

for the period ended
December 31st, 2016 (Un-Audited)

First Paramount Modaraba

(An Islamic Financial Institution)

Managed by: Paramount Investments Limited



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

**Half Yearly
Report** | 2016

For Long Term 'BBB'
For Short Term A-3
Out Look - Stable
By:
JCR VIS Credit Rating Company



First Paramount Modaraba

(An Islamic Financial Institution)

CONTENTS

Mission & Vision	01
Corporate Information	02
Directors Report	03
Report on Review of Condensed Interim Financial	04
Shari'ah Advisor's Report	05
Balance Sheet	06
Profit and Loss Account	07
Condensed Interim Statement of Comprehensive Income (Un-Audited)	08
Statement of Changes in Equity	09
Cash Flow Statement	10
Notes to the Interim Financial Information (unaudited)	11

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

MODARABA COMPANY MANAGED BY: PARAMOUNT INVESTMENTS LIMITED

BOARD OF DIRECTORS

Mr. Tanveer Ahmed Magoon	Chairman
Mr. Syed Wajih Hassan	Chief Executive Officer
Mr. Nadeem Iqbal	Director
Mr. Pir Muhammad Kalia	Director
Mr. Abdul Razzak Jangda	Director
Mr. Humayun Mazhar Qureshi	Independent Director
Mr. Khalid Rehman	Independent Director

AUDIT COMMITTEE

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

SHARIAH CONSULTANT

Mufti Muhammad Najeeb Khan

CREDIT RATING

Long term **BBB**

Short Term **A-3**

Out Look **Stable**

By JCR Credit Rating Company

AUDITORS OF THE MODARABA

M/s Deloitte Yousuf Adil
Chartered Accountants

AUDITORS OF THE MODARABA COMPANY

M/s Rahim Jan & Co.
Chartered Accountants

LEGAL ADVISOR

M/s Raja Qasit Nawaz, Advocates

DIRECTORS REPORT TO THE CERTIFICATE-HOLDERS

The Directors of Paramount Investments Limited, the management Company of First Paramount Modaraba, are pleased to present the unaudited financial statements for the period ended on 31st December, 2016, Auditors' review report and Shari'ah Advisor's report thereon.

By the grace of Allah, Modaraba has posted a profit of PKR 6,157,190/= (EPS =0.45) for the half year ended on 31st December 2016, which is PKR 1,641,041/= (36.34%) ahead of Modaraba's achievements for the same period last year i.e. PKR 4,516,149/=. Major contributors to this performance are Modaraba's in-house venture - 'FPM Petro Services' and Modaraba's investment in Morabaha finance. Process of Modaraba's disinvestment from ailing 'Weaving Unit' and 'Al-Akhuwaat Group. FZC was continued during the period. InshAllah, by the end of this financial year, Modaraba's investment in the two ventures will be redeemed completely. As mentioned in our past reports, Modaraba is also in process of reducing its stakes in ATC – Generators Rental Project, as it is getting less productive over the period.

In the current half-yearly results, Modaraba has taken the effects of 'Tax advantage' arising out of the 'advance Tax of the past years' – originally booked as expense. This has helped in nullifying the impacts of 'deficits' in settling off of weaving unit sales and ATC's sales of Generators. Silver lining in the current results is the fact that Modaraba has operationally performed better than last year (for the same period) even if the net effect of Tax benefit and settlement of losses (as mentioned above) is extracted from its results. Thus showing a healthy indication with regard to the overall business strategy of the Modaraba. Management is confident that if the current economic conditions of the country continue to prevail then Modaraba's performance for the year will surely be better than last year.

Management of the Modaraba is determined to continuously working on minimizing the effects of its administrative costs by enhancing the overall Asset base of the Modaraba, primarily through;

- a) employing funds by the issue of "Certificate of Musharika" and
- b) Planned role out of 3rd Right Share Issue of Modaraba Certificate to its Certificate holders – within the next 6 months.

