)	(1,199)	(2,244,459)	(1,751)	(7,225)	(7,225)	(7,225)	(505,783)	(505,783)	(505,783)	940,892	
Modaraba management fee inclusive of sales tax	(774,310)	485,143	485,143	252,711	(1,383,624)	(109,430)	-	-	-	-	-	-	(1,571,010)	
Provision for South Workers' Welfare Fund	(43,064)	2,110,145	76,163	39,673	(217,217)	(17,183)	-	-	-	-	-	-	(246,635)	
Profit before taxation	2,110,145	(3,731,997)	(3,731,997)	(1,943,998)	10,643,618	841,935	(6,280)	(6,280)	(6,280)	439,657	-	-	12,385,098	
Profit after taxation	2,110,145	(3,731,997)	(3,731,997)	(1,943,998)	10,643,618	841,935	(6,280)	(6,280)	(6,280)	439,657	-	-	12,385,098	

34.3.1 Operating income

	2020							
	Generator's project							
	Financing Rupees	Total Rupees	Modaraba's share Rupees	FPM Petro Rupees	FPM Solutions Rupees	FPM Consulting Rupees	FPM Geo Dynamics International Rupees	Total Rupees
Operating revenue								
Profit on:								
- mudaraba financing	21,533,804	-	-	-	-	-	-	21,533,804
- dimansing muharaka financing	4,980,780	-	-	-	-	-	-	4,980,780
- mudaraka financing	6,049,620	-	-	-	-	-	-	6,049,620
- modaraba financing	-	-	-	-	-	-	-	-
Income from:								
- dry batteries modaraba	-	-	-	-	-	-	-	-
- FPM Petro	-	-	-	141,610,765	11,513,066	-	-	11,513,066
- FPM Geo-Dynamics International	-	-	-	-	-	-	-	-
	32,564,204	-	-	141,610,765	11,513,066	-	-	185,088,035

	2019							
	Generator's project							
	Financing Rupees	Total Rupees	Modaraba's share Rupees	FPM Petro Rupees	FPM Solutions Rupees	FPM Consulting Rupees	FPM Geo Dynamics International Rupees	Total Rupees
Operating revenue								
Profit on:								
- mudaraba financing	24,639,346	-	-	-	-	-	-	24,639,346
- dimansing muharaka financing	2,977,690	-	-	-	-	-	-	2,977,690
- muharaka financing	6,999,311	-	-	-	-	-	-	6,999,311
- modaraba financing	60,950	-	-	-	-	-	-	60,950
Income from:								
- dry batteries modaraba	780,310	-	-	-	-	-	-	780,310
- FPM Scubon	-	-	-	-	8,118,233	-	-	8,118,233
- FPM Petro	-	-	-	172,440,407	-	-	-	172,440,407
- FPM Geo-Dynamics International	-	-	-	-	-	-	3,734,002	3,734,002
	34,867,607	-	-	172,440,407	8,118,233	-	3,734,002	219,160,249

34.3.2 Operating expenses

	2020						2019							
	Generator's project			Modaraba's share			Generator's project			Modaraba's share				
	Financing	Total	Rupees	FPM Petro	FPM Solutions	FPM Consulting	FPM Geo Dynamics International	Total	Rupees	FPM Petro	FPM Solutions	FPM Consulting	FPM Geo Dynamics International	Total
Operating expenses														
Direct cost														
Salaries, allowances and benefits	13,042,754	-	-	123,896,420	4,998,821	-	-	128,895,241						
Utilities	381,024	-	-	110,000	1,090,863	-	240,000	14,483,617						
Repairs and maintenance	436,586	-	-	1,644	131,963	-	-	514,631						
Treasure	217,400	-	-	17,800	32,000	-	-	486,386						
Rent, rates and taxes	181,100	-	-	67,178	-	-	-	284,578						
Traveling and conveyance	934,023	-	-	254,350	527,076	-	-	962,526						
Communications	628,572	-	-	387,035	72,392	-	500	1,393,950						
Printing and stationery	358,062	-	-	10,000	17,000	-	1,513	717,700						
Auditors' remuneration	635,000	-	-	-	-	-	-	395,062						
Legal and professional	476,042	-	-	-	350,258	-	-	635,000						
Fees and subscription	2,781,024	-	-	118,000	1,027,437	-	5,550	826,300						
News papers and periodicals	28,380	-	-	-	-	-	-	3,932,011						
Advertisement and publicity	704,200	-	-	-	-	-	-	28,380						
Depreciation and amortization	802,980	-	-	263,547	338,199	450	-	1,405,176						
Contractual management fee	-	-	-	6,588,150	591,269	-	-	7,179,419						
Others	320,561	-	-	6,430	12,420	-	-	339,511						
	21,927,808	-	-	131,781,624	9,216,243	450	247,563	163,173,688						
Operating expenses														
Direct costs														
Salaries, allowances and benefits	13,251,640	114,100	-	149,701,941	3,060,539	-	2,611,100	155,373,630						
Utilities	348,811	-	59,435	80,645	1,621,200	-	60,000	15,072,920						
Repairs and maintenance	415,637	271,465	141,406	4,108	117,000	-	-	471,959						
Treasure	193,776	-	-	25,060	30,800	-	-	612,903						
Rent, rates and taxes	351,390	-	-	128,376	21,299	-	-	343,411						
Traveling and conveyance	998,438	77,400	40,318	432,947	527,076	-	63,200	1,331,373						
Communications	610,515	1,280	567	188,276	176,438	-	7,610	1,466,670						
Printing and stationery	418,431	-	-	93,442	47,809	-	23,320	755,043						
Auditors' remuneration	754,382	-	-	71,750	17,500	-	-	481,001						
Legal and professional	667,950	-	-	-	-	-	-	754,380						
Fees and subscription	1,858,775	15,900	8,782	797,860	645,704	6,500	-	568,150						
News papers and periodicals	27,955	-	-	700	-	-	-	3,317,071						
Advertisement and publicity	91,300	6,049	3,151	-	-	-	-	27,955						
Depreciation and amortization	779,608	-	-	329,273	467,456	725	203	1,577,266						
Contractual management fee	-	-	-	8,377,766	368,765	-	465,266	9,211,897						
Others	392,946	900	468	80,861	198,108	-	2,420	674,804						
	21,161,463	487,094	253,798	160,764,555	7,299,694	7,225	3,228,219	192,714,884						

