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Mission & Vision

1. It is our firm commitment to operate the Modaraba activities in accordance with Islamic Sharia 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 Frist 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. Pir Muhammad Kalia	Director
Mr. Abdul Razzak Jandga	Director
Mr. Nadeem Iqbal	Independent Director
Mr. Humayun Mazhar Qureshi	Director
Mr. Khalid Rehman	Director

Audit Committee

Mr. Nadeem Iqbal	Chairman
Mr. Pir Muhammad Kalia	Member
Mr. Mazhar Humayun Qureshi	Member

Human Resource Committee

Mr. Tanveer Ahmed Magoon	Chairman
Mr. Pir Muhammad Kalia	Member
Mr. Nadeem Iqbal	Member
Mr. Syed Wajih Hassan	Member

Chief Financial Officer / Company Secretary

Mr. Abdullah Khan

Shariah Advisor

Mufti Muhammad Najeeb Khan

Credit Rating

Long term **BBB**

Short Term **A-3**

Out Look **Positive**

By JCR Credit Rating Company

AUDITORS OF THE MODARABA

M/s Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

AUDITORS OF THE MODARABA 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

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: fpm@cyber.net.pk and naseemzubairi@fpm.com.pk

Web: www.fpm.com.pk

LAHORE BRANCH OFFICE

Office No: 3, 2nd Floor, Sindho Trade Centre 19,
Commercial Zone, Moon Market, Allama Iqbal Town,
Lahore, Pakistan. Telephone No. 0092 42 37807686

SHARE REGISTRAR

THK ASSOCIATES (PVT) LTD.

Second Floor, State Life Building No. 3,
Dr. Ziauddin Ahmed Road, Karachi - 75530.

Tel: 111-000-322 Fax: 35655595

Web: www.thk.com.pk

Email: secretariat@thk.com.pk

DIRECTORS REPORT TO THE CERTIFICATE-HOLDERS OF FIRST PARAMOUNT MODARABA

Alhamdulillah Modaraba is progressing, during the year Modaraba successfully issued Right Shares to its Shareholders and increased its equity by PKR 27.669 million. Certificate of Musharaka (COM) also fetched liquidity to the tunes of PKR 81.49 million for Modaraba during the year. This has contributed to the overall growth in business by 36.99%. It is Alhamdulillah, due to this enhanced level of business activity that your Modaraba has shown an increase in overall revenue by 45% - a growth never witnessed before in the history of Modaraba. Management of Modaraba assures its stakeholders for continues growth in business. In the financial year 2015-16, your Modaraba will InshaAllah further enhance its business by attracting investments in Certificate of Musharka (COM) and, subject to the permission from Registrar Modarabas, Securities & Exchange Commission of Pakistan (SECP), will further raise Capital by issuing Right Shares.

However, inspite of increase in growth in overcall revenues, there is a decline in Net Profits of Modaraba as compared to the last financial year 2013-14. There are two major contributories to this decline in profits, i.e Increase in Admin Cost and some of the Modaraba's investments not producing desired results.

Increased Admin Cost in the financial year 2014-15 is attributed to the enhanced expenses in advertising related activities for attracting investments in Certificate of Musharaka (COM) and Right Shares Issue related additional costs.

Results of Modaraba's investments in FPM Weaving Unit and ATC generator rental unit, and Modaraba's nascent investments in Al-Akhuwwat Group- UAE, have not upto the mark, which has affected Modaraba's profit and loss adversely.

Potentials of Growth in Profits in the Financial Year 2015-16:

Management of Modaraba anticipates that its policy of relying indigenously generated Cash Flows (through Certificate of Musarhaka (COM) and Right Shares Issue) will continue to play important role in gradual enhancement in volume of Modaraba's business. This enhanced size of Modaraba's business will continue to generate healthy revenues for the Modaraba. At the same time following plans of the management of Modaraba will surely cause the overall profitability of the Modaraba to reach new heights- InshaALLAH.

- FPM Solutions has Alhamdulillah survived its initial period of sustainability and now is in a position to be considered as an independent stream of Revenue for the Modaraba. Financial year 2015-16 should witness significant revenue contribution from FPMS.
- FPM investments in Al-Akhuwwat Group – UAE, has so far been at breakeven levels, we anticipate healthy returns in financial year 2015-16 from this venture.
- FPM Weaving is in trouble for more than 1-1/2 years now; primarily due to low Export orders in financial year 2014-15 and heavy Electricity Charges. The scenario has improved slightly but still is far from being considered favorable. FPM plans to disinvest from Weaving Unit in the financial year 2015-16.
- Advertisement Cost of the Modaraba will not likely to remain in the same vicinity where it was in financial year 2014-15. As a result Modaraba's margins will likely to improve.

Financial Results:

Financial results are summarized as under:

	Year ended 30 th June, 2015 (Amount in Rupees)	Year ended 30 th June, 2014 (Amount in Rupees)
Profit after Taxation	10,153,667	12,387,610
Add: Unappropriated profit/(loss) brought forward	20,282,839	21,272,687
Profit available for appropriation	30,436,506	33,660,297
APPROPRIATIONS		
Profit distribution @ 08% (2014 @13%)	(9,591,942)	(10,899,936)
Statutory reserve 20% (2014 @20%)	(2,030,733)	(2,477,522)
Unappropriated profit carried forward	18,813,829	20,282,839
EPS	1.02	1.30

Dividend & Bonus Shares:

The Board, in its meeting held on October 05, 2015, has approved the distribution of profit of Rs. 0.80 (08%) per certificate (2014: Rs.1.30 i.e 13%) of Rs. 10 each, subject to deduction of zakat and tax at source where applicable, for the year ended June 30, 2015. The Director also approved a bonus issue of 15% i.e. 15 Modaraba Certificates for every 100 existing Modaraba Certificates of FPM out of Statutory Reserve.

An amount of Rs. 2.03 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:

- 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.
- Proper books of account of the Modaraba have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan have been followed in preparation of financial statements.
- 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) During the year under review, eleven (11) meetings of the Board of Directors were held. Attendance by each director was as follows:

Name of Directors	Meetings Eligibility	Meetings Attended
Mr. Tanveer Ahmed Magoon, Chairman	11	10
Mr. Abdul Ghaffar Umer, Director (resigned on October 03, 2014)	06	06
Syed Wajih Hassan, Chief Executive	11	11
Mr. Pir Muhammad Kalia, Director	11	09
Mr. Abdul Razzak Jandga, Director	11	10
Mr. Nadeem Iqbal, Independent Director	11	08
Mr. Humayun Mazhar Qureshi, Director	11	09
Mr. Khalid Rehman, Director (appointed on October 10, 2014)	05	04

Leave of absence was granted to directors who could not attend some of the board meetings.

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

Name of Directors	Meetings Eligibility	Meetings Attended
Mr. Nadeem Iqbal, (Independent Director) Chairman	04	03
Syed Wajih Hassan, Chief Executive	04	04
Mr. Pir Muhammad Kalia, Director	04	04
Mr. Humayun Mazhar Qureshi, Director	04	03

On the recommendation of the Audit Committee, the Board has approved the appointment of the present auditors M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants as auditors for the year ending June 30, 2016 subject to approval by the Registrar Modaraba Companies and Modarabas.



First Paramount Modaraba
(An Islamic Financial Institution)

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
of Paramount Investments Limited (P.I.L.)
Managers of First Paramount Modaraba

Syed Wajih Hassan
Chief Executive Officer

Karachi

Date: October 05th 2015

First Paramount Modaraba

(An Islamic Financial Institution)



Key operating & Financial Data

Particulars	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Paid up Capital	58,633,330	58,633,330	58,633,330	58,633,330	58,633,330	58,633,330	58,633,330	58,633,330	76,223,330	83,845,663	119,899,298
Certificate Holders Equity	79,930,727	83,746,663	103,047,210	108,956,943	118,845,865	126,764,062	144,005,903	153,804,949	175,671,354	179,492,025	206,414,825
Current Liabilities	21,567,497	19,530,297	45,489,658	78,898,671	92,633,029	103,622,723	61,613,599	42,062,560	42,547,400	61,773,184	88,724,801
Total Liabilities	28,463,506	22,232,915	62,144,383	96,826,807	108,390,167	121,777,913	101,429,703	115,362,201	111,772,182	141,575,613	233,436,683
Fixed Assets	19,790,319	29,347,504	53,122,040	53,830,034	59,509,743	29,103,860	31,584,091	31,698,742	52,561,369	60,188,077	55,644,542
Current Assets	61,782,950	66,785,314	79,873,148	107,104,856	141,753,393	184,094,788	131,819,740	164,523,535	158,083,708	183,981,874	264,254,931
Total Assets	108,394,234	105,979,579	165,191,592	205,783,751	227,236,032	248,541,975	245,435,606	269,167,150	266,954,068	321,067,638	439,851,508
Operating Profit	10,645,672	13,068,262	9,342,801	13,732,666	20,108,430	18,570,219	30,884,267	26,506,919	18,564,957	14,013,133	11,473,070
Profit before Tax	9,728,356	11,761,435	8,408,521	12,359,399	18,097,587	16,713,197	27,795,840	23,573,487	16,411,422	12,387,610	10,153,667
Taxation	-	30,000	14,566	-	-	-	-	-	-	-	-
Profit after Tax	9,728,356	11,731,435	8,393,956	12,359,399	18,097,587	16,713,197	27,795,840	23,573,487	16,411,422	12,387,610	10,153,667
Dividend	13.5%	15.0%	11.0%	14.0%	15.0%	18.0%	23.5%	23.5%	11.0%	13.0%	8.0%
Bonus Certificate	0%	0%	0%	0%	0%	0%	0%	0%	10.0%	10.0%	15.0%
Earning per Certificate	1.66	2.00	1.43	2.11	3.09	2.85	4.74	4.02	2.20	1.30	1.02
Break-up Value	13.63	14.28	17.57	18.58	20.27	21.62	24.56	26.23	23.05	21.41	17.22

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (the “Code”) contained in Regulation No.5.19.23 of the Rule Book of the Karachi Stock Exchange and Regulation No. 35 of Listing Regulation of Islamabad Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed entity is managed in compliance with the best practices of corporate governance.