Acknowledgement:

Management of the Modaraba and the Board of Directors recognize the continual patronage and cooperation of the regulators especially of the offices of Registrar Modaraba, Security Exchange Commission of Pakistan, Islamabad and State Bank of Pakistan.

Management also appreciates hard-work and dedication of the staff members of Modaraba.

For and on behalf of Board of Directors of
Paramount Investments Limited (PIL)
Managers of First Paramount Modaraba

Karachi.

Date: February 23, 2017

S/d
Syed Wajih Hassan
(Chief Executive Officer)

**AUDITORS' REPORT TO THE CERTIFICATE HOLDERS
ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION**

Introduction

We have reviewed the accompanying condensed interim balance sheet of **First Paramount Modaraba** (the Modaraba) as at December 31, 2016 and the related condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the condensed interim financial information) for the half year then ended. The Management Company of the Modaraba (Paramount Investments Limited) is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim cash flow statement for the quarters ended December 31, 2016 and December 31, 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016.

Scope of review

We conducted our review in accordance with International Standard on Review Engagement 2410- Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year then ended December 31, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matter

The condensed interim financial information of the Modaraba for the half year ended December 31, 2015 and the annual financial statements for the year ended June 30, 2016 were reviewed and audited by another firm of Chartered Accountant whose report dated February 27, 2016 and October 06, 2016 expressed an unqualified conclusion and unqualified opinion thereon respectively.

Chartered Accountants

Engagement Partner

Mushtaq Ali Hirani

Dated: 23-Feb-2017

Karachi

Shariah Advisor's Report

I have conducted the Shariah review of First Paramount Modaraba managed by Paramount Investments Limited Modaraba Company for the half year ended December 31st 2016, 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)
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.

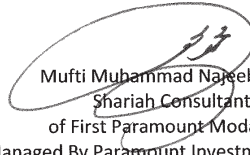
Observation(s) Nil

Recommendation (s) Nil

Dated: February 16, 2017



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



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

**FIRST PARAMOUNT MODARABA
CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2016**

	December 31, 2016 (Un-audited)	June 30, 2016 (Audited)
Note	Rupees	
NON CURRENT ASSETS		
Operating fixed assets	5	26,627,453
Long-term murabaha financing	6	58,259,717
Long-term diminishing musharaka financing		7,947,585
Long-term musharaka financing	7	37,255,000
Loan to employees		420,000
Long-term deposits		401,969
		130,911,724
		112,510,571
CURRENT ASSETS		
Inventory and stores		3,468,502
Trade debts		77,342,843
Receivable against sale of weaving segment	8	14,930,000
Advances, deposits, prepayments and other receivables	9	31,680,450
Short-term modaraba financing		7,400,000
Short-term murabaha financing	10	33,494,382
Current portion of murabaha financing		97,883,072
Current portion of diminishing musharaka financing		5,219,779
Current portion of musharaka financing		16,551,827
Current portion of modaraba financing		6,662,000
Current portion of loan to employees		347,000
Advance against murabaha and musharaka financing	11	9,500,080
Accrued profit		1,173,214
Income tax refundable - net		12,485,860
Cash and bank balances	12	22,360,652
		340,499,661
		373,082,738
Assets classified as held for disposal		-
		18,947,606
		471,411,385
		504,540,915
CAPITAL AND RESERVES		
Authorised certificates capital		
25,000,000 certificates of Rs. 10 each		250,000,000
Issued, subscribed and paid-up certificates capital		137,884,193
Capital reserves		42,732,881
Unappropriated profit		25,061,792
		205,678,866
		209,862,990
NON CURRENT LIABILITY		
Deferred income		12,746,960
Certificates of musharaka	13	156,677,506
		169,424,466
		202,518,016
CURRENT LIABILITIES		
Creditors, accrued and other liabilities		25,894,866
Current portion of deferred income		17,438,484
Current portion of certificates of musharaka		37,278,500
Payable to Management Company		800,087
Unclaimed profit distributions		14,896,116
		96,308,053
Liabilities associated with assets classified as held for disposal		-
		2,669,525
		471,411,385
		504,540,915
CONTINGENCIES AND COMMITMENTS		
	14	