		2020											
		Generator project											
Financing	Total	Modaraba's share	FPM Petro	FPM Solutions	FPM Consulting	FPM Geo Dynamics International	Total	Modaraba's share	FPM Petro	FPM Solutions	FPM Consulting	FPM Geo Dynamics International	Total
Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Other income													
Profit on bank deposits	643,660	-	53,832	67,948	-	7,565	775,005	-	-	-	-	7,565	775,005
Others	25,800	-	-	-	-	140,114	165,914	-	-	-	-	140,114	165,914
	669,460	-	53,832	67,948	-	147,679	940,919	-	-	-	-	147,679	940,919
		2019											
		Generator project											
Financing	Total	Modaraba's share	FPM Petro	FPM Solutions	FPM Consulting	FPM Geo Dynamics International	Total	Modaraba's share	FPM Petro	FPM Solutions	FPM Consulting	FPM Geo Dynamics International	Total
Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Other income													
Profit on bank deposits	770,765	-	72,778	6,457	-	-	850,001	-	-	-	-	-	850,001
Others	118,091	-	-	-	-	-	118,091	-	-	-	-	-	118,091
	888,857	-	72,778	6,457	-	-	968,092	-	-	-	-	-	968,092
		2020											
		Generator project											
Financing	Total	Modaraba's share	FPM Petro	FPM Solutions	FPM Consulting	FPM Geo Dynamics International	Total	Modaraba's share	FPM Petro	FPM Solutions	FPM Consulting	FPM Geo Dynamics International	Total
Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Financial charges													
Profit on certificates of musharaka	15,587,900	-	-	-	-	-	15,587,900	-	-	-	-	-	15,587,900
Bank charges	49,343	1,666	2,712	1,356	-	1,300	56,377	1,666	2,712	1,356	-	1,300	56,377
	15,637,243	3,199	2,712	1,356	-	1,300	15,644,277	3,199	2,712	1,356	-	1,300	15,644,277
		2019											
		Generator project											
Financing	Total	Modaraba's share	FPM Petro	FPM Solutions	FPM Consulting	FPM Geo Dynamics International	Total	Modaraba's share	FPM Petro	FPM Solutions	FPM Consulting	FPM Geo Dynamics International	Total
Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Financial charges													
Profit on certificates of musharaka	12,839,241	-	-	-	-	-	12,839,241	-	-	-	-	-	12,839,241
Bank charges	63,620	306	4,171	1,751	-	-	69,701	306	4,171	1,751	-	-	69,701
	12,902,861	306	4,171	1,751	-	-	12,909,942	306	4,171	1,751	-	-	12,909,942

Revenue reported in above segments generated from external customers.

The accounting policies of the reportable segments are the same as the Modaraba's accounting policies described in note 4 to these financial statements.

34.4 Other segment information

		2020					
		Generator project					
		Total	FPM Petro	FPM Solutions	FPM Consulting	FPM Geo Dynamics International	Total
Financing	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Capital expenditure - net	16,800	-	-	-	-	-	16,800
Depreciation, amortization and impairment	802,980	-	263,547	338,199	653	-	1,405,379
Non-cash items (excluding depreciation, amortization and impairment)	336,374	-	-	-	-	-	336,374
		2019					
		Generator project					
		Total	FPM Petro	FPM Solutions	FPM Consulting	FPM Geo Dynamics International	Total
Financing	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Capital expenditure - net	15,800	-	-	-	-	12,150	27,950
Depreciation, amortization and impairment	779,608	-	329,273	467,457	725	203	1,577,265
Non-cash items (excluding depreciation, amortization and impairment)	734,580	-	-	145,343	-	-	879,923

35. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

35.1 Financial risk factors

The objective of the Modaraba's financial risk management is to minimize volatility and provide maximum return to certificate holders. The Board of Directors of the Management Company has overall responsibility for the establishment and oversight of the Modaraba's risk management framework and policies.