The Modaraba has applied principles contained in the Code in the following manner:

1. The Board encourages representation of independent non-executive directors on its Board of Directors. Presently, the Board comprises of:

Category	Names
Independent Director	Mr. Nadeem Iqbal
Executive Directors	Mr. Syed Wajih Hassan
Non-Executive Directors	Mr. Tanveer Ahmed Magoon Mr. Pir Muhammad Kalia Mr. Abdul Razzak Jangda Mr. Humayun Mazhar Qureshi Mr. Khalid Rehman

The Independent Director meets the criteria of independence under clause 5.19.1. (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Management Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. There were two casual vacancies in the Board during the year 30th June, 2015 which were filled within a period of 90 days.
5. The Modaraba has adopted corporate values supported by” Statement of ethics and business practice” and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company and Modaraba along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Modaraba which were approved in 2007. A complete record of particulars of significant policies along with the dates on which they were approved has been maintained.

7. All the powers of the Board have been duly exercised and decisions on all material transactions including appointment and determination of remuneration and terms of conditions of employment of the CEO have been taken by the Board.
8. 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 and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before such meetings except for more than one Board meetings. The minutes of the meetings were appropriately recorded and circulated. Further, roles and responsibilities of the chairman and chief executive officer will be defined by the Board in the upcoming board meeting.
9. The Board did not arrange training programs for its directors during the year. Directors are fully aware of the relevant laws applicable to the Modaraba, its policies and procedures, Prospectus of the Modaraba and Memorandum and Articles of Association of the Modaraba's Management Company. All the directors, except two directors, have more than 14 years of education and 15 years of experience on the Board of at least one listed company, in terms of section (xi) of the Code.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment. During the year the CFO and Company Secretary of the Modaraba was appointed.
11. The Directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Modaraba were duly endorsed by the CEO and CFO before approval of the Board.
13. The Directors, CEO, and executives do not hold any interest in the certificate of the Modaraba other than that disclosed in the pattern of certificate holding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of three members of whom all are non-executive directors of the Management Company including the Chairman of the Committee who is an Independent Director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed a Human Resource & Remuneration Committee. It comprises of three members where all non-executive directors and the chairman of the committee is a non-executive director.

18. The Board has set up an effective internal audit function and outsourced the internal audit function to M/s: Hafizullah & Company, Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
19. The statutory auditors of the Modaraba have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold certificates of the Modaraba and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Modaraba's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the Code have been complied with, except for (a) the requirement to put in place a mechanism for undertaking annual evaluation of the performance of the Board; (b) the Company Secretary did not furnish a secretarial compliance certificate, along with annual return filed with the registrar concerned certifying that the secretarial and corporate requirements of the Ordinance have been complied with; and (c) the level of materiality was not determined by the Board.

Syed Wajih Hassan
Chief Executive Officer

Dated: - October 05th, 2015

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) for the year ended 30 June 2015 prepared by the Board of Directors of Paramount Investments Limited (the Management Company) of First Paramount Modaraba (the Modaraba) to comply with the requirements of Regulation No. 5.19.23 of Rule Book of Karachi Stock Exchange Limited and Regulation No. 35 of Listing Regulations of Islamabad Stock Exchange where the Modaraba is listed.

The responsibility for compliance with the Code is that of the Board of the Management Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Management Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

As part of our audit of 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's 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 Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval the Management Company's related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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 upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Management Company's compliance, in all material respects, with the best practices contained in the Code in respect of the Modaraba for the year ended 30 June 2015.

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

Paragraph Reference Description

8	Roles and responsibilities of the Chairman and Chief Executive Officer shall be defined by the Board in light of the requirements of the Code in the upcoming board meetings.
8	The notices along with the agendas of more than one Board of Directors' meetings were not circulated at least seven days before such meetings.
9	None of the directors attended a directors training program during the year.
23	No mechanism has been put in place for annual evaluation of the Board's performance
23	The Company Secretary did not furnish a secretarial compliance certificate, along with annual return filed with the registrar.
23	The level of materiality was not determined by the Board.

Chartered Accountants
Karachi
Date: 05th October, 2015

AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of First Paramount Modaraba (the Modaraba) as at 30th June, 2015 and the related profit and loss account, statement of comprehensive income, statement of cash flows 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 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 above said 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 account have been kept by the Modaraba Management Company in respect of First Paramount 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 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 account and are further in agreement with accounting policies consistently applied except for the changes as stated in note 2.4 with which we concur;
 - (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, statement of cash flows 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 2015 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.

Chartered Accountants
Audit Engagement Partner: Shabbir Yunus
Date: October 05th, 2015
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 2015, 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. Following were the major developments that took place during the year:
 - (A) Research and new product development (Brief on the research and new product development, if applicable)
 - (B) Training and Development
 - i) The Key Management and Senior Staff Members have attended Certificate Courses from Center for Islamic Economics, Baitul Mukarram Masjid Gulshan e Iqbal, Karachi (Darul ulloom- Karachi).
3. 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.
4. 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.
5. Profit sharing ratios, profits and charging of losses (if any) relating to any deposit raising product conforms to the basis and principles of Shariah.
6. The earnings that have been realized from the sources or by means prohibited by Shariah have been credited to charity accounts.

Observation(s) Nil

Recommendation (s) Nil

Dated: October 05th, 2015

Mufti Muhammad Najeeb Khan
 Shariah Advisor
 of First Paramount Modaraba
 Managed By Paramount Investments Limited

**FIRST PARAMOUNT MODARABA
BALANCE SHEET
AS AT JUNE 30, 2015**

	Note	June 30, 2015	June 30, 2014
		----- (Rupees) -----	
ASSETS			
NON-CURRENT ASSETS			
Operating fixed assets	4	55,644,542	60,188,077
Long-term murabaha financing	5	44,861,168	52,761,308
Long-term diminishing musharaka financing	6	7,102,591	13,620,283
Long-term musharaka financing	7	67,158,000	10,044,000
Loans to employees	8	265,676	266,668
Long-term deposits		564,600	205,428
Total non-current assets		175,596,577	137,085,764
CURRENT ASSETS			
Current portion of musharaka financing		18,173,532	15,618,686
Cash and bank balances	9	51,480,921	41,631,483
Current portion of long-term murabaha financing		75,618,533	69,072,116
Current portion of long-term diminishing musharaka financing		15,220,414	13,530,546
Current portion of loans to employees		231,996	100,000
Short-term murabaha receivables	10	50,523,189	17,892,380
Advances against murabaha and musharaka	11	21,000,080	14,400,080
Stores and spares		1,660,585	1,546,792
Trade debts	12	18,473,752	3,700,056
Receivable from Modaraba's management company - a related party		-	11,652
Accrued profit		53,591	203,565
Advances, deposits, prepayments and other receivables	13	10,618,569	5,895,834
Advance income tax		1,199,769	378,684
Total current assets		264,254,931	183,981,874
TOTAL ASSETS		439,851,508	321,067,638
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Certificate capital			
Authorised			
25,000,000 (June 30, 2014: 25,000,000) certificates of Rs.10 each		250,000,000	250,000,000
Issued, subscribed and paid-up	14	119,899,298	83,845,663
Capital reserves	15	58,109,754	64,463,587
Unappropriated profit		28,405,773	31,182,775
Total certificate holders' equity		206,414,825	179,492,025
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred income	16	9,043,095	8,302,276
Certificates of musharaka	17	135,668,787	71,500,153
Total non current liabilities		144,711,882	79,802,429
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	18	17,489,004	7,478,725
Current portion of certificates of musharaka		39,708,629	22,383,271
Current portion of deferred income		18,635,914	21,255,754
Payable to Modaraba's management company - a related party		1,107,751	-
Unclaimed profit distributions		11,783,503	10,655,434
Total current liabilities		88,724,801	61,773,184
TOTAL EQUITY AND LIABILITIES		439,851,508	321,067,638
CONTINGENCIES AND COMMITMENTS			
The annexed notes 1 to 34 form an integral part of these financial statements.	19		

Chief Executive

Director

Director

**FIRST PARAMOUNT MODARABA
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2015**

	Note	June 30, 2015 ----- (Rupees) -----	June 30, 2014 -----
Operating income	20	80,141,607	55,202,754
Operating costs			
Operating expenses	21	57,801,684	35,628,979
Loss on sale of fixed assets - net		510,040	12,079
Provision for doubtful recoveries		262,661	289,584
		(58,574,385)	(35,930,642)
		21,567,222	19,272,112
Other income - net	22	3,350,349	1,472,628
		24,917,571	20,744,740
Financial charges	23	(13,210,357)	(6,445,625)
Provision for workers' welfare fund		(234,144)	(285,982)
		11,473,070	14,013,133
Modaraba company's management fee	24	(1,319,403)	(1,625,523)
Profit before tax		10,153,667	12,387,610
Taxation	26	-	-
Profit for the year		10,153,667	12,387,610
			Restated
Earnings per certificate - basic and diluted	25	1.02	1.30

The annexed notes 1 to 34 form an integral part of these financial statements.

Chief Executive

Director

Director

**FIRST PARAMOUNT MODARABA
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2015**

	June 30, 2015 ----- (Rupees)	June 30, 2014 -----
Profit for the year	10,153,667	12,387,610
Other comprehensive income		
Items to be reclassified to profit and loss account in subsequent periods:		
Reclassification adjustment on sale of available-for-sale investments	-	(182,374)
	-	-182,374
Total comprehensive income for the year	<u>10,153,667</u>	<u>12,205,236</u>

The annexed notes 1 to 34 form an integral part of these financial statements.