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

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

**FIRST PARAMOUNT MODARABA
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016**

	Note	Half year ended		Quarter ended	
		December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Operating revenue / income	15	91,965,999	59,888,001	51,179,705	33,183,948
Direct cost / operating expenses					
Operating expenses	16	80,717,755	46,452,310	48,259,121	27,288,054
Loss on sale of fixed assets - net		1,125,504	-	733,978	-
Provision against doubtful recoveries		1,651	757,449	18,446	807,448
		(81,844,910)	(47,209,759)	(49,011,545)	(28,095,502)
		10,121,089	12,678,242	2,168,160	5,088,446
Loss on disposal of weaving segment discontinued operation	8	(1,348,081)	-	(1,348,081)	-
Other income	17	7,272,476	1,044,507	7,065,506	393,558
		16,045,484	13,722,749	7,885,585	5,482,004
Financial charges		(8,946,222)	(8,515,613)	(4,599,467)	(3,987,413)
Provision for workers' welfare fund		(141,985)	(104,143)	(65,722)	(29,892)
		6,957,277	5,102,993	3,220,396	1,464,699
Modaraba company's management fee inclusive of sales tax		(800,087)	(586,844)	(370,346)	(168,441)
Profit for the period before tax		6,157,190	4,516,149	2,850,050	1,296,258
Taxation	18	-	-	-	-
Profit for the period		6,157,190	4,516,149	2,850,050	1,296,258
Earnings per certificate - basic and diluted		0.45	0.33	0.21	0.06

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

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

FIRST PARAMOUNT MODARABA
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016

	Half year ended		Quarter ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	----- Rupees -----			
Profit for the period	6,157,190	4,516,149	2,850,050	1,296,258
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>6,157,190</u>	<u>4,516,149</u>	<u>2,850,050</u>	<u>1,296,258</u>

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

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

**FIRST PARAMOUNT MODARABA
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	Certificate capital Issued, subscribed and paid-up certificates capital	Reserves			Total
		Capital reserve		Revenue reserve	
	Merger reserve	Statutory reserve	Unappropriated profit		
----- Rupees -----					
Balance at July 01, 2015	119,899,298	1,935,160	56,174,594	28,405,773	206,414,825
Profit distribution for the year ended June 30, 2015 at Re. 0.80 per certificate	-	-	-	(9,591,944)	(9,591,944)
Issuance of Bonus certificates @ 15%	17,984,895	-	(17,984,895)	-	-
Total comprehensive income for the half year ended December 31, 2015					
Profit for the period	-	-	-	4,516,149	4,516,149
Other comprehensive income	-	-	-	4,516,149	4,516,149
Balance at December 31, 2015	137,884,193	1,935,160	38,189,699	23,329,978	201,339,030
Total comprehensive income for the half year ended June 30, 2016					
Profit for the period	-	-	-	8,523,960	8,523,960
Other comprehensive income	-	-	-	8,523,960	8,523,960
Transferred to statutory reserve @ 20%	-	-	2,608,022	(2,608,022)	-
Balance at June 30, 2016	137,884,193	1,935,160	40,797,721	29,245,916	209,862,990
Profit distribution for the year ended June 30, 2016 at Re. 0.75 per certificate	-	-	-	(10,341,314)	(10,341,314)
Total comprehensive income for the half year ended December 31, 2016					
Profit for the period	-	-	-	6,157,190	6,157,190
Other comprehensive income	-	-	-	6,157,190	6,157,190
Balance at December 31, 2016	137,884,193	1,935,160	40,797,721	25,061,792	205,678,866