The Modaraba's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

The Audit Committee of the Management Company oversees how management monitors compliance with the Modaraba's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Modaraba.

The Modaraba has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

(a) Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Modaraba by failing to discharge an obligation. The risk is generally limited to outstanding amount against financing facilities and trade debts. The Modaraba's policy is to enter into financial contracts in accordance with the risk management policies and the requirements of the Modaraba rules and regulations.

The carrying amount of these financial assets represents the maximum credit exposure at the reporting date.

	2020 Rupees	2019 Rupees
Murabaha financing	132,593,582	157,952,603
Diminishing musharaka financing	33,876,174	20,412,053
Musharaka financing	40,011,470	50,964,845
Loan to employees	1,224,000	1,774,338
Long-term deposits	341,969	442,319
Trade debtors	48,406,541	101,354,327
Advances and other receivables	39,136,018	24,355,246
Modaraba financing	10,594,532	10,994,537
Short-term murabaha financing	3,358,741	10,151,669
Accrued profit	6,181,021	8,745,763
Bank balances	75,790,352	19,964,683
	391,514,400	407,112,373

Description of collateral held

The Modaraba holds security in the form of mortgage of properties, hypothecation and pledge of goods and demand promissory notes against murabaha, murabaha, diminishing musharaka and musharaka investments.

Concentration of credit risk

The Modaraba manages credit risk and its concentration through diversification of activities to avoid undue concentration of risks with individuals, groups or specific industry segments. For this purpose, the Modaraba has established exposure limits for individuals / groups and industrial sectors.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Modaraba believes that it is not exposed to major concentration of credit risk. The modaraba's bankers are of good rating. Details of the industrial sector analysis of each financing are as follows:

	2020		2019	
	Rupees	%	Rupees	%
Chemical, fertilizer and pharmaceutical	23,630,087	10.31%	20,578,862	8.14%
Fuel and energy	1,033,685	0.45%	1,183,685	0.47%
Food, tobacco and beverages	110,083,355	48.04%	87,954,656	34.80%
Paper and board	42,152,175	18.40%	75,581,034	29.90%
Textile and Garments	32,760	0.01%	10,994,459	4.35%
Steel, engineering and automobiles	10,594,532	4.62%	8,064,845	3.55%
Transportation and communication	13,683,358	5.97%	20,030,739	7.92%
Others	27,932,303	12.19%	27,478,577	10.87%
	229,142,255	100%	252,766,857	100%

Modaraba's operations are restricted to Pakistan only.

Ageing analysis of financing facilities:

	2020			2019		
	Carrying amount		Provision held	Carrying amount		Provision held
	Not impaired	Impaired		Not impaired	Impaired	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Not past due	130,782,662	-	-	183,876,196	-	-
Past due 0 to 90 days	65,705,097	-	-	66,196,175	-	-
Past due 91 days to 1 year	19,360,735	-	-	-	-	-
Past due 1 to 2 year	-	-	-	-	806,667	(403,331)
Past due 2 year - 3 years	-	-	-	-	-	-
Past due more than 3 years	10,666,232	2,627,529	(2,627,529)	-	1,887,824	(1,887,824)
Total	226,514,726	2,627,529	(2,627,529)	250,072,371	2,894,486	(2,291,155)

Provision is recognised by the Modaraba as per the requirements given under Modaraba Prudential Regulations.

The credit quality of balances with banks that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

Banks	Rating			2020 Rupees	2019 Rupees
	Short-Term	Long-Term	Agency		
State Bank of Pakistan	-	-	-	57,118	61,557
Habib Bank Limited	AAA	A1+	VIS	1,984,237	67,261
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	45,226,468	13,825,804
Faysal Bank Limited	A1+	AA+	PACRA	312,689	-
Meezan Bank Limited	AA+	A1+	VIS	26,360,363	5,808,574
Al Baraka Bank (Pakistan) Limited	A1	A	PACRA	1,803,360	32,022
Bank Islami Pakistan Limited	A1	A+	PACRA	46,117	169,465
				75,790,352	19,964,683

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Modaraba. Accordingly, the credit risk is minimal.

(b) Liquidity Risk

Liquidity risk is the risk that the Modaraba will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Modaraba could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Modaraba's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Modaraba's reputation. The Modaraba manages liquidity risk by monitoring future cash flows on a day-to-day basis. The amount disclosed in the table are undiscounted cash flows.