Chief Executive

Director

Director

**FIRST PARAMOUNT MODARABA
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015**

	June 30, 2015	June 30, 2014
Note	----- (Rupees) -----	
Profit before tax	10,153,667	12,387,610
Adjustments for:		
Depreciation on tangible fixed assets	3,328,625	3,185,975
Amortisation on intangible assets	174,751	90,307
Provision for Workers' Welfare Fund	234,144	285,982
Financial charges	13,210,357	6,445,625
Provision for doubtful debts	262,661	289,584
Loss on sale of fixed assets - net	510,040	12,079
Operating profit before working capital changes	<u>27,874,245</u>	<u>22,697,162</u>
(Increase) / decrease in assets		
Murabaha receivables - net	(31,156,019)	(714,831)
Diminishing musharaka receivables - net	2,565,075	(4,720,476)
Stores and spares	(113,793)	(863,455)
Long-term deposits	(359,172)	3,000
Trade debts	(14,773,696)	(2,015,654)
Receivable from Modaraba's management company - a related party	11,652	154,413
Advances, deposit, prepayments and other receivables	(4,703,765)	(9,987,000)
Advance income tax	(821,085)	(107,576)
Increase / (decrease) in liabilities		
Creditors, accrued and other liabilities	9,776,135	7,059,675
Payable to Modaraba Management Company	1,107,751	-
Net cash flows from operations	<u>(10,592,672)</u>	<u>11,505,258</u>
Financial charges paid	<u>(13,210,357)</u>	<u>(6,445,625)</u>
Net cash used in / generated from operating activities	<u>(23,803,029)</u>	<u>5,059,633</u>
Cash flows from investing activities		
Musharaka arrangements	(59,668,846)	(18,220,382)
Advances against murabaha and musharaka	(6,600,000)	(13,737,080)
Capital expenditure including capital work-in-progress	(7,649,337)	(11,147,911)
Investments - net	-	2,053,047
Proceeds from sale of operating assets	8,179,456	232,849
Net cash used in investing activities	<u>(65,738,727)</u>	<u>(40,819,477)</u>
Cash flows from financing activities		
Musharaka financing - net	81,493,992	47,848,459
Proceeds from right issue	27,669,069	-
Profit distributed	(9,771,867)	(7,577,106)
Net cash generated from / (used in) financing activities	<u>99,391,194</u>	<u>40,271,354</u>
Net increase in cash and cash equivalents	<u>9,849,438</u>	<u>4,511,510</u>
Cash and cash equivalents at beginning of the year	<u>41,631,483</u>	<u>37,119,973</u>
Cash and cash equivalents at end of the year	<u>51,480,921</u>	<u>41,631,483</u>

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The annexed notes 1 to 34 form an integral part of these financial statements.

Chief Executive

Director

Director

**FIRST PARAMOUNT MODARABA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2015**

	Certificate capital	Merger reserve	Statutory reserve	Reserves			Total equity
				Unrealised gain on revaluation of available-for-sale investment	Unappropriated profit	Total reserve	
	(Rupees)						
Balance as at July 01, 2013	76,223,330	1,935,160	67,673,238	182,374	29,657,252	99,448,024	175,671,354
Transactions with owners recorded directly in equity:							
Profit distribution for the year ended June 30, 2013 @ Rs.1.10 per certificate	-	-	-	-	(8,384,565)	(8,384,565)	(8,384,565)
Issuance of Bonus certificate @ 10%	7,622,333	-	(7,622,333)	-	-	(7,622,333)	-
Total comprehensive income for the year							
Profit for the year	-	-	-	-	12,387,610	12,387,610	12,387,610
Other comprehensive income							
Unrealized gain on revaluation of available-for-sale investments	-	-	-	(182,374)	-	(182,374)	(182,374)
	-	-	-	(182,374)	12,387,610	12,205,236	12,205,236
Transferred to statutory reserve @ 20%	-	-	2,477,522	-	(2,477,522)	-	-
Balance as at June 30, 2014	83,845,663	1,935,160	62,528,427	-	31,182,775	95,646,362	179,492,025
Transactions with owners recorded directly in equity:							
Profit distribution for the year ended June 30, 2014 @ Rs.1.30 per certificate	-	-	-	-	(10,899,936)	(10,899,936)	(10,899,936)
Issuance of right certificate of Rs.10 each	27,669,069	-	-	-	-	-	27,669,069
Issuance of Bonus certificates @ 10%	8,384,566	-	(8,384,566)	-	-	(8,384,566)	-
Total comprehensive income for the year							
Profit for the year	-	-	-	-	10,153,667	10,153,667	10,153,667
Other comprehensive income							
	-	-	-	-	10,153,667	10,153,667	10,153,667
Transferred to statutory reserve @ 20% (refer note 15.1)	-	-	2,030,733	-	(2,030,733)	-	-
Balance as at June 30, 2015	119,899,298	1,935,160	56,174,594	-	28,405,773	86,515,527	206,414,825

The annexed notes 1 to 34 form an integral part of these financial statements.

Chief Executive

Director

Director

**FIRST PARAMOUNT MODARABA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015**

1. LEGAL STATUS AND OPERATIONS

First Paramount Modaraba (the Modaraba) is a multi purpose, 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. The Modaraba is listed on the Karachi and Islamabad Stock Exchanges. The registered office of the Modaraba is situated at Karachi. Modaraba's principal activities include deployment of funds on murabaha and musharaka arrangements and its in-house venture are (A) Generator rental and sale project under the name "AL-BURQ Associates", (B) Weaving business under the name of "FPM Weaving" (C) Electrical maintenance and troubleshooting services' business under the name of "FPM Solutions" and (D) Chemical business under the name of "FPM Petro Services".

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Ordinance, 1984, provisions of and directives issued under Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Companies Ordinance, 1984. In case requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Islamic Financial Accounting Standards (IFAS) or the directives issued by the 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.

2.2 Basis of measurement

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

Permissible Islamic financial products including murabaha and musharaka 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 transaction 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.

2.3 Functional and presentation currency

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

2.4 New Standards, Interpretations and Amendments

The Company has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

IAS 19 – Employee Benefits – (Amendment) - Defined Benefit Plans: Employee Contributions

IAS 32 – Financial Instruments: Presentation – (Amendment)

– Offsetting Financial Assets and Financial Liabilities

IAS 36 – Impairment of Assets – (Amendment)

– Recoverable Amount Disclosures for Non-Financial Assets

IAS 39 – Financial Instruments: Recognition and Measurement – (Amendment)

– Novation of Derivatives and Continuation of Hedge Accounting

IFRIC 21 – Levies

Improvements to Accounting Standards Issued by the IASB

IFRS 2 Share-based Payment – Definitions of vesting conditions

IFRS 3 Business Combinations – Accounting for contingent consideration

in a business combination

– Scope exceptions for joint ventures

IFRS 8 Operating Segments – Aggregation of operating segments

– Reconciliation of the total of the reportable segments' assets to the entity's assets

IFRS 13 Fair Value Measurement - Scope of paragraph 52 (portfolio exception)

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – Revaluation method –

proportionate restatement of accumulated depreciation / amortisation

IAS 24 Related Party Disclosures - Key management personnel

IAS 40 Investment Property - Interrelationship between IFRS 3 and IAS 40 (ancillary services)

The adoption of the above amendments, improvements to accounting standards and interpretations do not have any effect on the financial statements.

2.5 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following revised standards, interpretations and amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, interpretations and amendments:

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 10 – Consolidated Financial Statements	January 01, 2015
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities (Amendment)	January 01, 2015
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)	January 01, 2016

**Effective date
(annual periods
beginning on or after)**

Standard or Interpretation

IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	January 01, 2016
IFRS 11 – Joint Arrangements	January 01, 2015
IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	January 01, 2016
IFRS 12 – Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13 – Fair Value Measurement	January 01, 2015
IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)	January 01, 2016
IAS 16 Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	January 01, 2016
IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	January 01, 2016
IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	January 01, 2016

The Company expects that the adoption of the above amendments and interpretation of the standards will not affect the Company's financial statements in the period of initial application except IFRS 11 - Joint Arrangements which may affect certain disclosures.

In addition to the above standards and interpretations, amendments to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after July 01, 2014. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

**IASB effective date
(accounting periods
beginning on or after)**

Standard

IFRS 9 – Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 15 – Revenue from Contracts with Customers	January 01, 2018

2.6 Significant accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant accounting estimates and areas where judgments were made by the management in the application of accounting policies are discussed in the following notes:

- i) Provision for doubtful recoveries (note 3.14, 5.2 and 10.2)
- ii) Estimation of useful lives of machinery and equipment (note 3.1 and 4.1)
- iii) Classification and valuation of investments (note 3.3 and 7)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Tangible fixed assets

Machinery and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognised 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 an item of machinery and equipment is capitalised 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 capitalised, 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 year end.

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.

3.2 Intangible assets

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

3.3 Investments and other financial assets

3.3.1 Classification

The management determines the appropriate classification of its financial assets in accordance with the requirements of International Accounting Standards (IAS) 39: 'Financial Instruments: Recognition and Measurement', at the time of initial recognition.

The Modaraba classifies its financial assets in the following categories:

a) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as held for trading in the 'Financial assets at fair value through profit or loss' category.

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

c) Held to maturity

Financial assets with fixed or determinable maturity where management has both the positive intent and ability to hold till maturity are classified as held to maturity.

d) Available-for-sale

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as (a) financial assets at fair value through profit or loss, (b) loans and receivables or (c) held to maturity.

3.3.2 Regular way contracts

All regular purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention are recognised on the trade date - the date on which the Fund commits to purchase or sell the assets.

3.4 Loans 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.

3.5 Murabaha receivables

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.

3.6 Musharaka

Musharaka is an agreement between two or more parties to combine their assets, labour or liabilities for the purpose of making a 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 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.

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.

3.7 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.

3.8 Stores and spares

Stores, spare parts and loose tools are valued at lower or net realizable value and cost. Cost of items of stores, spare parts and loose tools 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.

3.9 Trade debtors and other receivables

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad or irrecoverable are written off when identified.

3.10 Musharaka arrangements

Musharaka arrangements in respect of AL-BURQ Associates project, FPM Weaving Unit and FPM Petro Services are accounted for using proportionate consolidation method. Under proportionate consolidation only the investor's share of the assets, liabilities, income and expenses is accounted for on line by line basis and therefore there are no non - controlling interest is recognised.

3.11 Certificates of musharaka

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

Profit on these arrangements are recognised 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.

3.12 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.

3.13 Employee Benefits

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.

Compensated absences

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

3.14 Offsetting

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.