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

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

**FIRST PARAMOUNT MODARABA
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	Note	Half year ended	
		December 31, 2016	December 31, 2015
		-----Rupees-----	
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		6,157,190	4,516,149
Adjustments for:			
Depreciation on tangible fixed assets		770,236	1,562,769
Amortization on intangible assets		193,878	226,664
Prior period's advance tax claimed	14.1	(5,905,050)	-
Provision for Workers' Welfare Fund		141,985	104,143
Provision against doubtful recoveries		1,651	757,449
Financial charges		8,946,222	8,515,613
Loss on sale of fixed assets - net		1,125,504	-
Loss on sale of weaving segment - discontinued operation		1,348,081	-
		<u>12,779,697</u>	<u>15,682,787</u>
Changes in operating assets and liabilities			
Increase / (decrease) in current assets			
Stores and spares		876,290	(1,932,530)
Trade debts		(538,948)	(11,975,402)
Advances, prepayments and other receivable		(6,713,357)	2,081,052
Accrued profit		492,310	(11,355)
Increase / (decrease) in current liabilities			
Creditors, accrued and other liabilities		7,755,039	(1,537,347)
Payable to Management Company		(128,190)	(520,907)
Net cash generated from operations		<u>14,522,841</u>	<u>1,786,298</u>
Taxes paid		(3,525,962)	(636,941)
Financial charges paid		(8,946,222)	(8,515,613)
Net cash generated from / (used in) operating activities		<u>2,050,657</u>	<u>(7,366,256)</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Murabaha financing - net		8,219,302	260,119
Diminishing musharaka financing - net		(1,473,135)	6,933,062
Musharaka financing - net		(949,230)	(7,433,500)
Modaraba financing - net		11,264,000	-
Advance against murabaha and musharaka financing- net		(5,540,000)	(15,532,500)
Capital expenditure including capital work-in-progress		(2,227,664)	(749,957)
Long-term deposits		-	(92,672)
Loan to employees		(318,658)	(69,002)
Sale proceeds from disposal of fixed assets		7,662,754	-
Net cash generated from / (used in) investing activities		<u>16,637,369</u>	<u>(16,684,450)</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Musharaka financing - net		(33,785,000)	23,683,636
Profit paid during the year		(8,123,506)	(5,504,060)
Net cash (used in) / generated from financing activities		<u>(41,908,506)</u>	<u>18,179,576</u>
Net decrease in cash and cash equivalents (A+B+C)		<u>(23,220,480)</u>	<u>(5,871,130)</u>
Cash and cash equivalents at beginning of the period		45,581,132	51,452,262
Cash and cash equivalents at end of the period		<u>22,360,652</u>	<u>45,581,132</u>

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

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

**FIRST PARAMOUNT MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016**

1. LEGAL STATUS AND NATURE OF BUSINESS

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 Pakistan Stock Exchange. 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) Electrical and IT infrastructure related services, including development & maintenance of data centers as "FPM Solutions", (C) Chemical business under the name of "FPM Petro Services" and (D) IT infrastructure data center designs, business continuity, support for management/HR/financial and market research, preparations for audit / compliance and certifications and technical and management trainings under the name of "FPM Consulting".

2. BASIS OF PREPARATION

- 2.1** This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where 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 directives issued by the SECP shall prevail.
- 2.2** This condensed interim financial information is un-audited. However, limited scope review has been performed by the statutory auditors in accordance with the requirements of Clause 5.19.13(b) of the Rule Book of Pakistan Stock Exchange Limited and hence this condensed interim financial information is being submitted to the certificate holders as required under Rule 10 of Modaraba Companies and Modaraba Rules, 1981.
- 2.3** This condensed interim financial information has been prepared under the historical cost convention.
- 2.4** This condensed interim financial information is prepared in Pakistan Rupees which is the Modaraba's functional and presentation currency and figures presented in this condensed interim financial information have been rounded off to the nearest rupee.
- 2.5** The comparative balance sheet presented has been extracted from annual financial statements for the year ended June 30, 2016, whereas comparative condensed interim profit and loss account, condensed interim cash flow statements and condensed interim statement of changes in equity are stated from the unaudited condensed interim financial information for the half year ended December 31, 2015.

3. ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The accounting policies, estimates, judgements and methods of computation followed in the preparation of this condensed interim financial information are the same as those applied in the preparation of the published annual financial statements for the year ended June 30, 2016.