Contractual maturities of financial liabilities:

2020	Certificates of musharaka	Creditors, accrued and other liabilities	Accrued profit on certificates of musharaka	Unclaimed profit distributions	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
The Board of Directors of the Modaraba	175,691,200	13,289,982	2,658,107	19,224,847	208,206,029
Contractual cash flows:					
Maturity upto one year	57,656,200	13,289,982	2,658,107	19,224,847	90,171,029
Maturity after one year but upto three years	67,143,800	-	-	-	67,143,800
More than three years	50,891,200	-	-	-	50,891,200
	175,691,200	13,289,982	2,658,107	19,224,847	208,206,029
2019	Certificates of musharaka	Creditors, accrued and other liabilities	Accrued profit on certificates of musharaka	Unclaimed profit distributions	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Carrying amount	169,551,200	29,034,095	2,706,361	16,426,953	215,012,248
Contractual cash flows:					
Maturity upto one year	51,776,200	29,034,095	2,706,361	16,426,953	97,237,248
Maturity after one year but upto three years	117,775,000	-	-	-	117,775,000
More than three years	169,551,200	29,034,095	2,706,361	16,426,953	215,012,248

c) Market risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Modaraba is not exposed to equity price risk and currency risk. The profit rate risk associated with the Modaraba's business activities is stated as under:

Profit / mark-up rate risk

Mark-up rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market yield. The Modaraba has adopted appropriate policies to minimise its exposure to this risk. At the reporting date, the profit rate profile of the Modaraba's significant mark-up bearing financial instruments was as follows:

	2020 Rupees	2019 Rupees
Financial assets		
Murabaha financing	132,593,582	157,952,603
Diminishing musharaka financing	33,876,174	20,412,053
Short-term murabaha financing	3,358,741	10,151,669
Bank balances	49,132,363	13,318,033
	<u>218,960,860</u>	<u>201,834,358</u>
Financial liabilities		
Certificate of musharaka	175,691,200	169,551,200
On balance sheet gap	<u>(126,558,837)</u>	<u>(156,233,167)</u>

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have (decreased) / increased profit for the year by the amounts shown below. This analysis assumes that all other variables remain constant. The following information summarizes the estimated effects of hypothetical increases and decreases in interest rates on cash flows from financial assets and liabilities that are subject to profit rate risk.

	2020		2019	
	Increase Rupees	Decrease Rupees	Increase Rupees	Decrease Rupees
Cash flow sensitivity - variable rate financial assets	2,189,609	(2,189,609)	2,018,344	(2,018,344)
Cash flow sensitivity - variable rate financial liabilities	(1,756,912)	1,756,912	(1,695,512)	1,695,512
Net effect	<u>432,697</u>	<u>(432,697)</u>	<u>322,832</u>	<u>(322,832)</u>

35.2 Recognized fair value measurements

(a) Financial Assets

Fair value hierarchy

Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Modaraba has classified its financial instruments into the following three levels.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available for sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Modaraba is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There were no financial asset and financial liability to be reported under above levels as the carrying amounts of all financial assets and financial liabilities presented in these financial statements are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value.

Non-Financial Assets

The carrying value of all non-financial assets reflected in these financial statements are approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

35.3 Financial instruments by categories

	At amortized cost	
	2020 Rupees	2019 Rupees
Financial assets as per balance sheet		
Murabaha financing	132,593,582	157,952,603
Diminishing musharaka financing	33,876,174	20,412,053
Musharaka financing	40,011,470	50,964,845
Loan to employees	1,224,000	1,774,338
Long-term deposits	341,969	442,319
Trade debtors	48,406,541	101,354,322
Advances and other receivables	39,136,018	24,355,246
Modaraba financing	10,594,532	10,994,532
Short-term murabaha financing	3,358,741	10,151,669
Accrued profit	6,181,021	8,745,763
Cash and bank balances	75,852,255	20,002,719
	391,576,303	407,150,409
Financial liabilities as per balance sheet		
Certificates of musharaka	175,691,200	169,551,200
Creditors, accrued and other liabilities	13,289,982	29,034,095
Accrued profit on certificates of musharaka	2,658,107	2,706,361
Unclaimed profit distributions	19,224,847	16,426,953
	210,864,136	217,718,609

36. PROVIDENT FUND RELATED DISCLOSURE

36.1 The following information is based on un-audited financial information of the Staff Provident Fund for the year ended 30 June 2020 and 30 June 2019.

Size of the funds - Total assets	5,745,243	5,548,805
Cost of investments	1,400,000	1,400,000
Fair value of investments out of Provident Fund	5,745,243	5,548,805
Percentage of investments made	24%	25%

36.2 Details of fair value of investments:

Bank balances	3,915,650	3,628,427
Debt securities	1,829,593	1,920,378
	5,745,243	5,548,805

37. NUMBER OF EMPLOYEES

The number of employees during the year are as follows:

	2020	2019
Number of employees - permanent	17	21
Average number of employees - permanent	19	22
Number of employees - contractual	2	2
Average number of employees - contractual	2	2

38. IMPACT OF COVID-19 (CORONA VIRUS)

The pandemic of COVID-19 that rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On 23 March 2020, the Government of Sindh announced a temporary lock down as a measure to reduce the spread of the COVID-19. Complying with the lockdown, the Modaraba managed its operations by implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees and other stakeholders.

Subsequent to the year ended 30 June 2020, due to significant reduction in outbreak, the business of Modaraba is fast reverting back to normal levels. Due to this, management has assessed the accounting implications of these developments on these financial statements, including but not limited to the following areas:

- The impairment of tangible assets under IAS 36 'Impairment of Assets';
- The net realizable value of inventory under IAS 2, 'Inventories';
- Provisions and contingent liabilities under IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and
- Going concern assumption used for the preparation of these financial statements.