3.15 Impairment

3.15.1 Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Provision for non-performing murabaha receivables and diminishing musharaka, is made in accordance with the Prudential Regulations for modarabas issued by SECP vide Circular No. 4 of 2004 dated January 28, 2004 and subsequent amendments made therein and is charged to profit and loss account currently.

3.15.2 Non-financial assets

The Modaraba assesses at each balance sheet 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 recognised 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 the revised recoverable amount but limited to the extent of initial cost of the asset. Reversal of impairment loss is recognised as income.

3.16 Revenue recognition

- Profit / return on deposits / investments is recognised using effective interest rate method.
- Income form Murabaha is accounted for on consummation 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 recognised when related services are provided.
- Rental income from generators is recognized on time proportionate basis.
- Revenue from sales of goods is recorded on dispatch of goods to customers and is recognised when the significant risks and rewards of ownership are transferred to customer.
- Profit on Diminishing Musharaka financing is recognised using effective mark-up rate method.
- Profit on Musharaka investments is recognised on declaration of profit by Musharaka partners.
- Dividend income is recognised when the right to receive the same is established i.e. on the date of book closure of the investee company / institution declaring the dividend.
- Realised 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.
- Unrealised gains / (losses) arising on revaluation of investments classified as 'available-for-sale' are included in the statement of Comprehensive income in the period in which they arise.
- Processing income from weaving is recognised when services are rendered.

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 certificate.

3.17 Taxation

Current

Provision for current taxation is made on taxable income at the prevailing rates of tax after taking into account tax credits available, if any. The income of non-trading Modarabas is exempt from tax provided that not less than ninety percent of their profits are distributed to the certificate holders. The Modaraba has decided to continue availing the tax exemption and hence no provision has been made in these financial statements for tax liability for the current year.

Deferred

The Modaraba accounts for deferred taxation on all material temporary differences using the liability method arising between the amounts attributed to assets and liabilities for financial reporting purposes and those used for taxation purposes. However, deferred tax liability has not been provided in these accounts as the management believes that the timing differences will not reverse in the foreseeable future due to the fact that the Modaraba intends to continue availing the tax exemption through profit distribution to the extent of ninety percent of distributable profit.

3.18 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.

3.19 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.

3.20 Profit distributions and appropriations

Profit distributions are recognised 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 recognised in the period to which these relate.

3.21 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.

	Note	June 30, 2015	June 30, 2014
		----- (Rupees) -----	
4. OPERATING FIXED ASSETS			
Tangible fixed assets	4.1	54,133,396	59,337,715
Capital work in progress - Advance to suppliers		-	639,647
Intangible assets	4.2	1,511,146	210,715
		<u>55,644,542</u>	<u>60,188,077</u>

4.2 Intangible assets

	2015			Rate %	2015			Written down value as at June 30, 2015
	Cost				Amortisation			
	As at July 01, 2014	Additions	As at June 30, 2015		As at July 01, 2014	For the year	As at June 30, 2015	
	----- (Rupees) -----				----- (Rupees) -----			
Computer software	430,659	1,475,182	1,905,841	30	219,944	174,751	394,695	1,511,146
	<u>430,659</u>	<u>1,475,182</u>	<u>1,905,841</u>		<u>219,944</u>	<u>174,751</u>	<u>394,695</u>	<u>1,511,146</u>
	2014			Rate %	2014			Written down value as at June 30, 2014
	Cost				Amortisation			
	As at July 01, 2013	Additions	As at June 30, 2014		As at July 01, 2013	For the year	As at June 30, 2014	
	----- (Rupees) -----				----- (Rupees) -----			
Computer software	430,659	-	430,659	30	129,637	90,307	219,944	210,715
	<u>430,659</u>	<u>-</u>	<u>430,659</u>		<u>129,637</u>	<u>90,307</u>	<u>219,944</u>	<u>210,715</u>
						June 30, 2015	June 30, 2014	
				Note	----- (Rupees) -----			

5. LONG-TERM MURABAHA FINANCING - secured

Considered good		120,479,701	121,833,424
Considered doubtful		3,035,514	2,954,388
	5.1	123,515,215	124,787,812
Provision for doubtful recoveries	5.2	(3,035,514)	(2,954,388)
		120,479,701	121,833,424
Current portion of long-term murabaha financing		(75,618,533)	(69,072,116)
		<u>44,861,168</u>	<u>52,761,308</u>

5.1 Murabaha sale price is receivable in installments. Effective profit rate on these arrangements ranges between 17.10% to 21.20% (2014: 17.92% to 21.20%) per annum receivable on agreed terms. These arrangements are secured by way of mortgage of properties, hypothecation of goods and demand promissory notes.

5.2 Movement of provision against long-term murabaha financing

Opening balance		2,954,388	2,683,081
Charge for the year		519,547	349,804
Reversal for the year		(225,592)	(41,140)
		293,955	308,664
Written off during the year		(212,829)	(37,357)
Closing balance		<u>3,035,514</u>	<u>2,954,388</u>

	June 30, 2015	June 30, 2014
Note	----- (Rupees) -----	
6. LONG-TERM DIMINISHING MUSHARAKA FINANCING - secured		
Considered good	22,323,005	27,150,829
Current portion of long-term diminishing musharaka financing	(15,220,414)	(13,530,546)
	<u>7,102,591</u>	<u>13,620,283</u>

This represents finance provided to individuals under diminishing musharaka arrangement for purchase of hospital building and residential flat and CNG equipment. The effective profit rates on this arrangement range between 20.16% and 31.21% (2014: 20.16% and 31.21%) per annum and this is repayable on monthly basis over a maximum period of 5 years. The financing is secured by mortgage of properties, hypothecation and personal guarantee of the borrower.

7. MUSHARAKA FINANCING - secured

Musharaka for Fabric	7.1	1,044,000	1,044,000
Musharaka for Garments	7.2	18,173,532	15,618,686
Musharaka for Food Product	7.3	12,000,000	6,000,000
Musharaka for Printing	7.4	3,000,000	3,000,000
Musharaka for UPS system	7.5	19,614,000	-
Musharaka for RO Plant	7.6	11,500,000	-
Musharaka for dry fruits, spices and herbs	7.7	20,000,000	-
		85,331,532	25,662,686
Less: Current portion		(18,173,532)	(15,618,686)
		<u>67,158,000</u>	<u>10,044,000</u>

7.1 The Modaraba has entered into a Musharaka arrangement which involves purchase of yarn, its conversion to fabric through a third party weaver and its sale of fabric. As per the agreed terms, Modaraba has become the silent partner in the Musharaka arrangement and musharaka partner is investing clientele, goodwill, human resources etc. and running the day to day affairs of the business. Profit sharing ratio between Modaraba and musharaka partner is 40:60 and loss sharing ratio is 72:28 respectively. The financing is secured by way of mortgage of property.

7.2 The Modaraba has entered into a Musharaka arrangement for the production of High Quality Wrinkle Free Trousers and other Apparel. Under this musharaka arrangement Modaraba has agreed to finance the working capital for purchase of raw material, stitching and processing at different stages of production, whereas Musharaka partner is exclusively responsible for the production and distribution function on consignment basis and will not make any fund based investment. Modaraba can invest upto Rs.12.5 million for the preparation of a single consignment. Moreover, Modaraba can also invest in multiple consignments of maximum amount upto Rs.18.6 million at any given time for production continuity if it deem fit. Profit sharing ratio between Modaraba and musharaka partner is 40:60 respectively. The financing is secured by way of mortgage of property.

7.3 The Modaraba has entered into a Musharaka arrangement with Pacific Distributors for distribution of food products like milk, biscuits etc. The Modaraba's share of investment is 30% of the total finance required by Pacific Distributors and the profit on investment is shared in the ratio of 30:70 between Modaraba and Pacific Distributors respectively. The financing is secured by way of mortgage of property.

7.4 The Modaraba has signed a Musharaka arrangement with Friends Printers for a High Quality Colour Printing Machine. The profit on the investment is shared between Modaraba and musharaka partner respectively in the ratio of 65:35 in 2014, 55:45 in the current year, 35:65 in 2016 and 0:100 in 2017. The financing is secured by way of mortgage of property.

7.5 The Modaraba has signed a Musharaka arrangement with Advanced Power Solutions and Technologies for installation of new UPS systems and upgrading of existing UPS systems of Meezan Bank, at its branches all over Pakistan. The profit on the investment is shared between Modaraba and musharaka partner respectively in the ratio of 50:50. The financing is secured by way of mortgage of property.

7.6 The Modaraba has signed a Musharaka arrangement with Water Regime (Pvt) Limited for Recycling Plant for Effluent Treated Plant, Ultra Filtration Plant, Reverse Osmosis Plant and Chemical Cleaning System with complete accessories. The profit on the investment is shared between Modaraba and musharaka partner respectively in the ratio of 18:82. The financing is secured by way of mortgage of property.

7.7 The Modaraba has signed a Musharaka arrangement with Prime Incorporation, UK for establishment of a trading house "Al-Akhuwwat Group" in the United Arab Emirates (UAE) for import and export of dry fruits, spices and herbs. The profit on the investment is shared between Modaraba and musharaka partner respectively in the ratio of 50:50. The financing is secured by way of mortgage of property.

	June 30, 2015	June 30, 2014
Note	----- (Rupees) -----	
8. LOANS TO EMPLOYEES		
Loans to employees	497,672	366,668
Less: Current portion	<u>(231,996)</u>	<u>(100,000)</u>
	<u>265,676</u>	<u>266,668</u>

This represents profit free personal loans provided to employees of Modaraba ranging from Rs.50,000 to Rs.400,000. These are repayable over a period of 4 years. These loans are secured against vehicles.

9. CASH AND BANK BALANCES

Cash in hand		17,156	77,772
Cash at banks			
- Current accounts	9.1	30,462,346	10,462,936
- Deposit accounts	9.2	<u>21,001,419</u>	<u>31,090,775</u>
		<u>51,480,921</u>	<u>41,631,483</u>

9.1 This includes balance of Rs.8,612,085 (2014: Rs.3,722,500) in respect of Redemption Reserve Fund established on account of Certificates of Musharaka.