Certain amendments to existing IFRSs are effective for period beginning on or after July 01, 2016, which do not have any impact on this condensed interim financial information and are therefore not enumerated here.

4. FINANCIAL RISK MANAGEMENT

The Modaraba's financial risk management objectives and policies are consistent with those disclosed in the published annual financial statements for the year ended June 30, 2016.

	December 31, 2016 (Un-audited)	June 30, 2016 (Audited)
	----- Rupees -----	
5. OPERATING FIXED ASSETS		
Tangible fixed assets	24,870,807	33,016,358
Capital work in progress - advance to suppliers	658,000	78,000
Intangible assets	1,098,646	1,057,803
	<u>26,627,453</u>	<u>34,152,161</u>

Following additions and disposals, at cost, were made during the period / year :

	Additions		Disposals	
	December 31, 2016 (Un-audited)	June 30, 2016 (Audited)	December 31, 2016 (Un-audited)	June 30, 2016 (Audited)
	----- Rupees -----			
Generators	-	-	(10,216,568)	(5,058,668)
Computers	34,949	79,900	-	-
Office and other equipment	1,359,859	109,060	-	(86,770)
Furniture and fixtures	18,134	24,300	-	(177,765)
Vehicles	-	689,657	(1,492,228)	-
Intangibles	234,722	-	-	-
	<u>1,647,664</u>	<u>902,917</u>	<u>(11,708,796)</u>	<u>(5,323,203)</u>

	December 31, 2016 (Un-audited)	June 30, 2016 (Audited)
	----- Rupees -----	
6. LONG-TERM MURABAHA FINANCING		
- secured		
Considered good	156,142,788	168,648,280
Considered doubtful	2,567,383	2,565,731
	<u>158,710,171</u>	<u>171,214,011</u>
Provision for doubtful recoveries	(2,567,382)	(2,565,731)
	<u>156,142,789</u>	<u>168,648,280</u>
Current portion of long-term murabaha financing	(97,883,072)	(111,180,020)
	<u>58,259,717</u>	<u>57,468,260</u>

		December 31, 2016 (Un-audited)	June 30, 2016 (Audited)
	Note	----- Rupees -----	
7. MUSHARAKAH FINANCING - secured			
Musharaka for printing	7.1	20,000,000	3,000,000
Musharaka for garments	7.2	16,551,827	17,163,597
Musharaka for food product	7.3	12,000,000	12,000,000
Musharaka for confectionary items	7.4	5,255,000	20,000,000
Musharaka for fabric	7.5	-	694,000
		<u>53,806,827</u>	<u>52,857,597</u>
Less: current portion		<u>(16,551,827)</u>	<u>(37,857,597)</u>
		<u>37,255,000</u>	<u>15,000,000</u>

7.1 This musharaka arrangement carries a profit sharing ratio between modaraba and musharaka partner of 55:45 respectively.

7.2 This musharaka arrangement carries a profit sharing ratio between modaraba and musharaka partner of 40:60 respectively.

7.3 This musharaka arrangement carries a profit sharing ratio between modaraba and musharaka partner of 30:70 respectively.

7.4 The musharaka agreement carries a profit sharing ratio between modaraba and musharaka partner of 30:70 respectively.

7.5 This musharaka arrangement carries a profit sharing ratio between modaraba and musharaka partner of 40:60 respectively and loss sharing ratio of 72:28 respectively.

8. RECEIVABLE AGAINST SALE OF WEAVING SEGMENT

The Board of Directors of the Management Company in its meeting dated April 29, 2016, resolved to dispose off the Modaraba's share (i.e. 65%) of weaving unit to Mr. Aqeel Patail, the counter musharik, in the musharaka arrangement. Accordingly, the disposal of the weaving unit took place on July 01, 2016, at the agreed price of Rs. 14,930,000 against the book value of the net assets' share of Modaraba amounting to Rs. 16,278,081.