According to management's assessment, there is no significant accounting impact of the effects of COVID-19 on these financial statements.

39. GENERAL

39.1 Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan. However, no significant reclassification / rearrangement of the corresponding figures has been made during the year in these financial statements, except for the following:

<p>From</p> <p>Musharaka financing</p> <p>Advances, prepayments and other receivables</p> <ul style="list-style-type: none"> - Prepaid insurance - Prepaid fees and subscription - Advance against purchase of stock <p>Receivable against sale of weaving unit</p> <p>Advances, prepayments and other receivables</p> <ul style="list-style-type: none"> - Other receivables <p>From</p> <p>Accrued profit</p> <p>Advances, prepayments and other receivables</p> <ul style="list-style-type: none"> - Others <p>Advances, prepayments and other receivables</p> <ul style="list-style-type: none"> - Income tax refundable <p>Advances, prepayments and other receivables</p> <ul style="list-style-type: none"> - Others 	<p>To</p> <p>Current portion of musharaka financing</p> <p>Advances, prepayments and other receivables</p> <ul style="list-style-type: none"> - Short term prepayments - Short-term prepayments - Advance against expenses <p>Advances, prepayments and other receivables</p> <ul style="list-style-type: none"> - Receivable against sale of weaving unit <p>Accrued Profit</p> <ul style="list-style-type: none"> - Profit receivable on bank deposits <p>To</p> <p>Deferred income</p> <ul style="list-style-type: none"> - Deferred murabaha income - Deferred diminishing mushraka income <p>Advances, prepayments and other receivables</p> <ul style="list-style-type: none"> - Due from associated undertakings <p>Tax refunds due from Government</p> <ul style="list-style-type: none"> - Income tax refundable <p>Creditors, accrued and other liabilities</p> <ul style="list-style-type: none"> - Others 	<p>Rupees</p> <p>33,460,375</p> <p>147,194</p> <p>335,092</p> <p>220,000</p> <p>1,245,000</p> <p>53,488</p> <p>⁴³</p> <p>Rupees</p> <p>2,946,778</p> <p>73,691</p> <p>395,522</p> <p>5,905,050</p> <p>399,165</p>
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Advance income tax	Tax refunds due from Government	
	- Income tax refundable	<u>29,462,226</u>
Certificate of musharaka	Accrued profit on certificates of musharaka	<u>2,706,361</u>
Creditors, accrued and other liabilities	Creditors, accrued and other liabilities	
- Audit fee	- Accrued expenses	<u>644,380</u>
Creditors, accrued and other liabilities	Creditors, accrued and other liabilities	
- Liabilities related to generator project	- Accrued expenses	<u>113,270</u>
	- Withholding income tax	<u>1,133</u>
	- Sales tax payable	<u>(4,304)</u>
	- Management fee payable to FPM Petro	<u>22,633</u>
- Liabilities related to FPM Solutions business	- Creditors	<u>2,268,805</u>
	- Accrued expenses	<u>56,770</u>
	- Withholding income tax	<u>60,606</u>
	- Management fee payable to FPM Solution	<u>(154,701)</u>
	- Others	<u>185,360</u>
- Liabilities related to FPM Petro Services	- Creditors	<u>21,072,417</u>
	- Accrued expenses	<u>107,440</u>
	- Withholding income tax	<u>407,729</u>
	- Others	<u>535,609</u>
- Liabilities related to FPM Geo Dynamics International	- Accrued expenses	<u>20,000</u>
	- Withholding income tax	<u>1,260</u>
Others	- Accrued expenses	<u>(778,637)</u>
	- Withholding income tax	<u>(206,181)</u>
	- Sales tax payable	<u>(3,181)</u>

39.2 Figures have been rounded off to the nearest rupees.

40. NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Management Company in their meeting held on 1st October 2020 proposed a final profit distribution for the year ended 30 June 2020 of Rupee 0.35 per certificate (2019: Rupee 1 per certificate) for the certificate holders of the Modaraba. The approval of the certificate holders for the profit distribution will be obtained at the forthcoming Annual Review Meeting. The financial statements for the year ended 30 June 2020 do not include the effect of these appropriations which will be accounted for in the interim financial statements for the six months period ending on 31 December 2020.

41. DATE OF AUTHORISATION FOR ISSUE

These financial statements are approved and authorised for issue on 1st October 2020 by the Board of Directors of the Modaraba Management Company.