9.2 Effective profit rate in respect of deposit accounts ranges from 2.85% to 7.40% (2014: 3.5% to 5.07%) per annum.

10. SHORT-TERM MURABAHA RECEIVABLES - secured

Considered good		50,523,189	17,892,380
Considered doubtful		-	31,294
	10.1	<u>50,523,189</u>	<u>17,923,674</u>
Provision for doubtful recoveries	10.2	-	<u>(31,294)</u>
		<u>50,523,189</u>	<u>17,892,380</u>

10.1 Murabaha sale price is receivable in installments. Effective profit rate on these arrangements ranges between 17.42% to 18.53% (2014: 17.92% to 21.20%) per annum receivable on agreed terms. These arrangements are secured by way of mortgage of properties, hypothecation of goods and demand promissory notes.

10.2 Movement of provision against short-term murabaha receivables

Opening balance	31,294	121,774
Charge for the year	-	10,742
Reversal for the year	<u>(31,294)</u>	<u>(29,822)</u>
	<u>(31,294)</u>	<u>(19,080)</u>
Written off during the year	-	(71,400)
Closing balance	-	<u>31,294</u>

	June 30, 2015	June 30, 2014		June 30, 2015	June 30, 2014
	----- (Rupees) -----			----- (Rupees) -----	
11. ADVANCES AGAINST MURABAHA AND MUSHARAKA - secured					
Against murabaha	18,500,080	6,900,080			
Against diminishing musharaka	2,000,000	-			
Against modaraba	500,000				
Against musharaka	-	7,500,000			
	<u>21,000,080</u>	<u>14,400,080</u>			
This represents advance given to parties against murabaha and musharaka arrangements which have not been executed yet. These are secured by way of mortgage of properties, hypothecation of goods and demand promissory notes.					
12. TRADE DEBTS - unsecured					
Income receivable from long-term musharaka financing	2,692,770	423,158			
Receivable against dry batteries modaraba	3,204,346	399,126			
Receivable against weaving project	2,058,390	2,283,344			
Receivable against generator project	443,598	1,823			
Receivable against FPM Solutions project	8,745,528	592,605			
Receivable against FPM Petro project	1,329,120	-			
	<u>18,473,752</u>	<u>3,700,056</u>			
13. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES - unsecured, considered good					
Advances					
Advance against purchase of stocks - FPM Solutions	4,933,158	693,282			
Advance against expenses	3,630,465	2,955,395			
Advance salaries	57,358	10,003			
Advance given to weaving project partner	429,765	949,341			
Advance given to FPM Petro Service	510,173	-			
Deposits					
Security deposits	46,621	41,672			
Prepayments					
Prepaid insurance	85,882	125,192			
Prepaid fees and subscriptions	228,748	242,490			
Other receivables	696,399	878,459			
	<u>10,618,569</u>	<u>5,895,834</u>			
14. CERTIFICATE CAPITAL					
	June 30, 2015	June 30, 2014		June 30, 2015	June 30, 2014
Number of certificates			Note	----- (Rupees) -----	
<u>25,000,000</u>	25,000,000		Authorized	<u>250,000,000</u>	<u>250,000,000</u>
			Modaraba certificates of Rs.10 each		
<u>8,384,566</u>	6,759,000		Issued, subscribed and paid-up	<u>83,845,663</u>	67,590,000
			Modaraba certificates of Rs.10 each fully paid in cash		
<u>2,766,907</u>	863,333		Modaraba certificates of Rs.10 issued for consideration other than cash	<u>27,669,069</u>	8,633,330
			Bonus certificates of Rs.10 each	<u>8,384,566</u>	7,622,333
<u>11,989,930</u>	<u>8,384,566</u>		14.1	<u>119,899,298</u>	<u>83,845,663</u>

14.1 Paramount Investments Limited holds 1,752,964 (2014: 1,752,967) certificates as at June 30, 2015.

		June 30, 2015	June 30, 2014
	Note	----- (Rupees) -----	
15. CAPITAL RESERVES			
Statutory reserve	15.1	56,174,594	62,528,427
Merger reserve		1,935,160	1,935,160
		<u>58,109,754</u>	<u>64,463,587</u>
<p>15.1 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 profits till such time that the reserve equals 100% of the paid-up capital. Thereafter, a sum not less than 5% of the after tax profits is to be transferred. During the year, Modaraba transferred 20% (June 30, 2014: 20%) of its after tax profits.</p>			
16. DEFERRED INCOME			
Deferred murabaha income		23,972,398	23,588,670
Deferred diminishing musharaka income		3,706,611	5,969,360
		27,679,009	29,558,030
Less: Current portion		(18,635,914)	(21,255,754)
		<u>9,043,095</u>	<u>8,302,276</u>
17. CERTIFICATES OF MUSHARAKA			
Certificates of Musharaka		175,377,416	93,883,424
Less: Current portion		(39,708,629)	(22,383,271)
		<u>135,668,787</u>	<u>71,500,153</u>
<p>A Redemption Reserve Fund is established on account of Certificates of Musharaka. These certificates have different denominations and are repayable within three months to five years. The expected share of profit on these certificates ranges from 8.75% to 10.75% (2014: 9.18 % to 10.38%) per annum.</p>			
18. CREDITORS, ACCRUED AND OTHER LIABILITIES			
Creditors		537,977	875,883
Accrued expenses		1,254,395	453,198
Audit fee payable		437,000	350,000
Sindh sales tax payable		2,709,763	177,190
Charity payable	18.1	849,924	849,924
Liabilities related to generator project		1,044,262	1,266,711
Payable to Workers' Welfare Fund		2,446,607	2,212,463
Liabilities related to weaving project		631,355	-
Liabilities related to FPM Solution project		6,632,990	1,194,095
Others		944,731	99,261
		<u>17,489,004</u>	<u>7,478,725</u>
<p>18.1 This includes Rs.830,533 (2014: Rs.830,533) being Non Shariah compliant profit as per the opinion of Shariah Advisor of Modaraba.</p>			
19. CONTINGENCIES AND COMMITMENTS			
19.1 There is no contingency as at June 30, 2015.			
19.2 Commitments for capital expenditure in respect of:			
Intangible assets - computer software		-	720,813
		<u>-</u>	<u>720,813</u>

	Note	June 30, 2015 ----- (Rupees) -----	June 30, 2014 -----
20. OPERATING INCOME			
Profit on murabaha receivables		22,996,758	22,034,491
Profit on diminishing musharaka		5,823,070	3,673,443
Profit on musharaka projects		9,109,281	2,868,285
Income from dry batteries modaraba		6,141,665	290,245
Rental income	20.1	10,368,861	13,644,086
Income from weaving project	20.2	7,050,426	8,724,130
Income from FPM Solutions	20.3	17,515,546	3,968,074
Income from FPM Petro Income	20.4	1,136,000	-
		<u>80,141,607</u>	<u>55,202,754</u>
20.1	This represents income generated from rental business of AL-BURQ Associates representing Modaraba's share of 52.09%.		
20.2	This represents income generated from weaving business of FPM Weaving representing Modaraba's share of 55%.		
20.3	This represents income generated from Project Power solution business of FPM Solutions representing Modaraba's share.		
20.4	This represents income generated from chemical business of FPM Petro Services representing Modaraba's share of 60%.		
21. OPERATING EXPENSES			
Salaries, allowances and benefits	21.1	15,707,234	13,366,571
Direct cost related to FPM Solutions and dry batteries modaraba		16,810,404	2,990,748
Direct cost related to FPM Petro		914,400	-
Electricity, gas and water		3,010,740	3,059,305
Repairs and maintenance		2,944,385	3,197,205
Insurance		600,371	569,284
Rent, rates and taxes		1,546,066	576,115
Travelling and entertainment		2,184,843	1,893,281
Communications		697,024	488,367
Printing and stationery		558,447	519,917
Auditors' remuneration	21.2	520,000	450,000
Legal and professional		517,000	403,008
Fees and subscription		3,768,190	2,067,248
News papers and periodicals		11,405	11,840
Advertisement and publicity		1,274,767	365,271
Depreciation	4.1	3,192,065	3,081,220
Amortization	4.2	174,751	56,849
Commission expense		13,023	20,894
5% charity - AL-BURQ Associates	30.1	215,655	335,010
3% Modaraba's management fee - AL-BURQ Associates	30.1	122,923	190,956
10% Management fee - FPM Weaving unit	30.1	-	67,317
15% P.M Group's management fee - AL-BURQ Associates		596,178	926,136
Contractual Management fee - FPM Solutions		572,131	40,016
Others		1,849,682	952,421
		<u>57,801,684</u>	<u>35,628,979</u>
21.1	Salaries, allowances and other benefits include Rs.444,551 (2014: Rs.269,837) on account of Modaraba's contribution to the staff provident fund.		

The following information is based on un-audited financial statements of the Provident Fund:

	June 30, 2015	June 30, 2014
Note	----- (Rupees) -----	
Size of the fund - Total assets	<u>3,421,647</u>	<u>2,260,240</u>
Cost of investments made	<u>1,650,000</u>	<u>1,650,000</u>
Percentage of investments made	<u>60%</u>	<u>87%</u>
Fair value of investments	<u>3,421,647</u>	<u>2,260,240</u>
Details of fair value of investments:		
Bank balances	<u>1,000,029</u>	<u>283,171</u>
Debt securities	<u>2,421,618</u>	<u>1,977,069</u>
	<u>3,421,647</u>	<u>2,260,240</u>
Number of employees		
The detail of number of employees are as follows:		
Average number of employees during the year	Numbers <u>25</u>	<u>18</u>
Number of employees as at June 30	Numbers <u>29</u>	<u>18</u>
21.2 Auditors' remuneration		
Statutory audit fee	<u>350,000</u>	<u>300,000</u>
Half yearly review fee	<u>115,000</u>	<u>100,000</u>
Certifications	<u>55,000</u>	<u>50,000</u>
	<u>520,000</u>	<u>450,000</u>
22. OTHER INCOME		
Capital gain on sale of investments	-	233,711
Profit on bank deposits	<u>1,504,832</u>	<u>504,275</u>
Income on modaraba certificates	<u>404,461</u>	-
Modaraba's management fee	<u>235,982</u>	<u>366,588</u>
Trading commission	<u>557,075</u>	<u>227,531</u>
Miscellaneous income	<u>647,999</u>	<u>140,523</u>
	<u>3,350,349</u>	<u>1,472,628</u>
23. FINANCIAL CHARGES		
Profit on certificates of musharaka	17 <u>13,169,778</u>	<u>6,409,986</u>
Bank charges	<u>40,579</u>	<u>35,639</u>
	<u>13,210,357</u>	<u>6,445,625</u>
24. 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 June 30, 2015 has been recognised at 10% (2014: 10%) of profit for the year.