9. This includes remaining balance amounting to Rs. 10 million out of total balance of Rs. 20 million which relates to the final settlement of the investment made under Al-Akhawat Musharaka agreement entered into by the Modaraba on December 01, 2014 with equity participation of 50% (i.e.Rs. 20 million) to jointly establish a trading business of dry fruits, spices and herbs etc. under a jointly owned company incorporated in the name of Al-Akhawat group in Ajman, UAE. The name of the Management company was used as one of the joint venture partner on behalf of the Modaraba, however, subsequent to year ended June 30, 2016, the shares were transferred in the name of the Modaraba. The amount of final settlement was agreed to be received by the Modaraba on quarterly basis in four equal installments of USD 50,000 each till March 31, 2017. The outstanding balance is secured against property, for which the title documents have been deposited in the custody of the Modaraba, through a memorandum of deposit of title deed, which will be released along with the shares of Al-Akhawat Group upon the settlement of entire outstanding amount.

		December 31, 2016 (Un-audited)	June 30, 2016 (Audited)
		----- Rupees -----	
10. SHORT-TERM MURABAHA FINANCING	Note		
- secured			
Considered good		<u>33,494,382</u>	<u>32,922,950</u>
11. ADVANCE AGAINST MURABAHA AND MUSHARAKA FINANCING			
- secured			
Against murabaha		9,500,080	3,460,080
Against modaraba		-	500,000
		<u>9,500,080</u>	<u>3,960,080</u>
12. CASH AND BANK BALANCES			
Cash in hand		90,081	57,252
Cash at banks			
- Current accounts	12.1	13,658,252	7,491,531
- Deposit accounts	12.2	8,612,319	38,032,349
		<u>22,360,652</u>	<u>45,581,132</u>
12.1	This includes Rs.7,243,266/- (June 30, 2016 : Rs.10,463,893) in respect of Redemption Reserved Fund established on account of Musharaka Financing.		
12.2	Effective profit rate in respect of deposit accounts is 2.60% to 5.15% (June 30, 2016: 2.85% to 7.40%) per annum.		
13. CERTIFICATES OF MUSHARAKA			
Certificates of Musharaka		193,956,006	227,741,006
Less: current portion		<u>(37,278,500)</u>	<u>(37,065,000)</u>
		<u>156,677,506</u>	<u>190,676,006</u>
13.1	These certificates have different denominations and are repayable within three months to five years. The estimated share of profit on these certificates ranges from 6% to 8% (June 30, 2016: 6% to 10.75%) per annum.		
14. CONTINGENCIES AND COMMITMENTS			
14.1 Contingencies			
	The Government of Sindh levied sales tax at the rate of 15% on the remuneration of Management Company through Sindh sales tax on Services Act, 2011 against which the Management Company filed an appeal before the Appellate Tribunal Sindh Revenue Board, (SRB). Subsequently, the Sindh High Court (SHC) restrained the SRB from taking any action to collect any alleged amount of sales tax in this regard till the final decision of the SHC. The matter is currently pending adjudication, however, the Modaraba is accruing sales tax on management fee on prudent basis.		
14.2 Commitments for capital expenditure in respect of			
Intangible assets - computer software		-	<u>22,500</u>

		----- (Unaudited) -----			
		Half year ended		Quarter ended	
		December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Note		----- (Rupees) -----			
15. OPERATING REVENUE / INCOME					
	Profit on murabaha financing	13,664,762	14,503,585	6,759,096	6,659,254
	Profit on diminishing musharaka financing	701,835	2,067,453	254,676	894,950
	Profit on musharaka financing	144,622	3,217,430	(576,005)	(4,210,528)
	Profit on modaraba financing	689,200	-	689,200	-
	Income from dry batteries modaraba	1,381,060	6,657,036	952,650	6,657,036
	Income from FPM Petro services project	15.1 65,596,285	6,985,250	37,240,781	3,559,500
	Income from FPM solution project	15.2 9,089,100	20,167,830	5,734,291	17,451,505
	Income from weaving project	15.3 -	3,012,869	-	1,543,331
	Rental income	15.4 699,135	3,276,548	125,016	628,900
		<u>91,965,999</u>	<u>59,888,001</u>	<u>51,179,705</u>	<u>33,183,948</u>

15.1 This represents income generated from chemical supplies to petroleum and drilling companies.

15.2 This represents income generated from Project Power Solution business.

15.3 This represented income generated from weaving business of FPM weaving representing Modaraba's share of 55%.

15.4 This represents income generated from rental business of Al-BURQ Associates representing Modaraba's share of 52.09%.