For Paramount Investments Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Director

Pattern of Shareholding

As On 30/06/2020

← HAVING SHARES →				
NO. OF SHAREHOLDERS	From	To	SHARES HELD	PERCENTAGE
194	1	100	5,564	0.0404
153	101	500	38,761	0.2811
224	501	1000	165,941	1.2035
458	1001	5000	977,487	7.0892
83	5001	10000	596,567	4.3266
25	15001	20000	426,648	3.0942
20	20001	25000	455,496	3.3035
20	25001	30000	547,068	3.9676
6	30001	35000	192,873	1.3988
7	35001	40000	264,281	1.9167
2	40001	45000	84,325	0.6116
6	45001	50000	284,653	2.0644
2	50001	55000	102,523	0.7435
7	55001	60000	405,577	2.9414
2	60001	65000	125,010	0.9066
4	65001	70000	269,977	1.9580
1	70001	75000	73,975	0.5365
3	75001	80000	233,241	1.6916
3	80001	85000	248,654	1.8034
1	90001	95000	93,451	0.6778
3	95001	100000	294,909	2.1388
1	100001	105000	101,132	0.7335
1	105001	110000	105,559	0.7656
4	110001	115000	456,042	3.3074
2	115001	120000	238,299	1.7283
1	125001	130000	128,749	0.9337
1	140001	145000	141,000	1.0226
2	150001	155000	303,438	2.2007
1	160001	165000	162,634	1.1795
1	185001	190000	187,034	1.3565
1	190001	195000	190,703	1.3831
5	225001	230000	1,144,000	8.2968
1	295001	300000	295,182	2.1408
1	300001	305000	302,250	2.1921
1	315001	320000	318,042	2.3066
1	420001	425000	423,471	3.0712
1	425001	430000	429,184	3.1126
1	500001	505000	502,531	3.6446
1	1805001	1810000	1,808,949	13.1193
1305	Company Total		13,788,416	100.0000

FIRST PARAMOUNT MODARABA

Category of Shareholders

As On 30/06/2020

Particulars	No of Folio	Balance Share	Percentage
DIRECTORS, CEO & CHILDREN	5	286,034	2.0745
ASSOCIATED COMPANIES	4	1,965,768	14.2567
BANKS, DFI & NBF	1	28	0.0002
GENERAL PUBLIC (LOCAL)	1257	9,744,281	70.6701
GENERAL PUBLIC (FORIEGN)	28	1,025,819	7.4397
OTHERS	9	263,955	1.9143
MODARABAS	1	502,531	3.6446
Company Total	1305	13788416	100.0000

FIRST PARAMOUNT MODARABA

Category of Shareholders

As On 30/06/2020

Folio No	Name	Code	Balance Held	Percentage
000000001121	MR. NADIM IQBAL	001	1160	0.0084
000000001706	MR. TANWEER AHMED MAGOON	001	99487	0.7215
000000002006	MR. HUMAYUN MAZHAR QURESHI	001	162634	1.1795
000000008271	MR. ABDUL RAZZAK JANGDA	001	107	0.0008
000208002994	ABDUL RAZZAK JANGDA	001	22646	0.1642
000000000001	PARAMOUNT INVESTMENTS	002	8371	0.0607
000000001963	PARAMOUNT INVESTMENT LIMITED	002	113292	0.8216
000000008004	PARAMOUNT INVESTMENTS	002	35156	0.2550
003277071155	PARAMOUNT INVESTMENTS	002	1808949	13.1193
003889000028	NATIONAL BANK OF PAKISTAN	004	28	0.0002
000000001259	MR. DAWOOD AKHTAR	009	1375	0.0100
000000001277	MR. MUHAMMAD ARSHAD	009	11627	0.0843
000000001316	MR. SHAKIL AKHTAR	009	1375	0.0100
000000001379	MR. JAVED AHMED ALVI	009	8944	0.0649
000000001557	MR. KAUSER MAHMOOD BUTT	009	11696	0.0848
000000001690	SYED ASIM BIN ZAHIR HASHMI	009	1375	0.0100
000000001745	MR. MOHAMMAD ILYAS	009	1375	0.0100
000000001773	MR. KHALID MAHMOOD	009	1375	0.0100
000000001885	MR. INAYAT UR REHMAN	009	4127	0.0299
000364094282	AMIN JIBRIL	009	28015	0.2032
000364184968	MUHAMMAD AZHAR HAKEEM	009	500	0.0036
000364229250	SYEDA HUMERA AZHAR	009	500	0.0036
001164010778	AKBAR ALI	009	1204	0.0087
001826084921	MUHAMMAD SADIQ FAROOQI /	009	8530	0.0619
003277079448	MUHAMMAD AQIB	009	12	0.0001
003277080778	ZFENAT ASHRAF DANGRA	009	297	0.0022
003277082920	ABDUL QADIR	009	429184	3.1126
003277082921	MUHAMMAD HAROON	009	423471	3.0712
003277092617	AHTESHAM SHEIKH	009	500	0.0036
003277099845	MUHAMMAD RAZA RAJANI	009	1190	0.0086
003525100160	KHALID LATIF SIDDIQUE	009	4950	0.0359
003525101704	QASIM QAYYUM	009	30000	0.2176
003525103315	AMIR SAEED CHAUDHRY	009	1160	0.0084
004002033460	SAEED MUHAMMAD	009	1375	0.0100
004010030051	OSAMA ZAHID	009	5141	0.0373
005264112917	KERSASP D SHEKHAR	009	16000	0.1160
010629022213	RAFIQUE SULEMAN	009	30035	0.2178
010629052731	BADAR UDDIN JATOI	009	486	0.0035
000000001344	SUBLIME SPORTS (PVT) LTD.	010	151375	1.0978
000000008403	M/S. EASTERN COMMERCIAL	010	1321	0.0096
000009900008	FEDERAL BOARD OF REVENUE	010	27233	0.1975
003277078335	TRUSTEE NATIONAL BANK OF	010	4821	0.0350
003277082127	TRUSTEE NATIONAL BANK OF	010	167	0.0012
003525087235	MAPLE LEAF CAPITAL LIMITED	010	1	0.0000
004705087224	FEDERAL BOARD OF REVENUE	010	73975	0.5385
006684152143	DREKKAR KINGSWAY LIMITED	010	62	0.0004
014241000022	FIKREES (PRIVATE) LIMITED	010	5000	0.0363
000009900005	FIRST NATIONAL MODARABA	011	502531	3.6446