The Sindh Government has levied General Sales Tax at the rate of 15% (2014: 16%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011 effective from November 01, 2011. The Management fee charged to profit and loss account during the year includes General Sales Tax, however, the Modaraba Association of Pakistan (including the Management Company) had filed an appeal before Sindh High Court against the said levy and the matter is pending adjudication.

	June 30, 2015	June 30, 2014
	----- (Rupees) -----	
25. EARNINGS PER CERTIFICATE		
Profit for the year attributable to certificate holders	<u>10,153,667</u>	<u>12,387,610</u>
	(Number of Certificates)	
		Restated
Weighted average number of certificates	<u>9,929,161</u>	<u>9,741,818</u>
Earnings per certificate - basic and diluted	<u>1.02</u>	<u>1.27</u>
No figure for diluted earnings per certificate has been presented as the Modaraba has not issued any instrument which would have an impact on earnings per certificate when exercised.		
The number of certificates for the prior year has been adjusted for the effect of bonus certificates issued during the current year. Hence, the figures for the prior year's earnings per certificate have also been restated (refer note 14).		
26. TAXATION		
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 33) for the year ended June 30, 2015 which meets the requirement of above stated clause.		
27. RELATED PARTY TRANSACTIONS		
The related parties of the Modaraba comprise of the Management Company, musharaka arrangements, directors, key management personnel and retirement benefit funds. Transactions with related parties other than remuneration and benefits to key management personnel (which are employed by the Management Company) under the terms of their employment and those which have been disclosed elsewhere are as follows:		
Transactions with related parties		
Modaraba's Management Company		
Management fee	<u>1,319,403</u>	<u>1,625,523</u>
Management fee paid during the year	<u>211,652</u>	<u>1,174,071</u>
Right issue subscribed [No. of certificates 35,616 (June 30, 2014: Nil)]	<u>356,160</u>	<u>-</u>
Musharaka Investors - Generator Project		
Share of profit	<u>3,378,337</u>	<u>5,248,106</u>
Modaraba's management fee	<u>235,982</u>	<u>366,588</u>
Management fee	<u>1,144,515</u>	<u>1,777,954</u>
Musharaka Investors - Weaving Project		
Share of profit	<u>(663,240)</u>	<u>605,855</u>
Management fee	<u>-</u>	<u>122,395</u>
Key Management Personnel		
Chief Executive Officer		
Right issue subscribed 9 (June 30, 2014: Nil)	<u>90</u>	<u>-</u>

	June 30, 2015	June 30, 2014
	----- (Rupees) -----	
Directors		
Certificate of musharaka issued	<u>10,000,000</u>	-
Right issue subscribed 57,564 (June 30, 2014: Nil)	<u>575,640</u>	-
Certificate capital issued 100,000 (June 30, 2014: Nil)	<u>1,375,000</u>	-
Spouse of a director		
Right issue subscribed 25,836 (June 30, 2014: Nil)	<u>258,360</u>	-
Paramount Investment Limited - Employees Provident Fund		
Contribution to the fund	<u>444,551</u>	269,837
Certificates of musharaka issued	<u>-</u>	550,000
Profit paid during the year	<u>153,522</u>	117,990
Balances with related parties		
Modaraba's Management Company		
Balance receivable	<u>-</u>	11,652
Musharaka Investors - Generator Project		
Modaraba's management fee receivable	<u>235,982</u>	366,588
Management fee payable	<u>1,144,515</u>	1,777,954
Musharaka Investors - Weaving Project		
Management fee payable	<u>-</u>	122,395
Advance given to weaving project	<u>1,457,637</u>	3,257,637
Key Management Personnel		
Chief Executive Officer		
No. of certificates held 9 (June 30, 2014: Nil)	<u>129</u>	-
Chief Financial Officer		
No. of certificates held Nil (June 30, 2014: 715)	<u>-</u>	10,189
Directors		
Certificate of Musharaka	<u>10,000,000</u>	-
No. of certificates held 249,543 (June 30, 2014: 90,337)	<u>3,580,942</u>	1,287,302
Spouse of directors		
No. of certificates held 111,957 (June 30, 2014: 126,237)	<u>1,606,583</u>	1,798,877
Paramount Investment Limited - Employees Provident Fund		
Certificates of musharaka	<u>1,400,000</u>	1,400,000
Accrued profit	<u>6,681</u>	6,676

	June 30, 2015	June 30, 2014
	----- (Rupees) -----	
28. REMUNERATION OF OFFICERS		
Remuneration	6,038,964	3,611,240
Short-term employee benefits	352,537	235,974
Post-employment benefits	232,110	182,712
	<u>6,623,611</u>	<u>4,029,926</u>
Number of officers	<u>8</u>	<u>5</u>

In addition, three officers including CEO are provided with Modaraba's maintained vehicles.

29. FINANCIAL INSTRUMENTS

The objective of the Modaraba's overall financial risk management is to minimize earnings and 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 has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors of the Management Company has overall responsibility for the establishment and oversight of the Modaraba's risk management framework. The Modaraba's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise 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.

29.1 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 credit disbursements. 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.

	June 30, 2015	June 30, 2014
	----- (Rupees) -----	
Bank balances	51,463,765	41,553,711
Current portion of musharaka financing	18,173,532	15,618,686
Long-term murabaha receivables	120,479,701	121,833,424
Short-term murabaha receivables	50,523,189	17,892,380
Long-term diminishing musharaka financing	7,102,591	13,620,283
Advances against murabaha and musharaka	21,000,080	14,400,080
Advances, deposit and other receivables	800,378	931,957
Trade debts	18,473,752	3,700,056
Receivable from Modaraba's management company - a related party	-	11,652
Long-term deposit	564,600	205,428
	<u>288,581,588</u>	<u>229,767,657</u>

29.1.1 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 receivables, diminishing musharaka, advance against murabaha and musharaka investments.

29.1.2 Concentration

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. Details of the industrial sector analysis of Murabaha portfolio are as follows:

	2015		2014	
	(Rupees)	%	(Rupees)	%
Construction material	1,697,116	0.98	5,746,160	4.03
Chemical, fertilizer and pharmaceutical	22,970,866	13.21	5,083,887	3.56
Fuel and energy	3,704,271	2.13	5,074,552	3.56
Food, tobacco and beverages	61,791,116	35.50	70,095,413	49.12
Paper and board	488,589	0.28	488,589	0.34
Steel, engineering and automobiles	19,277,965	11.08	912,564	0.64
Textile and garments	34,000	0.02	862,635	0.60
Transportation and communication	38,868,517	22.33	32,102,537	22.49
Others	25,205,964	14.47	22,345,139	15.65
	174,038,404	100.00	142,711,476	100.00

Modaraba's operations are restricted to Pakistan only.

The analysis below summarises the credit quality of the cash at banks by rating category as at June 30, 2015 and June 30, 2014:

	June 30, 2015	June 30, 2014
	----- (Rupees) -----	
A1+	28,223,624	21,555,974
A-1+	22,301,663	15,358,981
A1	938,192	2,585,164
AAA	-	2,042,133
	51,463,479	41,542,252

Balance placed with State Bank of Pakistan is not exposed to credit Risk.

29.1.3 Aging analysis of murabaha receivables

	2015			2014		
	Carrying amount Not impaired	Carrying amount Impaired	Provision held	Carrying amount Not impaired	Carrying amount Impaired	Provision held
Not past due	165,611,314	-	-	94,828,122	-	-
Past due 0 days -						
90 days	3,581,799	-	-	27,040,498	-	-
Past due 91 days -						
1 year	916,859	-	-	16,548,953	-	-
Past due 1 year -						
2 year	-	291,952	58,390	-	1,579,001	334,576
Past due 2 year -						
3 year	-	1,318,713	659,357	-	127,593	63,796
Past due more						
than 3 years	-	2,317,767	2,317,767	-	2,587,309	2,587,309
Total	170,109,972	3,928,432	3,035,514	138,417,573	4,293,903	2,985,681

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

29.1.4 Diminishing musharaka receivable of Rs.22.32 million (2014: Rs.27.15 million) is not past due as at June 30, 2015 and June 30, 2014.

29.1.5 Aging analysis of trade debts

	June 30, 2015	June 30, 2014
	----- (Rupees) -----	
Not past due	-	-
Past due 0 days - 90 days	12,401,229	3,700,056
Past due 91 days - 1 year	5,874,443	-
Past due 1 year - 2 year	198,079	-
Past due 2 year - 3 year	-	-
Past due more than 3 years	-	-
Total	18,473,752	3,700,056

29.2 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 following are the contractual maturities of financial liabilities, including mark-up payments:

	2015			
	Carrying amount	Contractual cash flows	Maturity upto one year	Maturity after one year and upto three years
	----- (Rupees) -----			
Creditors, accrued and other liabilities	12,332,634	12,332,634	12,332,634	-
Current portion of certificates of musharaka Payable to Modaraba Management	175,377,416	175,377,416	39,708,629	135,668,787
Company - a related party	1,107,751	1,107,751	1,107,751	-
Unclaimed profit distribution	11,783,503	11,783,503	11,783,503	-
	200,601,304	200,601,304	64,932,517	135,668,787
	2014			
	Carrying amount	Contractual cash flows	Maturity upto one year	Maturity after one year and upto three years
	----- (Rupees) -----			
Creditors, accrued and other liabilities	5,089,072	5,089,072	5,089,072	-
Current portion of certificates of musharaka Payable to Modaraba Management	93,883,424	93,883,424	22,383,271	71,500,153
Company - a related party	-	-	-	-
Unclaimed profit distribution	10,655,434	10,655,434	10,655,434	-
	109,627,930	109,627,930	38,127,777	71,500,153