16. This includes penalty of Rs.150,000 imposed by the Securities and Exchange Commission of Pakistan (SECP) through its order dated October 13, 2016. The said penalty was imposed due to certain non-compliances relating to non disclosure of rent payments to a director of a Management Company and not holding the investments under Al-Akhuwwat musharaka agreement in the name of the Modaraba that was subsequently transferred as mentioned in note 9 to this condensed interim financial information.

17. OTHER INCOME - NET

	Prior period's advance tax claimed	17.1 5,905,050	-	5,905,050	-
	Profit on bank deposits	589,826	594,987	387,856	325,953
	Income on short term placements	-	302,465	-	52,465
	Miscellaneous income	777,600	147,055	772,600	15,140
		<u>7,272,476</u>	<u>1,044,507</u>	<u>7,065,506</u>	<u>393,558</u>

17.1 During the period, Modaraba has recorded income of Rs. 5,905,050 which relates to income tax refundable on account of net advance tax paid / withheld aggregating to Rs.2,808,171 and Rs.3,096,879 for tax years 2009 and 2010 respectively which was expensed out in the respective accounting periods. The said amount was booked as the management filed an application for the refund of the same under section 170 of the Income Tax Ordinance, 2001 (the Ordinance) during the period.

18. 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. As the management intends to distribute at least 90 percent of the profits amongst the certificate holders in the current and future years, therefore provision for current taxation and deferred tax has not been made in this condensed interim financial information.

Further, as the Modaraba has net taxable loss relating to trading activities due to which no tax has been charged during the period in this condensed interim financial information.

19. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Modaraba comprise the Modaraba management company [Paramount Investments Limited] and their directors and executives / officers. Details of transactions with related parties other than those which have been disclosed elsewhere in the condensed interim financial information are given below:

Relationship	Nature of Transaction	----- (Unaudited) -----	
		Half year ended	
		December 31, 2016	December 31, 2015
Management company	Management fee	800,087	586,844
	Management fee paid	1,208,018	-
Musharaka investor - Generator project	Share of (loss) / profit	208,025	398,251
	Management fee	-	27,818
Musharaka investor - Weaving project	Share of loss	-	(661,103)
	Sale of weaving segment having book value of Rs.16,278,081	14,930,000	-
Directors	Rent paid	239,580	239,580

20. INFORMATION ABOUT BUSINESS SEGMENTS

Segment assets and liabilities

	December 31, 2016 (Un-audited)					
	Musharaka, Murabaha and Modaraba Financing	FPM Petro	FPM Solutions	Generator project	FPM Consulting	Total
Total assets	361,423,286	59,835,406	31,628,503	18,515,518	8,672	471,411,385
Total liabilities	236,861,975	15,439,470	13,409,802	21,272	-	265,732,519
	(Rupees)					
	June 30, 2016 (Audited)					
	Musharaka, Murabaha and Modaraba Financing	FPM Petro	FPM Solutions	Generator project	FPM Consulting	Total
Total assets	380,445,194	27,077,910	31,633,219	46,436,986	-	485,593,309
Total liabilities	284,767,475	1,901,205	5,163,134	176,586	-	292,008,400
	(Rupees)					



First Paramount Modaraba
(An Islamic Financial Institution)

21. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 23rd February, 2017 by the Board of Directors of the Modaraba Management Company.

CHIEF EXECUTIVE

DIRECTOR








DIRECTOR










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REGISTERED OFFICE

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