Notice of Annual Review Meeting

Notice is hereby given that the Twenty First (21st) Annual Review Meeting of Certificate-Holders of First Paramount Modaraba (FPM) will be held on Wednesday, October 28, 2020 at 03:00 p.m. Room No: 201, 2nd Floor, PECHS Community Hall, Block-2, PECHS, Shahrah-e-Quideen, Karachi, to transact the Following business:

- i) To confirm the minutes of 20th Annual review meeting held on 28th October 2019.
- ii) To review the performance of the Modaraba for the year ended 30 June 2020.
- iii) To transact any other business with the permission of chair.

On behalf of the Board

Ammad Uddin Jamal
(Company Secretary)
M/s Paramount Investments Limited
Managers of First Paramount Modaraba
02nd October 2020
Karachi

Notes:

1. The certificate transfer books shall remain closed from Wednesday, 21 October 2020 to Wednesday, 28 October 2020 (both days inclusive). Transfers received in order at the office of the Registrar of First Paramount Modaraba (FPM) i.e. M/sTHK Associates (Pvt.) Ltd., before the close of business hours on Tuesday, 20 October 2020 will be treated as in time for the purpose of entitlement to Cash Dividend to the transferees and to attend the Annual Review Meeting.
2. The Certificate holders are advised to notify change in their address, if any, to the Share Registrars, M/s THK Associates (Pvt.) Ltd, at 1st Floor, 40-C, Block 6, PECHS Karachi – 75400, Telephone No: 021-111-000-322, Fax No: 021-34168271.
3. **A) for attending the Meeting:**
 - i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original CNIC or original passport at the time of attending the Meeting.
 - ii) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of the Meeting.

B) For appointing Proxies:

- i) In case of individuals, the account holder and / or sub-account holder and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

- iv) The proxy shall produce his original CNIC or original passport at the time of the meeting.
- v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

4. In terms of Securities and Exchange Commission of Pakistan's (SECP) S.R.O. 634

2014, the Annual Report for the year ended 30 June 2020 will also be placed on Modaraba's website simultaneously with the dispatch of the same to the certificate holders.

5. **Deduction of withholding tax on the amount of Dividend**

The Government of Pakistan through Finance Act, 2014 has made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. Further, the withholding tax rates for tax year 2019-2020 remain unchanged as under:

- (a) Rate of tax deduction for the filer(s) of income tax returns: 15%
- (b) Rate of tax deduction for the non-filer(s) of income tax returns: 30%

To enable the company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, all the certificate holders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the start of closed period (referred above) otherwise tax on their cash dividend will be deducted @30% instead of 15%. For any query/problem/information, the Certificate holders may contact the Share Registrar at 1st Floor, 40-C, Block 6, PECHS Karachi – 75400, Telephone No: 021-111-000-322, Fax No: 021-34168271.

The corporate certificate holders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical certificate holders should send a copy of their NTN certificate to the Company or its Share Registrar. The certificate holders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

Certificate holders seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate are requested to submit a valid tax certificate or necessary documentary evidence as the case may be. Certificate holders desiring non-deduction of zakat are also requested to submit a valid declaration for non-deduction of zakat.

6. Dividend Mandate (Mandatory)

As per Section 242 of the Companies Act, 2017 (the "Act"), the payment of cash dividend through electronic mode has now become mandatory. Therefore, all the certificate holders of First Paramount Modaraba (FPM) are hereby advised to provide dividend mandate of their respective banks in the "Dividend Mandate Form" available on Company's website. Certificate holders maintaining shareholding under Central Depository System (CDS) are advised to submit their bank mandate information directly to the relevant participant / CDC Investor Account Service. For more information, you may contact our share registrar at THK Associates (Private) Limited: 1st Floor, 40-C, Block 6, PECHS Karachi – 75400, Telephone No: 021-111-000-322, Fax No: 021-34168271.