29.3 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:

29.3.1 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 interest rate profile of the Modaraba's significant mark-up bearing financial instruments was as follows:

June 30, 2015							
Effective yield / profit rates	Carrying amount	Upto one month	Upto one to 3 months	Over three months to six months	Over six months to one year	Over one year	Not exposed to profit rate risk
(Rupees)							
Financial assets							
Long-term deposit	564,600	-	-	-	-	-	564,600
Musharaka financing	85,331,532	-	-	-	18,173,532	67,158,000	-
Cash and bank balances	51,480,921	21,001,419	-	-	-	-	30,479,502
Murabaha receivable	174,038,404	13,048,542	27,088,032	36,209,176	49,620,972	48,071,682	-
Diminishing musharaka financing	22,323,005	-	-	-	15,220,414	7,102,591	-
Trade debts	18,473,752	-	-	-	-	-	18,473,752
Receivable from Modaraba's management company	-	-	-	-	-	-	-
Advance against murabaha	21,000,080	21,000,080	-	-	-	-	-
Advance and other receivables	800,378	-	-	-	-	-	800,378
	<u>374,012,672</u>	<u>55,050,041</u>	<u>27,088,032</u>	<u>36,209,176</u>	<u>83,014,918</u>	<u>122,332,273</u>	<u>50,318,232</u>
Financial liabilities							
Creditors, accrued and other liabilities	4,445,249	-	-	-	-	-	4,445,249
Certificate of Musharaka	175,377,416	5,065,000	9,690,000	13,750,000	11,355,000	135,517,416	-
Unclaimed profit distribution	11,783,503	-	-	-	-	-	11,783,503
	<u>191,606,168</u>	<u>5,065,000</u>	<u>9,690,000</u>	<u>13,750,000</u>	<u>11,355,000</u>	<u>135,517,416</u>	<u>16,228,752</u>
On balance sheet gap - 2015	<u>182,406,504</u>	<u>49,985,041</u>	<u>17,398,032</u>	<u>22,459,176</u>	<u>71,659,918</u>	<u>(13,185,143)</u>	<u>34,089,480</u>

June 30, 2014							
Effective yield / profit rates	Carrying amount	Upto one month	Upto one to 3 months	Over three months to six months	Over six months to one year	Over one year	Not exposed to profit rate risk
(Rupees)							
Financial assets							
Long-term deposit	205,428	-	-	-	-	-	205,428
Investments classified as available-for-sale	-	-	-	-	-	-	-
Musharaka financing	25,662,686	-	-	-	15,618,686	10,044,000	-
Cash and bank balances	41,631,483	31,090,775	-	-	-	-	10,540,708
Murabaha receivable	142,711,486	7,081,491	12,405,681	34,628,682	30,176,367	58,419,255	10
Diminishing musharaka financing	27,150,829	-	-	-	13,530,546	13,620,283	-
Trade debts	3,275,075	1,350,749	2,263,446	-	-	-	(339,120)
Receivable from Modaraba's management company	11,652	-	-	-	-	-	11,652
Advance against murabaha	14,400,080	6,900,000	7,500,080	-	-	-	-
Advance and other receivables	3,382,065	-	-	-	-	-	3,382,065
	<u>258,430,784</u>	<u>46,423,015</u>	<u>22,169,208</u>	<u>34,628,682</u>	<u>59,325,599</u>	<u>82,083,538</u>	<u>13,800,743</u>
Financial liabilities							
Creditors, accrued and other liabilities	5,891,887	-	-	-	-	-	5,891,887
Certificate of Musharaka	93,883,424	2,750,000	1,050,000	8,850,000	4,435,000	74,118,000	2,680,424
Unclaimed profit distribution	10,655,434	-	-	-	-	-	10,655,434
	<u>110,430,745</u>	<u>2,750,000</u>	<u>1,050,000</u>	<u>8,850,000</u>	<u>4,435,000</u>	<u>74,118,000</u>	<u>19,227,745</u>
On balance sheet gap - 2014	<u>148,000,039</u>	<u>43,673,015</u>	<u>21,119,208</u>	<u>25,778,682</u>	<u>54,890,599</u>	<u>7,965,538</u>	<u>(5,427,002)</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 interest rate risk.

	Profit and loss 100 bp	
	Increase	Decrease
As at June 30, 2015		
Cash flow sensitivity - variable rate financial liabilities	(1,722,417)	1,722,417
Cash flow sensitivity - variable rate financial assets	210,014	(210,014)
Net effect	<u>(1,512,403)</u>	<u>1,512,403</u>
As at June 30, 2014		
Cash flow sensitivity - variable rate financial liabilities	(912,030)	912,030
Cash flow sensitivity - variable rate financial assets	310,908	(310,908)
Net effect	<u>(601,122)</u>	<u>601,122</u>

30. INFORMATION ABOUT BUSINESS SEGMENTS

30.1 The Modaraba's reportable segments are as follows as per the Modaraba's policy:

Generator Project Musharakah finance

The Generator project is engaged in trading of generators on rent. The Modaraba started generator project with effect from 17 September 2008. Agreement with the investors has been signed. As per the arrangement, the Modaraba has contributed 52.09% of the required fund and AL-BURQ Associates has contributed 47.91%. As per the agreement, the P.M Group, comprised of certain members of AL-BURQ Associates, is responsible for the management of generator project (renting out and sale of generators) for which a management fee of 15% of net profit of generator project after deducting 5% charity and 3% Modaraba management fee is charged by them.

FPM Weaving Musharakah finance

FPM Weaving is engaged in weaving of jam on overhead basis. Modaraba has started the project with effect from 1 May 2013. Modaraba's and musharakah partner's share in fixed assets (weaving machines) is 65:35 and entitle to profit share of 55:45 respectively. Musharakah partner is responsible for the operations/management of weaving under the 3 years licensing agreement and entitled to 10% management fee of net profit in this respect.

FPM Solutions

FPM has started this project for providing power solutions to the Service and Manufacturing Industry and in this reporting period has been able to generate a good business relations in the field of Financial sector as well as Manufacturers. The Main activity of this Business Project is to provide Back-up support through UPS Batteries. FPM has plans to increase its Investments in this Projects as many of the Contracts are in pipe line in the Subsequent period.

FPM Petro Services

FPM petro services engaged in provision of various chemical components to different sectors nationally and internationally. Modaraba has started this project with effect from 18 February 2015. Agreement with the investor has been signed. As per the arrangement, the Modaraba has contributed 83.33% of the required fund and entitle to profit share of 60%, where as loss shall be share as per capital sharing ratio. Musharakah partner is responsible for the operations/management of the project.

Financing

Disbursement of murabaha, diminishing musharakah and musharakah finance to individual and corporate clients.

Information regarding the Modaraba's reportable segments is presented below.

30.2 Segment revenue and results

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

Note	2015										2014				
	Generator project		Weaving project		FPM Solution		FPM Petro		Generator project		Weaving project		FPM Solutions		
	Total	Modaraba's share	Total	Modaraba's share	Total	Modaraba's share	Total	Modaraba's share	Total	Modaraba's share	Total	Modaraba's share	Total	Modaraba's share	
Revenue	19,905,666	10,368,861	12,816,957	7,050,426	17,515,546	1,136,000	44,070,774	80,141,607	26,193,293	13,644,066	15,862,055	8,724,130	3,968,074	28,866,463	55,202,754
Provision / (reversal) for doubtful recoveries	-	-	-	-	-	-	(262,661)	(262,661)	(262,661)	-	-	-	-	(269,584)	(269,584)
Loss on sale of fixed assets - net	(430,746)	(224,376)	-	-	(26,083)	-	(259,580)	(610,039)	(23,189)	(12,079)	-	-	-	-	(12,079)
Operating expenses	(14,177,088)	(7,394,848)	(14,024,846)	(7,713,666)	(19,214,478)	(914,400)	(22,574,292)	(57,801,684)	(16,624,929)	(6,659,626)	(14,760,365)	(8,118,212)	(3,873,218)	(14,877,623)	(35,628,979)
Other operating income	1,196,948	623,690	-	-	487,740	-	2,229,119	3,350,348	517,646	269,642	-	-	-	1,190,907	1,460,549
Operating (loss) / profit	6,494,778	3,383,127	(1,205,889)	(663,240)	(1,227,275)	221,600	23,203,380	24,917,572	10,868,010	5,253,022	1,101,670	605,919	94,866	14,790,163	20,744,740
Finance costs	(9,195)	(4,790)	-	-	(1,446)	-	(13,204,121)	(13,210,357)	(10,936)	(5,696)	(116)	(64)	(1,485)	(6,438,380)	(6,445,625)
Provision for Workers' Welfare Fund	6,485,583	3,378,337	(1,205,889)	(663,240)	(1,228,721)	221,600	9,999,239	11,707,215	10,075,074	5,248,106	1,101,654	605,855	93,371	8,351,783	14,289,115
Modaraba company's management fee	(129,712)	(67,567)	24,118	13,265	24,574	(4,432)	(199,965)	(234,145)	(201,501)	(104,962)	(22,031)	(12,117)	(1,867)	(167,036)	(285,892)
Profit for the year	(730,925)	(380,739)	135,904	74,747	138,477	(24,974)	(1,126,914)	(1,319,403)	(1,145,334)	(596,051)	(125,225)	(68,874)	(10,614)	(949,431)	(1,625,523)
	5,624,946	2,930,031	(1,045,867)	(675,228)	(1,065,670)	192,194	8,672,340	10,153,667	8,728,238	4,546,539	964,299	624,864	80,889	7,235,316	12,387,610
30.2.1 Revenue															
Rental income	19,905,666	10,368,861	-	-	-	-	-	10,368,861	26,193,293	13,644,066	-	-	-	-	13,644,066
Weaving income	-	-	12,816,957	7,050,426	-	-	-	7,050,426	-	-	15,862,055	8,724,130	-	-	8,724,130
FPM Solutions income	-	-	-	-	17,515,546	-	-	17,515,546	-	-	-	-	3,968,074	-	3,968,074
FPM Petro income	-	-	-	-	-	1,136,000	-	1,136,000	-	-	-	-	-	-	-
Profit on murabaha finance	-	-	-	-	-	-	22,996,758	22,996,758	-	-	-	-	-	22,034,491	22,034,491
Profit on diminishing musharakah finance	-	-	-	-	-	-	5,823,070	5,823,070	-	-	-	-	-	3,673,443	3,673,443
Profit from Musharakah Projects	-	-	-	-	-	-	9,109,281	9,109,281	-	-	-	-	-	2,868,285	2,868,285
Trading Income	-	-	-	-	-	-	6,141,665	6,141,665	-	-	-	-	-	280,244	280,244
	19,905,666	10,368,861	12,816,957	7,050,426	17,515,546	1,136,000	44,070,774	80,141,607	26,193,293	13,644,066	15,862,055	8,724,130	3,968,074	28,866,463	55,202,754

30.2.9 Segment assets and liabilities

	2015				2014				Total					
	Generator project		Weaving project		Generator project		Weaving project							
	Modaraba's share	Total	Modaraba's share	Total	Modaraba's share	Total	Modaraba's share	Total						
Segment assets	64,303,450	33,495,067	29,321,489	19,058,968	367,702,799	18,661,802	932,272	439,851,508	63,985,348	33,330,489	31,586,257	20,531,067	272,500,291	326,361,847
Segment liabilities	2,004,726	1,044,262	971,315	631,355	231,761,066	-	-	233,436,683	2,431,774	1,286,711	3,769,397	2,450,108	143,153,003	146,869,822

30.2.10 For the purpose of monitoring segment performance and allocating resources between segments, all assets and liabilities are allocated to reportable segments.

30.2.11 Other segment information

	2015				2014									
	Generator project		Weaving project		Generator project		Weaving project							
	Modaraba's share	Total	Modaraba's share	Total	Modaraba's share	Total	Modaraba's share	Total						
Capital expenditure - net	563,400	293,475	-	-	1,316,319	1,609,794	14,212,900	7,403,500	3,600,871	2,340,566	1,615,317	11,359,383		
Depreciation, amortisation and impairment	2,589,876	1,349,066	1,365,582	887,628	688,058	403,871	-	3,328,623	3,205,547	1,669,769	1,383,398	899,208	699,194	3,268,171
Non-cash items (excluding depreciation and amortisation)	(430,748)	(224,377)	-	-	(522,241)	(772,701)	(23,189)	(12,079)	-	-	-	-	(297,066)	(309,145)

31. FAIR VALUE OF INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and fair value estimates.

Underlying the definition of fair value is the presumption that the Modaraba is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets are based on the quoted market prices at the close of trading on the year end date.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The estimated fair value of other financial assets and liabilities is considered not significantly different from carrying values as the items are either short-term in nature or periodically repriced.

IFRS 7, 'Financial Instruments: Disclosures' requires the Modaraba to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1). The investments classified as available for sale is categorised in this level and is stated in note 7 to these financial statements.
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2). There are no items to report therein as on June 30, 2015.
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3). There are no items to report therein as on June 30, 2015.

32. CAPITAL RISK MANAGEMENT

The Modaraba's objective when managing capital is to safe guard its ability to continue as a going concern so that it can continue to provide returns for certificate holders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its business.

The Modaraba manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Modaraba may adjust the amount of profit distribution to certificate holders or issue new certificates / right certificates. The Modaraba is not exposed to external capital requirements.

33. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the Management Company in their meeting held on October 05th 2015 have proposed a final profit distribution of Rs. 0.80 per certificate (June 30, 2014: Rs.1.30) Cash Dividend and 15% Bonus per certificate, amounting to Rs.17,984,891(June 30, 2014: Rs.8,384,566) for the year ended June 30, 2015.

34. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on October 05th, 2015.

Chief Executive

Director

Director

FIRST PARAMOUNT MODARABA

Pattern of Shareholding

As On 30/06/2015

NO. OF SHAREHOLDERS	<--- HAVING SHARES --->		SHARES HELD	PERCENTAGE
	From	To		
199	1	100	7015	0.0585
114	101	500	28510	0.2378
226	501	1000	146212	1.2195
465	1001	5000	916031	7.6400
74	5001	10000	526378	4.3902
53	10001	15000	628924	5.2454
24	15001	20000	427021	3.5615
18	20001	25000	405262	3.3800
10	25001	30000	270581	2.2567
9	30001	35000	288881	2.4094
4	35001	40000	151539	1.2639
2	40001	45000	81766	0.6820
6	45001	50000	293832	2.4507
5	50001	55000	258374	2.1549
3	55001	60000	171043	1.4266
3	60001	65000	185909	1.5505
3	65001	70000	203708	1.6990
2	70001	75000	142897	1.1918
2	75001	80000	153452	1.2798
4	80001	85000	326616	2.7241
3	85001	90000	261765	2.1832
1	90001	95000	94500	0.7882
4	95001	100000	398899	3.3270
1	100001	105000	104791	0.8740
2	110001	115000	224457	1.8720
1	115001	120000	118787	0.9907
3	130001	135000	396408	3.3062
1	140001	145000	142350	1.1872
1	155001	160000	160000	1.3345
1	165001	170000	166918	1.3922
5	195001	200000	1000000	8.3403
1	255001	260000	258365	2.1548
1	275001	280000	275247	2.2957
1	330001	335000	331769	2.7671
1	420001	425000	423471	3.5319
1	445001	450000	445249	3.7135
1	1570001	1575000	1573000	13.1193
1255		Company Total	11989927	100.0000

FIRST PARAMOUNT MODARABA
 Category of Shareholders
 As On 30/06/2015

Particulrs	No of Folio	Balance Share	Percentage
DIRECTORS, CEO & CHILDREN	5	249543	2.0813
ASSOCIATED COMPANIES	4	1752964	14.6203
BANKS, DFI & NBF	1	25	0.0002
MODARABAS & MUTUAL FUNDS	1	445249	3.7135
GENERAL PUBLIC (LOCAL)	1215	9076666	75.7024
GENERAL PUBLIC (FORIEGN)	19	291076	2.4277
OTHERS	10	174404	1.4546
Company Total	1255	11989927	100.0000

Folio No	Name	Code	Balance Held	Percentage
000000001121	MR. NADIM IQBAL	001	1016	0.0085
000000001706	MR. TANWEER AHMED MAGOON	001	86512	0.7215
000000002006	MR. HUMAYUN MAZHAR QURESHI	001	142350	1.1872
000000008271	MR. ABDUL RAZZAK JANGDA	001	94	0.0008
000208002994	ABDUL RAZZAK JANGDA	001	19571	0.1632
000000000001	PARAMOUNT INVESTMENTS LIMITED	002	18577	0.1549
000000001963	PARAMOUNT INVESTMENT LIMITED	002	130816	1.0910
000000008004	PARAMOUNT INVESTMENTS LIMITED	002	30571	0.2550
003277071155	PARAMOUNT INVESTMENTS LIMITED	002	1573000	13.1193
003889000028	NATIONAL BANK OF PAKISTAN	004	25	0.0002
000009900005	FIRST NATIONAL MODARABA	006	445249	3.7135
000000001344	SUBLIME SPORTS (PVT) LTD.	010	132495	1.1051
000000008403	M/S. EASTERN COMMERCIAL CORPORATION (PVT.) LTD.	010	1157	0.0096
000009900008	FEDERAL BOARD OF REVENUE	010	23837	0.1988
003277078335	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	010	4220	0.0352
003277082127	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	010	147	0.0012
003525057191	SARFRAZ MAHMOOD (PRIVATE) LTD	010	500	0.0042
003525087235	MAPLE LEAF CAPITAL LIMITED	010	1	0.0000
004705087224	FEDERAL BOARD OF REVENUE	010	7648	0.0638
006916000020	PASHA SECURITIES (PVT) LTD.	010	199	0.0017
014241000022	FIKREE`S (SMC-PVT) LTD.	010	4200	0.0350

NOTICE OF ANNUAL REVIEW MEETING:

Notice is hereby given that the Sixteenth (16th) Annual Review Meeting of certificate-holders of First Paramount Modaraba (FPM) will be held on Friday, October 30th, 2015 at 06:45 p.m. at PIMA House, 2nd Floor, Room No: 201, PECHS Community Centre, Block-2, PECHS, Shahrah-e-Quideen, Karachi, to review the performance of the Modaraba for the year ended June 30, 2015.

The certificate-holders whose names appear on the Register of Certificate-Holders of FPM as on October 22nd, 2015 will be eligible to attend the Annual Review Meeting.

On behalf of the Board

Abdullah Khan

Company Secretary

Paramount Investments Limited (PIL)

Managers of First Paramount Modaraba (FPM)

Dated: October 05th, 2015

DIVIDEND & BONUS:

The Modaraba Certificates transfer books remain closed from October 23rd, 2015 to October 30th, 2015 (both days inclusive). Transfer receives in order at the Registrar Office of the Modaraba (whose address is given below) before the close of business hours on 22nd October, 2015 will be treated in time for the entitlement of Cash Dividends and Bonus.

REQUEST TO CERTIFICATE HOLDERS:

Pursuant to the directives of the Securities and Exchange Commission of Pakistan, CNIC number is mandatorily required to be mentioned on dividend warrants, all Certificate Holders are therefore requested to submit a copy of valid CNIC (only Physical Certificate holders), if not already provided to Standard Chartered Modaraba or to our share registrar, at below mentioned address. In case of non-receipt of the copy of valid CNIC, FIRST PARAMOUNT MODARABA (FPM) would be unable to comply with SRO 831(1)/2012 dated 5 July 2012 of SECP and therefore may be constrained under Section 251(2)(a) of the Companies Ordinance, 1984 to withhold dispatch of dividend warrants of such shareholders for the year ended June 30, 2013 announced by the Board of Directors in their meeting held on October 05th, 2015.

The Certificate Holders are advised to notify Registrar of First Paramount Modaraba (FPM) of any changes in their address to ensure prompt delivery of mails further, any certificate for transfer etc. should be lodged with the Registrar THK Associates (Pvt.) Limited 2nd Floor State Life Building No. 3, Dr. Ziauddin Ahmed Road Karachi, Telephone No: 111-000-322, Fax No: 35655595.