7. Withholding tax on dividend in case of Joint Account Holders

All certificate holders who hold certificates jointly are requested to provide shareholding proportions of Principal certificate holder and Joint-holder(s) in respect of certificates held by them to our Share Registrar, in writing as follows:

Folio No. / CDC Account No.	Total Certificates	Principal Certificate holder		Joint Certificate holder	
		Name and CNIC No.	Certificate holding Proportion (No. of certificates)	Name and CNIC No.	Certificate holding Proportion (No. of certificates)

The required information must reach our Share Registrar before the close of business on Friday, 21st October 2020; otherwise it will be assumed that the certificates are equally held by Principal Certificate-Holder and Joint-holder(s).

8. As per the directives issued by the Securities and Exchange Commission of Pakistan ("SECP") vide S.R.O.787(1)2014 dated 08 September 2014, companies are allowed the circulation of Audited Financial Statements along with Notice of Annual Review Meeting to their certificate holders through email. Certificate holders who wish to receive Modaraba's Annual Report via email in future are requested to fill the consent form (available at First Paramount Modaraba website) and return it to our Share Registrar at 1st Floor, 40-C, Block 6, PECHS Karachi – 75400, Telephone No: 021-111-000-322, Fax No: 021-34168271.

9. Circulation of Annual Audited Accounts via Email/CD/USB/DVD or Any Other Media

Certificate holders, who by any reason, could not claim their dividends or do not collect their physical Modaraba certificate, are advised to contact our share Registrar THK Associates (Private) Limited, to collect/ enquires about their unclaimed dividend or pending Modaraba Certificates, if any. Please note that in compliance with section 244 of the Companies Act 2017, after having completed the stipulated procedures, all dividends unclaimed for a period of three years, from the date due and payable, shall be deposited to the credit of the Federal Government and in case of share/certificates, shall be delivered to the Securities & Exchange Commission of Pakistan.

DIVIDEND MANDATE FORM

Date: _____

I hereby wish to communicate my desire to receive my dividends directly in my bank account as detailed below:

1. Name of shareholder/certificate holder: _____
2. Folio number: _____
3. Postal Address: _____
4. Contact number: _____
5. Name of Bank: _____
6. Bank Branch & full mailing address: _____
7. Title of Bank Account: _____
8. Bank Account No. (Complete with code): _____
9. IBAN Number (complete with code): _____
10. CNIC No. (Attach copy): _____
11. NTN (in case of corporate entity, attach copy): _____

It is stated that the above particulars given by me are correct to the best of my knowledge and I shall keep the Company informed in case of any changes in the said particulars in future.

INDIVIDUAL CERTIFICATE HOLDER(S)

Signature _____ CNIC No. _____
(copy attached)

CORPORATE ENTITY

Authorized Signatory (ies) _____ NTN No. _____
(copy attached)

(In case Certificates held in CDC then please inform concerned Participant / CDC Investor Account Services).

**FORM OF PROXY
ANNUAL REVIEW MEETING**

I/We _____ of
_____ CDC A/C No. I Folio No. _____ being
a Certificate Holder of M/s First Paramount Modaraba. Do hereby appoint
Mr./Miss/Ms _____ of
_____ CDC A/C No. I Folio No. _____
And or failing him /her _____ of
_____.

Who is / are also a Certificate Holder of said Company, as my/ our proxy in my/ our absence and to vote
For me / us at the Annual Review Meeting of the Company to be held on October 28, 2020, Wednesday
at 03:00 P.M. at PIMA House, 2nd Floor, Room No: 201, PECHS Community Centre, Block-2,
PECHS, Shahrah-e-Quideen, Karachi and at any adjournment thereof in the same manner as
I/we myself/ourselves would vote if personally present at such meeting.

As witness my/our hands in this day of _____.

Signature: _____

Address: _____

CNIC No.: _____

No. of Certificate(s) held: _____

Affix Revenue

Stamp of Rs. 5

(Note: signature should agree with the specimen Signature registered with the Company I Share Registrar).

Note:

No Proxy shall be valid unless duly signed along with revenue stamp and in case of company should be executed under its common seal under signed by its authorized person.








1. This instrument appointing a proxy, duly completed, must be received at the registered Office of the Modaraba at Suit No: 107-108, P.E.C.H.S. Community Office Complex, Block No. 2, P.E.C.H.S., Shahrah-e-Quaideen, Karachi not later than 48 hours before the time of holding the Annual Review Meeting.
2. Attested copies of the CNIC or the Passport of beneficial owners shall be furnished with the proxy form.
3. The proxy shall produce his original CNIC or original passport at the time of the Meeting.
4. In case of corporate entity, the Board's Resolution I Power of attorney with specimen signature of the nominee shall be furnished along with proxy form to the company



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AN ISLAMIC FINANCIAL INSTITUTION
**FIRST PARAMOUNT
MODARABA**
AMANAT • SHIRAKAT • BARKAT

First Paramount Modaraba *(An Islamic Financial Institution)*

REGISTERED OFFICE

Suite#: 107-108, 1st Floor, P.E.C.H.S. Community Office Complex,
Block-2, P.E.C.H.S. Shakra-e-Quaideen, Karachi Ph: 34381037 - 38 - 52; Fax: 34534410,
Email: customersupport@fpm.com.pk, Web: www.fpm.com.pk